

**To the UK's homes and businesses,
waste matters. Gone are the days of
'out of sight, out of mind'. We are at
the forefront of change, shaping
our industry and investing in
our business to help people
do the right thing.**

TUESDAY		
		
R911EVCY		
RM	17/03/2020	#1
A04	COMPANIES HOUSE 20/03/2020	#193
	COMPANIES HOUSE *A911BBL4*	-
A12	17/03/2020	#118
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**We're here to change the way
people think about waste.**



Annual Report and
Accounts 2019

Biffa is a leading UK integrated waste management company providing collection, recycling, treatment, disposal and energy generation services to businesses and households across the UK.

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In Conversation with our CEO

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Strategy in Action

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The Way We Work

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Another year of strong performance by Biffa¹:

Solid underlying growth in revenue and profitability – underlying net revenue growth 4.4%⁴

Statutory Revenue (£m) ^{4,5}		Net Revenue (£m) ^{2,3,4,5}		Underlying Operating Profit (£m) ²	
£1,091.2m		£1,030.8m		£81.7m	
2019	1,091.2	2019	1,030.8	2019	81.7
2018	1,078.7	2018	1,008.1	2018	81.2
2017	990.4	2017	926.6	2017	73.8

Strong underlying free cash flow and marginal increase in leverage following SWR⁶ acquisition

Underlying Free Cash Flow (£m) ²		Leverage Ratio	
£47.8m		2.1x	
2019	47.8	2019	2.1
2018	44.4	2018	1.9
2017	28.8	2017	1.8

Underlying EPS up 6.8% and dividend up 7.5%

Underlying Earnings per Share (pence)		Dividend per Share (pence)	
20.6p		7.20p	
2019	20.6	2019	7.20
2018	19.2	2018	6.70
2017	29.3	2017	2.40

Decline in statutory profit after tax takes into account one-off exceptional onerous contract provisions

Statutory Profit after Tax (£m)		Statutory Earnings per Share (pence)	
£18.0m		7.20p	
2019	18.0	2019	7.2
2018	31.1	2018	12.4
2017	(10.9)	2017	(9.0)

1 We have used a number of technical terms and abbreviations within this document. For ease, we do not define terms or provide explanations every time they are used, please refer to the glossary on pages 183–185.

2 For financial reconciliations between statutory and non-IFRS performance measures see Note 3 on page 143.

3 Net Revenue for 2018 has been restated for the removal of internal landfill tax revenue, resulting in a previous understatement of revenue.

4 2018 was a 53-week period and 2019 was a 52-week period. This has impacted revenue, but as previously reported there is no significant impact on earnings.

5 IFRS 15 Revenue from contracts with customers adopted in 2019. See Note 1, on page 127.

6 Specialist Waste Recycling Limited (SWR).

Delivering across the breadth of UK waste management

Every day Biffa collects 15,000 tonnes of rubbish from the UK's households and businesses. But our skills and operational capabilities stretch well beyond the bins, spanning the entire breadth of the waste management process.

Today, waste collection represents around 77% of the Group's revenue. We are the UK market leader in Industrial and Commercial waste collection management and have consistently grown revenue and profits. In this fragmented market, our scale and national presence enable us to drive efficiencies. We are at the forefront of market consolidation and you can read more on our strategy to drive value for stakeholders on pages 6-7.

As sustainable waste management climbs the agenda for consumers, businesses and government, Biffa is ready to respond. We welcome the Government's Resources and Waste Strategy (RWS) and the drive to increase UK recycling and on pages 18-19 we set out the opportunity this brings.

Together with energy generation, the balance of the Group's revenues is made up of waste treatment, processing, recycling and disposal. In response to evolving market demand and policy initiatives, areas like plastic recycling present exciting opportunities. On pages 18-19 we outline the investment we are making to expand our capabilities, underpinning our long-term strategy to lead the UK in sustainable waste management

About us

100+ **No. 1**
years of heritage for business waste

7,900 **Leader**
employees in industry H&S performance

2,794 **95%**
front line vehicles coverage across the UK

70
I&C Collection
Depots

1
Polymers facility

15
Soil Treatment
and Composting
Facilities

38
I&C Waste
Transfer Stations

11
Hazardous
Waste Facilities

9
Operating
Landfill Sites

4
Materials
Recycling
Centres

33
Landfill Gas Sites
generating
electricity

3
Anaerobic
Digestion
Plants

33
Household
Waste Collection
Contracts

Industrial & Commercial (I&C)

The I&C division provides services to industrial, commercial and public sector customers, including waste and recyclables collection, sorting, processing and transfer of materials for reprocessing, energy recovery or disposal.

Read more on page 26

Comprehensive UK National Network

- Over 95% UK postcode coverage.
- Critical mass of 70 depots, and 38 waste transfer stations and processing facilities.
- 1,200 front line vehicles and 3,100 employees.

Broad Service Offering

- Collections: scheduled, on demand and reactive nationwide collections of all major categories of waste, including general waste; mixed and segregated recyclables; food waste, and other services such as confidential and clinical waste
- On-site waste management and consultancy.
- Producer responsibility compliance services.

