

Registered number: 01138022

BIFFA WASTE MANAGEMENT LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

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BIFFA WASTE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	P James (appointed 19 September 2023) R Pike (resigned 31 March 2023) M Topham Biffa Corporate Services Limited (resigned 19 September 2023)
Company secretary	S Parsons (appointed 2 June 2023)
Registered number	01138022
Registered office	Coronation Road Cressex High Wycombe Buckinghamshire HP12 3TZ

BIFFA WASTE MANAGEMENT LIMITED

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BIFFA WASTE MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Introduction

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 53 weeks ended 31 March 2023. The comparatives are for the 52 weeks ended 25 March 2022. The financial statements for the subsequent financial period will be prepared for the 52 weeks ending 29 March 2024. The current period is longer than one year to align to the Group's reporting years ending on the last Friday in March. As a result, amounts presented in the financial statements are not entirely comparable.

Our Strategy

The vision of the Biffa Group (the "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.

With a focus on four investment areas in line with the waste hierarchy:

- Reduce – To pioneer and operate the UK's leading waste reduction and surplus produce redistribution services.
- Recycle – To develop recycling solutions which strengthen the UK circular economy.
- Recover – To invest in energy from waste infrastructure as a low carbon alternative to landfill for our customers' waste that can't be recycled
- Collect – To build the UK's largest, most efficient, low carbon waste and recycling waste collection operation.

The strategy fully supports the Group'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.

BIFFA WASTE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

UN Sustainable Development Goals

Sustainable waste management is a key driver for improving environmental, health, social and financial outcomes. The Group plays a vital role in helping the UK to address the climate change emergency and deliver sustainable economic growth. This is woven through the Group's sustainable growth strategy and is demonstrated through the Group's actions over the past two decades.

Our business has become more sustainable by:

- Improving the efficiency and emissions per tonne of waste in the Collections division.
- Broadening and enhancing our recycling and treatment capabilities.
- Reducing the scale of the landfill business.
- Utilising rail links to transport inert waste.
- Pioneering the transition to electric vehicles and alternative fuels.

In March 2020 the Group launched 'Resourceful, Responsible' a 10-year Sustainability Strategy. The strategy is aligned to the UN's Sustainable Development Goals, and is centered around three key pillars:

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

It includes a commitment to unlock £1.25bn of investment in green economy infrastructure, whilst reducing our CO2 emissions by a further 50% in the coming decade. When combined with what the Group has achieved in the last 15 years, that will amount to a reduction in our emissions by over 80%. 'Resourceful, Responsible' is inextricably linked to the Biffa Group's strategic framework and investment in the green economy.

Results for the year

The Company has continued to operate the open commercial landfill sites at Roxby. The Company continues to fulfill 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 9.

The Company does not monitor any non-financial key performance indicators. Non-financial key performance indicators in respect of the Biffa Group are shown in the Financial Statements of Biffa Limited for the period to 31 March 2023, which do not form part of this report.

Future outlook

The Company expects to 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.

BIFFA WASTE MANAGEMENT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023**

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 consider that the carrying values of the assets represent their recoverable amounts. 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.

Directors' statement of compliance with duty to promote the success of the Company

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 Group, it has applied the governance framework adopted by Biffa Limited 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 Limited Board (the "Board") in relation to both the Group and the Company. Further details of how the Board has considered the matters set out in s.172 (for the Group and the Company) are set out in the Biffa Limited Annual Report and Accounts 2023 (the "ARA 2023"), which does not form part of this report. During the year, the Directors have also considered, both individually and together, relevant matters where appropriate.

This report was approved by the board and signed on its behalf.



P James
Director

Date: 20 December 2023

BIFFA WASTE MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2023

The Directors present their report and the financial statements for the period ended 31 March 2023.

Principal activity

The Company is a member of the Biffa Group and its principal activity continued to be the provision of waste management services.

Results and dividends

The profit for the period, after taxation, amounted to £5,364 K (2022 - £4,010 K).

