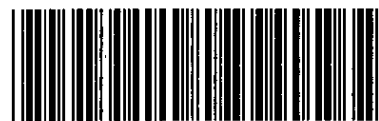


Company Registration No. 01552791 (England and Wales)

ISLAND WASTE SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 MARCH 2021

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ISLAND WASTE SERVICES LIMITED

COMPANY INFORMATION

Directors

M Topham
R Pike
Biffa Corporate Services Limited

Company number

01552791

Registered office

Coronation Road
Cressex
High Wycombe
Buckinghamshire
HP12 3TZ

ISLAND WASTE SERVICES LIMITED

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ISLAND WASTE SERVICES LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 26 MARCH 2021

The Directors present here a strategic review of the business of Island Waste Services 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.

Review of the business

Throughout the period the Company delivered its services of providing waste treatment and disposal services for customers including recycling, composting, landfill and other treatments.

For a detailed review of the Company's position, refer to the Statement of Financial Position on page 6.

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

When developing the future strategy for the Company, the Directors have considered the main trends and factors likely to affect the future development, performance and position of each of the Company's divisions as well as the principal risks and uncertainties for the whole Biffa Group.

The Company has built its future strategy and five year plan around the Resources and Energy division of the Group.

The Company will continue to run a commercial landfill site and composter as in prior periods.

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.

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.

ISLAND WASTE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 26 MARCH 2021

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.

Brexit risk

The Directors believe that the potential impact of Brexit on the Biffa Group will be relatively limited given that it operates primarily within the United Kingdom. Principal risks include foreign exchange movements, imposition of tariffs and potential constraint of labour supplies. The Directors will continue to closely monitor developments in the UK Government's Brexit plans and any potential impacts on the Group. Similarly, management will continue to monitor potential cost impacts on services and seek to discuss those with customers as appropriate, on a case by case basis.

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 Group, it has applied the governance framework adopted by Biffa plc and the matters that the Directors 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 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.

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



.....
R Pike

Director

17 December 2021

ISLAND WASTE SERVICES LIMITED

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 5.

No ordinary dividends were paid (2020: £nil). 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

Future developments and principal risk

Details of future developments and financial risk management objectives and policies can be found in the Strategic Report on page 2 and form part of this report.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions as defined in the Companies Act 2006 (the Act) for the benefit of its Directors during the period. These provisions remain in force at the date of this Annual Report.

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.

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



.....
R Pike
Director

Date: 17 December 2021

ISLAND WASTE SERVICES 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.

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.

ISLAND WASTE SERVICES LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 26 MARCH 2021

		26 March 2021	27 March 2020
	Notes	£	£
Revenue	3	3,155,816	5,541,307
Cost of sales		<u>(3,276,933)</u>	<u>(4,013,896)</u>
Operating (loss)/profit		(121,117)	1,527,411
Finance costs	6	<u>(56,358)</u>	<u>(52,986)</u>
(Loss)/profit before taxation		(177,475)	1,474,425
Taxation	7	<u>68,446</u>	<u>(2,128)</u>
(Loss)/profit and total comprehensive income for the financial period		<u>(109,029)</u>	<u>1,472,297</u>

The Income Statement has been prepared on the basis that all operations are continuing operations.

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

ISLAND WASTE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 26 MARCH 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Property, plant and equipment	8		492,319		456,054
Current assets					
Inventories	9	9,538		9,206	
Trade and other receivables	10	13,624,271		13,260,804	
Cash and cash equivalents		100		100	
		<u>13,633,909</u>		<u>13,270,110</u>	
Current liabilities	11	<u>(495,184)</u>		<u>(532,628)</u>	
Net current assets			<u>13,138,725</u>		<u>12,737,482</u>
Total assets less current liabilities			13,631,044		13,193,536
Non-current liabilities	11		(67,164)		(30,191)
Provisions for liabilities	14		<u>(3,048,692)</u>		<u>(2,539,128)</u>
Net assets			<u>10,515,188</u>		<u>10,624,217</u>
Equity					
Called up share capital	16		101		101
Retained earnings			<u>10,515,087</u>		<u>10,624,116</u>
Total equity			<u>10,515,188</u>		<u>10,624,217</u>

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 479A.

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. 01552791

ISLAND WASTE SERVICES LIMITED

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

	Share capital	Retained earnings	Total
	£	£	£
	(note 16)		
Balance at 29 March 2019	101	9,151,819	9,151,920
Period ended 27 March 2020:			
Profit and total comprehensive income for the period	-	1,472,297	1,472,297
Balance at 27 March 2020	101	10,624,116	10,624,217
Period ended 26 March 2021:			
(Loss) and total comprehensive expense for the period	-	(109,029)	(109,029)
Balance at 26 March 2021	101	10,515,087	10,515,188

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 MARCH 2021

1 Accounting policies

Company information

Island Waste Services 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 £.

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 18.