Customer Breakdown

- 76,000 customers.
- National multi-site customers: UK-wide coverage allows access to high contract value corporate customers which typically require services across their entire estate.

Resource Recovery & Treatment (RR&T)

The RR&T division focuses on the treatment, recycling and disposal of waste. It provides a number of treatment services for those materials that can be recovered, and landfill disposal for those that are not suitable for recycling or energy recovery.

Read more on pages 28-29

Soil Treatment and Composting

- 15 operational facilities which treat materials that would otherwise be sent to landfill. Products include sand, aggregates, soils and compost.

Materials Recycling Facilities (MRFs)

- Four automated facilities capable of handling 470k tonnes per annum of mixed recycling. The facilities sort dry mixed recyclables ready for use as secondary raw materials in manufacturing processes

Hazardous Waste

- We operate a national collection, transfer and treatment of hazardous waste materials serviced from 11 facilities. Hazardous materials handled include acids, alkalis, light bulbs and aerosols, among others.

Polymers

- A leading producer of recycled plastic compounds from its facility in Teesside. Products include HDPE one plastic used in the production of milk bottles and food trays – the first of its kind in the UK.

Landfill Disposal

- Biffa operates nine landfill sites across the UK, primarily accepting waste that cannot be recycled or used for energy recovery. Waste is buried safely in facilities operated to the highest environmental standards.

Municipal

The Municipal division offers household waste and recycling collection and associated services on behalf of local authorities across the UK

Read more on page 27

Service Offering

- Household waste and recycling collection.
- Street cleansing and ancillary services.
- Management of household waste and recycling centres.

Contracts

- 2.2 million households served.
- Contracts are secured through public tenders with local authorities. Biffa currently holds 33 contracts servicing 30 local authorities across the UK.
- Contracts are typically 7-10 years in duration, with the opportunity to extend for a further seven or more years.
- Biffa has a long history of constructive relationships with trade unions, our Local Government customers and the communities that we serve.

Energy

The Energy division is a significant provider of renewable energy with 80.4 MW of installed energy generation capacity. The Energy division comprises the Group's energy production operations generating gas from landfill and from food waste via anaerobic digestion (AD)

Read more on page 29

Landfill Gas

- 33 landfill gas sites generating electricity for the National Grid.

Anaerobic Digestion

- Three AD facilities, two owned (Poplars and Leicester) and one operated on behalf of West Sussex County Council generate electricity from food waste. The electricity is exported to private customers or National Grid.

Performance at a glance (%)

2019 Net Revenue	Employees
10	4
15	8
59	41
16	43
Underlying Operating Profit	Key
28	Industrial & Commercial
56	Municipal
11	Resource Recovery & Treatment
5	Energy
	Central Functions

Creating value for all

Resources and relationships

Scalable Infrastructure

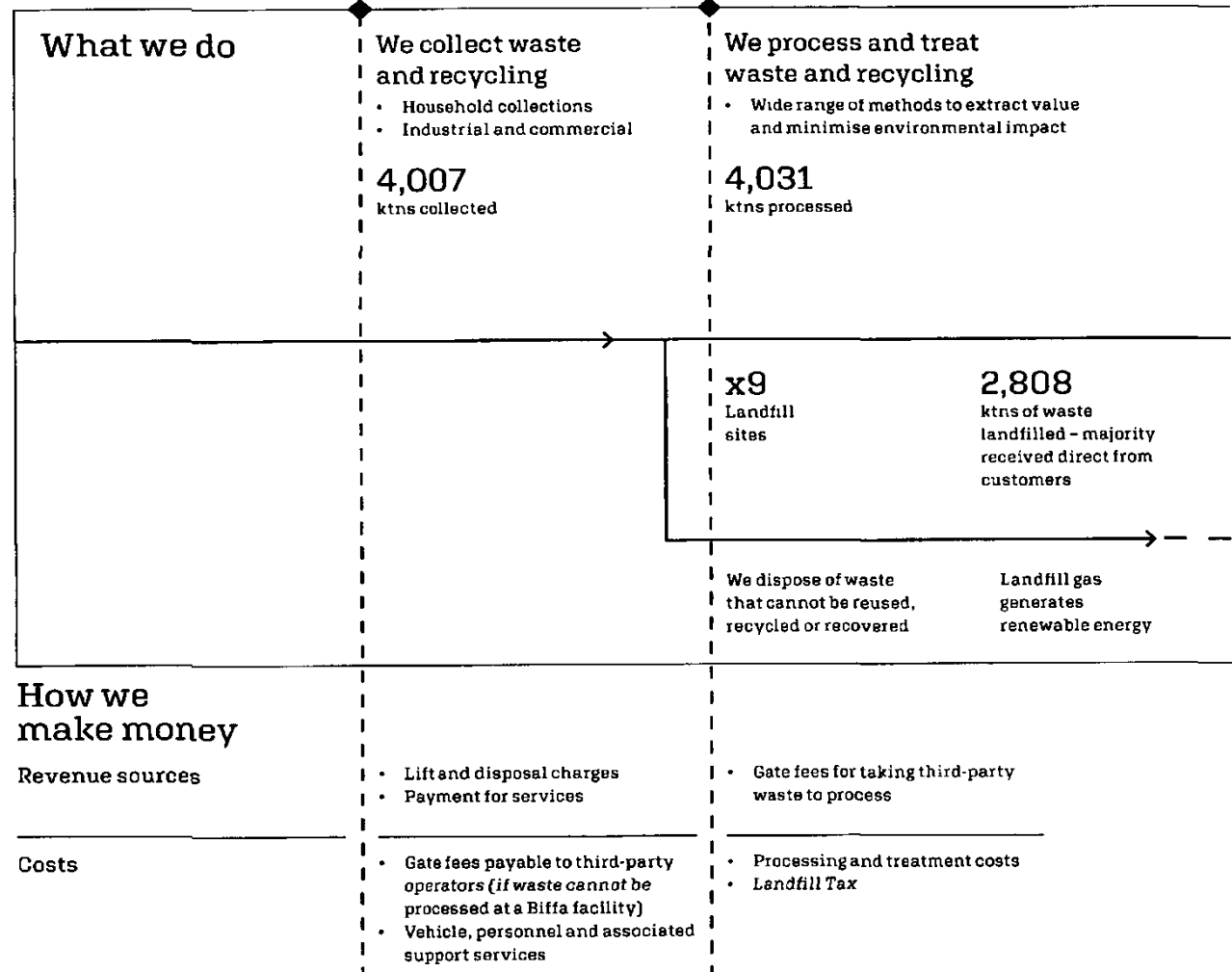
Biffa I&C's depot and transfer station network allows us to service over 95% of UK postcodes and has significant capacity to collect and prepare waste for treatment.