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

Directors

The Directors who served during the period and up to the date of signature of the financial statements were:

P James (appointed 19 September 2023)

R Pike (resigned 31 March 2023)

M Topham

Biffa Corporate Services Limited (resigned 19 September 2023)

Secretary

S Parsons was appointed as Company secretary on 2 June 2023.

Going concern

The Company operates within the Resources and Energy division of the Biffa Group.

The Biffa Group has performed strongly again throughout FY23, growing Revenue and Adjusted EBITDA despite continued headwinds in the form of inflationary pressures, supply chain disruption and a challenging economic outlook.

The Company will continue to have sufficient funds, through funding from the Group's parent company, Biffa Topco Limited, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on Biffa Waste Services Limited allowing continued use of a Group-wide banking facility and providing any additional financial support if required.

The Biffa Group has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period of at least 12 months from the date of these financial statements. At the year end the Biffa Group had unutilised committed bank facilities available of £102.0m and cash and cash equivalents of £41.3m. This gives a closing leverage ratio (Net Debt:Adjusted EBITDA) of 3.4x on a covenant basis, substantially below the covenant limit of 4.0x corresponding to the new debt facilities effective from 23 May 2023. The headroom on the 4.0x interest cover covenant limit is significantly greater than the headroom on the leverage covenant.

Since the year end, the Biffa Group has restructured its debt by increasing its rolling credit facility by £150m, increasing its term loans by £135m and replacing its existing £345m of private placements with £260m of new private placements. The net impact of these changes is an increase in total liquidity of £200m. Cash flow forecasts indicate that the Biffa Group will maintain strong levels of net available liquidity throughout the next 12 months, so the Group would have sufficient liquidity to fund a large one-off cash payment.

BIFFA WASTE MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

Going Concern (continued)

The going concern assumption for the Biffa Group has been assessed within the Annual Report and Accounts for Biffa Limited for the year ended 31 March 2023, considering a number of the principal risks. Management have applied reverse stress tests to determine the extent to which key financial measures could worsen over the next 12 months before covenant limits are breached. Interest cover headroom is expected to be noticeably lower than previous periods due to increased floating rate exposure and a sharp rise in interest rates, so certain downside scenarios could cause a breach of interest cover simultaneously with leverage ratio. However sufficient headroom is expected over the next 12 months so that a breach of either covenant would still require a significant worsening in EBITDA and cash flow alongside a rise in interest rates. Interest cover headroom is expected to reduce further at September 2024, making a potential breach due to a worsening of performance or a rise in interest rate expectations more likely than at March 2024. An amendment to the covenant has been approved by lenders and if required we could further improve headroom by carrying out a number of cash improvement initiatives such as delaying capital expenditure, cancelling non-essential costs and working capital management. It may also be possible to enter into an interest rate swap to reduce the exposure to any further adverse interest rate movements. On this basis we consider the likelihood of a future covenant breach at September 2024 to be remote.

The Biffa Group has the ability to be able to continue to support the Company, with levels of committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements and, therefore, have prepared the financial statements on a going concern basis.

Principal risks and uncertainties

Information on financial exposure and risk management is disclosed within the Strategic Report.

Stakeholder engagement and sustainability

We have continued to focus on our purpose "to change the way people think about waste". Sustainability is at the heart of our business. We're committed to doing the right things to protect our planet, which includes minimising our carbon footprint whilst delivering the most environmental, social and financial value from the resources we collect. We are also proud to give something back to the communities we serve and in doing so create value for all our stakeholders.

We care about our customers and their needs. Every day we provide essential services to a wide range of customers across the UK from large corporates to thousands of local businesses and local authorities. We focus on delivering excellent services consistently, as promised, every time. Our sustainable approach, responsiveness to customer needs and delivery makes us the first choice for customers.

Our suppliers play an important role in helping our business deliver for our customers. We form strong, sustainable and trusted partnerships and look to secure excellent value for money, whilst minimising risk in our supply chain.