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.
- 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.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 26 MARCH 2021

1 Accounting policies (continued)

Adoption of new and revised Standards (continued)

- 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 2. 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

Revenue is measured at the fair value of the consideration received or receivable. Revenue does not include value added taxes and is net of trade discounts. Landfill tax is included within both revenue and cost of sales. Revenue from provision of services is recognised at the point when service has been provided.

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 expenses. Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual value over their 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 prospective basis.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 26 MARCH 2021

1 Accounting policies (continued)

1.5 Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold improvements	straight line over the length of the lease
Plant, vehicles and equipment	straight line over 4 to 15 years

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 Trade and other debtors and amounts due from related parties

Trade and other debtors and amounts due from related parties are stated at cost less impairment losses.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represent the estimated selling price for inventories less estimated costs of disposal and costs necessary to make the sale.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Other creditors

Other creditors are stated at their expected settlement amount.

1.10 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, amounts due from related parties and other creditors. 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. Regular purchases and sales of financial assets are accounted for at trade date i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contracts expire or are discharged or cancelled.

Intercompany debtors are stated at their cost less impairment losses.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 26 MARCH 2021

1 Accounting policies (continued)

1.11 Financial instruments (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.

1.12 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.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 26 MARCH 2021

1 Accounting policies (continued)

1.13 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. The reinstatement obligation is typically fulfilled within two years of the landfill site being closed to waste.

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. Where the obligation to restore a landfill site is an integral part of its future economic benefits, a corresponding non-current asset within property, plant and equipment is recognised. The cost of this asset is recognised over the period of gas generation. Aftercare costs are provided for based on the Directors' expectation that the obligation will have been fulfilled 60 years post closure of the site.

1.14 Pension expenses

The Company contributes to a defined contribution scheme, the Biffa Pension Scheme, in respect of certain employees. For this scheme, the amount expensed to the Income Statement in respect of pension expenses and other post-retirement benefits is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The Company participates in a Group defined benefit scheme which is the legal responsibility of Biffa Waste Services Limited. There is no contractual agreement or stated policy for charging the net defined benefit expense. In accordance with IAS 19 (revised 2011), the Company recognises an expense equal to its contribution payable for the period, which is presented within other operating expenses in the Income Statement.

1.15 Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 26 MARCH 2021

1 Accounting policies (continued)

1.15 Leases (continued)

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 of the 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.

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 key sources of estimation uncertainty and critical accounting judgements in applying the Company's accounting policies is the provision for environmental and aftercare expenses.

Provision for environmental and aftercare expenses 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 expenses. The present value is impacted by assumptions used on discount 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 Revenue

The Company's revenue is mostly derived from the recycling of domestic, industrial and commercial waste and provision of services in the United Kingdom. The Company's segmental results are as follow:

	2021	2020
	£	£
Revenue analysed by class of business		
Resources & Energy	3,155,816	5,541,307

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 26 MARCH 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the period is stated after charging:		
Depreciation of tangible assets (note 8)	149,639	142,152
Plant hire	128,040	3,231
Expected credit loss recognised	5,497	40,951
Cost of inventories recognised as an expense	52,044	89,386

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 18.

The annual commitments under non-cancellable operating leases are disclosed in the financial statements for the period ended 26 March 2021 of Biffa Waste Services Limited, a fellow Group Company, which holds all operating leases of Island Waste Services Limited and recharges them to the Company.

The financial statements for Biffa Waste Services Limited can be obtained from the registered office at Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ.

5 Employees

	2021	2020
	£	£
Staff expenses during the year		
Wages and salaries	242,933	199,318
Social security costs	22,728	19,331
Other pension costs (note 17)	61,472	40,942
Redundancy and termination payments	673	-
	<u>327,806</u>	<u>259,591</u>

The average monthly number of persons (including executive Directors) employed by the Company during the period was 5 (2020: 4).

6 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest	1,411	781
Other finance costs:		
Unwinding of discount in provisions (note 14)	<u>54,947</u>	<u>52,205</u>

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 26 MARCH 2021

7 Taxation	2021	2020
	£	£
Deferred tax		
Origination and reversal of temporary differences	43,508	50,079
Effect of change in tax rate	(113,734)	(47,951)
Prior year	1,780	-
Total deferred tax charge / (credit)	(68,446)	2,128
Total tax charge	(68,446)	2,128

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

	2021	2020
	£	£
Profit before taxation	(177,475)	1,474,425
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(33,720)	280,141
Effect of expenses not deductible in determining taxable profit	8,394	5,621
Effect of change in tax rate	(113,734)	(47,923)
Adjustments to tax charge in respect of prior periods	1,773	-
Group relief	68,841	(235,711)
Taxation charge for the period	(68,446)	2,128

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%.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 26 MARCH 2021