Qualifying third party indemnity provisions

The Company's articles of association provide for the Directors and officers of the Company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

BIFFA WASTE MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023**

Audit exemption

For the period ended 31 March 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies as disclosed in the Annual Report and Accounts of Biffa Limited which can be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

This report was approved by the board and signed on its behalf.



P James
Director

Date: 20 December 2023

BIFFA WASTE MANAGEMENT LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2023**

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- 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 to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

BIFFA WASTE MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2023**

		53 weeks ended 31 March 2023 £000	<i>52 weeks ended 25 March 2022 £000</i>
	Note		
Turnover		17,251	21,352
Cost of sales		(11,313)	(16,806)
Gross profit		5,938	4,546
Interest payable and similar expenses	5	(500)	(474)
Profit before tax		5,438	4,072
Tax on profit	6	(74)	(62)
Profit for the financial period		5,364	4,010

The notes on pages 11 to 25 form part of these financial statements.

BIFFA WASTE MANAGEMENT LIMITED
REGISTERED NUMBER: 01138022

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	31 March 2023 £000	25 March 2022 £000
Fixed assets			
Tangible fixed assets		6,225	6,988
Current assets			
Stocks	8	8	6
Debtors: amounts falling due within one year	9	93,218	92,616
		<u>93,226</u>	<u>92,622</u>
Creditors: amounts falling due within one year	10	(15,672)	(17,853)
Net current assets		<u>77,554</u>	<u>74,769</u>
Total assets less current liabilities		<u>83,779</u>	<u>81,757</u>
Creditors: amounts falling due after more than one year	11	(1,114)	(894)
Provisions for liabilities		(7,999)	(11,561)
Net assets		<u><u>74,666</u></u>	<u><u>69,302</u></u>
Capital and reserves			
Called up share capital	16	-	-
Capital redemption reserve		6,550	6,550
Profit and loss account		68,116	62,752
		<u><u>74,666</u></u>	<u><u>69,302</u></u>

The members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

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 financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P James
Director

Date: 20 December 2023

The notes on pages 11 to 25 form part of these financial statements.

BIFFA WASTE MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 27 March 2021	-	6,550	58,742	65,292
Profit for the period	-	-	4,010	4,010
At 25 March 2022	-	6,550	62,752	69,302
Profit for the period	-	-	5,364	5,364
At 31 March 2023	-	6,550	68,116	74,666

The notes on pages 11 to 25 form part of these financial statements.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

1. General 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.

The Company's principal activity is the provision of waste management services with its business based in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Biffa Limited as at 31 March 2023 and these financial statements may be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 New and amended IFRS Standards that are effective for the current year

At the date of authorisation of these Financial Statements, the below Standards and amendments are effective for reporting periods beginning after 1 January 2022, but have not impacted on the Company's reporting:

- Annual Improvements to IFRS Standard 2018-2020 Cycle: Amendments to IFRS 1 First time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IFRS 3 Business Combinations: References to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use
- Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract

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

2.4 New standards and interpretations not yet effective

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

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 1: Noncurrent Liabilities with Covenants
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in any future period.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Going concern

The Company operates within the Resources and Energy division of the Biffa Group.

The Biffa Group has performed strongly again throughout FY23, growing Revenue and Adjusted EBITDA despite continued headwinds in the form of inflationary pressures, supply chain disruption and a challenging economic outlook.

The Company will continue to have sufficient funds, through funding from the Group's parent company, Biffa Topco Limited, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on Biffa Waste Services Limited allowing continued use of a Group-wide banking facility and providing any additional financial support if required.

The Biffa Group has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period of at least 12 months from the date of these financial statements. At the year end the Biffa Group had unutilised committed bank facilities available of £102.0m and cash and cash equivalents of £41.3m. This gives a closing leverage ratio (Net Debt:Adjusted EBITDA) of 3.4x on a covenant basis, substantially below the covenant limit of 4.0x corresponding to the new debt facilities effective from 23 May 2023. The headroom on the 4.0x interest cover covenant limit is significantly greater than the headroom on the leverage covenant.

Since the year end, the Biffa Group has restructured its debt by increasing its rolling credit facility by £150m, increasing its term loans by £135m and replacing its existing £345m of private placements with £260m of new private placements. The net impact of these changes is an increase in total liquidity of £200m. Cash flow forecasts indicate that the Biffa Group will maintain strong levels of net available liquidity throughout the next 12 months, so the Group would have sufficient liquidity to fund a large one-off cash payment.

The going concern assumption for the Biffa Group has been assessed within the Annual Report and Accounts for Biffa Limited for the year ended 31 March 2023, considering a number of the principal risks. Management have applied reverse stress tests to determine the extent to which key financial measures could worsen over the next 12 months before covenant limits are breached. Interest cover headroom is expected to be noticeably lower than previous periods due to increased floating rate exposure and a sharp rise in interest rates, so certain downside scenarios could cause a breach of interest cover simultaneously with leverage ratio. However sufficient headroom is expected over the next 12 months so that a breach of either covenant would still require a significant worsening in EBITDA and cash flow alongside a rise in interest rates. Interest cover headroom is expected to reduce further at September 2024, making a potential breach due to a worsening of performance or a rise in interest rate expectations more likely than at March 2024. An amendment to the covenant has been approved by lenders and if required we could further improve headroom by carrying out a number of cash improvement initiatives such as delaying capital expenditure, cancelling non-essential costs and working capital management. It may also be possible to enter into an interest rate swap to reduce the exposure to any further adverse interest rate movements. On this basis we consider the likelihood of a future covenant breach at September 2024 to be remote.

The Biffa Group has the ability to be able to continue to support the Company, with levels of committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements and, therefore, have prepared the financial statements on a going concern basis.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.6 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 and 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.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 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 internal 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 estimated accounted for on a prospective basis.

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 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.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 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 a 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.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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 of 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 provision gives access to future economic benefits, an asset in property, plant and equipment is recognised.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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.

4. Operating profit

The operating profit is stated after charging:

	53 weeks ended 31 March 2023 £000	52 weeks ended 25 March 2022 £000
Depreciation of property, plant and equipment	800	1,298
Operating lease charges	89	50
Cost of inventories recognised as an expense	590	377
Expected credit loss	-	78
	<hr/> <hr/>	<hr/> <hr/>

Directors' emoluments during the current and prior periods were paid by Biffa Limited and no amounts were allocated to the Company.

Staff involved in the Company's activities are all employees of Biffa Waste Services Limited, a fellow subsidiary of Biffa Limited. 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.

BIFFA WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

5. Interest payable and similar expenses

	53 weeks ended 31 March 2023 £000	<i>52 weeks ended 25 March 2022 £000</i>
Unwinding of discount in provisions	457	391
Interest on lease liabilities	43	83
	500	474

6. Taxation

	53 weeks ended 31 March 2023 £000	<i>52 weeks ended 25 March 2022 £000</i>
Deferred tax		
Changes to tax rates	6	5
Adjustments in respect of the current period	19	15
Adjustment in respect of prior periods	49	42
Total deferred tax	74	62
Taxation on profit on ordinary activities	74	62

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

6. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	53 weeks ended 31 March 2023 £000	52 weeks ended 25 March 2022 £000
Profit on ordinary activities before tax	5,438	4,072
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,033	773
Effects of:		
Expenses not deductible for tax purposes	5	20
Adjustments to tax charge in respect of prior periods	49	42
Effect of change in tax rate	6	5
Group relief	(1,019)	(778)
Total tax charge for the period	74	62

Factors that may affect future tax charges

The Finance Act 2021, which provides for an increase in the main rate of corporation tax from 19% to 25% effective from 1 April 2023, was enacted on 24 May 2021. 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%.