8 Property, plant and equipment

	Land	Landfill sites	Short leasehold improvements	Plant, vehicles and equipment	Total
	£	£	£	£	£
Cost					
At 27 March 2020	6,151	7,211,940	118,346	307,915	7,644,352
Additions	-	24,000	-	47,080	71,080
Disposals	-	-	-	(167,964)	(167,964)
Transfers*	-	43,694	-	93,541	137,235
At 26 March 2021	<u>6,151</u>	<u>7,279,634</u>	<u>118,346</u>	<u>280,572</u>	<u>7,684,703</u>
Accumulated depreciation and impairment					
At 27 March 2020	-	6,803,401	115,840	269,057	7,188,298
Charge for period	6,151	88,304	2,506	52,678	149,639
Disposals	-	-	-	(167,964)	(167,964)
Reclassifications	-	22,411	-	-	22,411
At 26 March 2021	<u>6,151</u>	<u>6,914,116</u>	<u>118,346</u>	<u>153,771</u>	<u>7,192,384</u>
Carrying amount					
At 26 March 2021	<u>-</u>	<u>365,518</u>	<u>-</u>	<u>126,801</u>	<u>492,319</u>
At 27 March 2020	<u>6,151</u>	<u>408,539</u>	<u>2,506</u>	<u>38,858</u>	<u>456,054</u>

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

There were no capital commitments as at end of the current and prior periods.

9 Inventories

	2021	2020
	£	£
Raw materials and consumables	<u>9,538</u>	<u>9,206</u>

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

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 26 MARCH 2021

10 Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year		
Trade receivables	276,565	197,607
Amounts owed by fellow Group undertakings	12,859,313	12,653,724
Prepayments	14,501	4,027
	<u>13,150,379</u>	<u>12,855,358</u>
Deferred tax asset (note 15)	473,892	405,446
	<u>13,624,271</u>	<u>13,260,804</u>

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

11 Liabilities

	Current		Non-current	
	2021 £	2020 £	2021 £	2020 £
Trade and other payables (note 12)	20,413	100,492	-	-
Taxation and social security	452,659	410,914	-	-
Lease liabilities	22,112	21,222	67,164	30,191
	<u>495,184</u>	<u>532,628</u>	<u>67,164</u>	<u>30,191</u>

12 Trade and other payables

	2021 £	2020 £
Accruals	<u>20,413</u>	<u>100,492</u>

13 Lease liabilities

	Minimum lease payments		Present value of Minimum lease payments	
	2021 £	2020 £	2021 £	2020 £
Within one year	24,748	22,498	22,112	21,222
In two to five years	80,333	30,137	67,164	30,191
Future finance charges and other adjustments	(15,805)	(1,222)	-	-
Lease liabilities in the financial statements	<u>89,276</u>	<u>51,413</u>	<u>89,276</u>	<u>51,413</u>

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 26 MARCH 2021

13 Lease liabilities (continued)

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 £
Current liabilities	22,112	21,222
Non-current liabilities	67,164	30,191
	<u>89,276</u>	<u>51,413</u>

The average lease term is 4.7 years. For the period ended 26 March 2021, the effective borrowing rate was 3% (2020: 3.1%). All lease obligations are denominated in Sterling.

14 Provisions for liabilities

	2021 £	2020 £
Land reinstatement and environmental	<u>3,048,692</u>	<u>2,539,128</u>
Movements on provisions:		£
At 27 March 2020		2,539,128
Reversal of provision		567,081
Utilisation of provision		(133,747)
Unwinding of discount (note 6)		54,947
Transfer from Fixed assets		21,283
At 26 March 2021		<u>3,048,692</u>

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 cost 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.

Environmental control costs are incurred as each site is filled and for a number of year 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 35 years.

ISLAND WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 26 MARCH 2021

15 Deferred taxation

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

	Accelerated capital allowances	Other timing differences	Total
	£	£	£
Deferred tax (asset)/liabilities at 27 March 2020	(232,427)	(173,019)	(405,446)
Deferred tax movements in current year			
Charge/(credit) to profit and loss	(19,445)	(49,001)	(68,446)
Deferred tax (asset)/liabilities at 26 March 2021	<u>(251,872)</u>	<u>(222,020)</u>	<u>(473,892)</u>

The recognition of the deferred tax asset is supported by management's forecasts of the whole Group's performance which estimate that sufficient future taxable profits will be generated in other Group companies against which the deferred tax asset can be recovered.

16 Share capital	2021 £	2020 £
Ordinary share capital		
<i>Issued and fully paid</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Preference share capital		
<i>Issued and fully paid</i>		
1 Special Rights Preference share of £1 each	<u>1</u>	<u>1</u>

The Special Rights Preference share is held by the Isle of Wight Council (the Council). It may only be held by the Council or its successor. It allows the Council to appoint a non-executive Director to the Board, but carries no voting rights at general meetings and no rights to participation in the distribution of profits or capital, beyond the capital paid up in consideration for the issue of the share.

17 Pension arrangements

The Company participates in the Biffa Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from Group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme for the period were £61,472 (2020: £40,942).

18 Controlling party

The immediate parent undertaking is Biffa 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.