BIFFA WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

7. Tangible fixed assets

	Landfill sites £000	Land and buildings £000	Plant and machinery £000	Total £000
Cost				
At 26 March 2022	43,585	-	1,009	44,594
Additions	107	127	-	234
Transfers intra group	(2,681)	1,090	(1,009)	(2,600)
Transfers to provisions	(1,009)	-	-	(1,009)
At 31 March 2023	40,002	1,217	-	41,219
Depreciation				
At 26 March 2022	36,767	-	839	37,606
Charge for the period	785	15	-	800
Transfers intra group	(2,680)	108	(839)	(3,411)
Transfers to provisions	(1)	-	-	(1)
At 31 March 2023	34,871	123	-	34,994
Net book value				
At 31 March 2023	5,131	1,094	-	6,225
At 25 March 2022	6,818	-	170	6,988

The net book value of land and buildings may be further analysed as follows:

	31 March 2023 £000	25 March 2022 £000
Right-of-use leasehold	1,094	-
	1,094	-

BIFFA WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

8. Stocks

	31 March 2023 £000	<i>25 March 2022 £000</i>
Raw materials and consumables	8	6
	<u>8</u>	<u>6</u>

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

9. Debtors

	31 March 2023 £000	<i>25 March 2022 £000</i>
Trade debtors	2,338	1,611
Amounts owed by parent undertaking	28,270	28,269
Amounts owed by fellow group undertakings	61,878	62,046
Prepayments and accrued income	118	2
Deferred taxation	614	688
	<u>93,218</u>	<u>92,616</u>

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

10. Creditors: Amounts falling due within one year

	31 March 2023 £000	<i>25 March 2022 £000</i>
Amounts owed to parent undertaking	14,123	15,000
Corporation tax	902	1,734
Lease liabilities (note 12)	4	506
Accruals and deferred income	643	613
	<u>15,672</u>	<u>17,853</u>

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

BIFFA WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

11. Creditors: Amounts falling due after more than one year

	31 March 2023 £000	<i>25 March 2022 £000</i>
Lease liabilities (note 12)	1,114	894
	<u>1,114</u>	<u>894</u>

12. Leases

Company as a lessee

Lease liabilities are due as follows:

	2023 £000	<i>2022 £000</i>
Not later than one year	4	506
Between one year and five years	18	894
Later than five years	1,096	-
	<u>1,118</u>	<u>1,400</u>

Contractual undiscounted cash flows are due as follows:

	2023 £000	<i>2022 £000</i>
Not later than one year	42	568
Between one year and five years	167	943
Later than five years	2,667	-
	<u>2,876</u>	<u>1,511</u>

The average lease term is 68.7 years. For the period ended 31 March 2023, the effective borrowing rate was 3.4% (2022 - 4.5%). All lease obligations are denominated in Sterling.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

13. Deferred taxation

	2023 £000	2022 £000
At beginning of year	688	750
Charged to profit or loss	(74)	(62)
At end of year	614	688

The deferred tax asset is made up as follows:

	31 March 2023 £000	25 March 2022 £000
Accelerated capital allowances	154	323
Other timing differences	460	365
	614	688

A deferred tax asset of £614k (2022 - £688k) 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.

BIFFA WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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14. Provisions

	Land reinstatement and environmental £000
At 26 March 2022	11,561
Charged to profit or loss	(2,140)
Unwind of discount	457
Utilised in period	(871)
Transfer from fixed assets	(1,008)
At 31 March 2023	7,999

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 4.4% (2022 - 2.7%).

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.

15. Investment in subsidiary undertakings

At 31 March 2023 and 25 March 2022 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.

BIFFA WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

16. Share capital

	31 March 2023	<i>25 March 2022</i>
	£	<i>£</i>
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary shares of £1.00 each	100	<i>100</i>

17. Controlling party

The immediate parent undertaking is UK Waste Management Holdings Limited, a Company incorporated in England and Wales, whose registered office is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

The Company's results are consolidated into the accounts of Biffa Limited, a company incorporated in England and Wales, whose registered office is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ. Biffa Limited is the parent company of the smallest and largest group in which the Company's results are consolidated. Copies of the consolidated financial statements can be obtained from the registered office and online at <https://www.biffa.co.uk/our-sustainable-business/aboutus/annual-report>.

The ultimate controlling party is ECP ControlCo, LLC, registered in Delaware, United States.