Brand and Reputation for Delivery

Biffa's brand is highly recognised and is synonymous with the Biffa Bin. Our service levels across our Municipal collection business run at 99.91% success rate across the UK.

Operational and Technical Expertise

Biffa's people have great operational and technical know-how allowing us to deliver an excellent service every day. This is built on waste industry experience including an average tenure of eight years for management at Biffa and allows us to recover more value from waste.



Environmental Responsibility

Biffa offers a range of services to treat waste, recover value from recyclable material and prepare waste for energy recovery. This both increases the value of waste and offers the most environmentally responsible solution

Engaged and Committed Workforce

Biffa remains committed to further increasing employee engagement following significant improvement since 2011. We remain focused on developing our people, offering competitive rewards and providing a safe working environment.

Strong, Predictable Cash Flows

Biffa's track record shows our ability to reinvest in the business while paying a growing dividend.

We produce and sell recycled commodities for use in manufacturing

The value we create

Shareholders

By growing market share, developing services and infrastructure with attractive returns and optimising systems and processes

Customers

By providing efficient and flexible solutions in an ever-changing environment

Local Government

By reducing road miles, noise and emissions our scale allows us to be more efficient

Employees

By creating jobs and career opportunities across the full range of our growing, well invested businesses

We generate and sell renewable energy

- Through recycling, gas capture and organic processes

80.4

MW energy generation capability

441

GWh energy generated during year

- Sale of end products to reprocessors
- Revenues from the sale of electricity

- Processing costs (including equipment and personnel costs)
- Gate fee disposal costs for certain products (e.g. for RDF to an ERF¹)

¹ See Glossary on pages 183-185.

A clear and compelling investment case

Biffa is a leading nationwide operator with a strong track record of delivery in a growing, changing industry that we all rely on.

1

I&C collections, London

Revenue and Profit Delivery

Biffa has grown revenue and underlying profits over the last five years. We have achieved this through a combination of organic revenue growth, successful acquisitions, operational improvements and investment in capital projects. Our record stems from:

- a combination of market-share gains, investment in new products and services and pricing discipline. Net Revenue growth has averaged 6.3% over the last five years;
- profitable acquisitions. During the year seven were completed, for a total investment of £47m; and
- cost discipline and delivering operational initiatives have resulted in Underlying Operating Profit and EBITDA margins either growing or being maintained over the five-year period.

Attractive Market Dynamics for Consolidation

Biffa's business, and in particular its I&C platform, operates in a fragmented marketplace, which holds attractive opportunities for consolidation. Increased regulation, a more complex service offer to more demanding customers, and the need for secure access to disposal outlets mean that scale is more critical than ever.

Biffa has become a natural consolidator in this space, completing 37 acquisitions over five years for a total outlay (cash plus net debt taken on) of £151.3m. In all cases, acquisitions have been rebranded and integrated fully into Biffa's operational network and systems.

Cost savings have been achieved by the removal of duplicate routes and locations, bringing sub-contracted services in-house, lower disposal costs, better procurement, and back office and support service efficiencies. All acquisitions, once fully integrated, have been earnings accretive.

There remain further opportunities, with many smaller operators keen to explore a combination with Biffa.

Jeff Anderson, COO Collections
and Ron Weir at WWS premises

2

3

HDPE plant, Redcar

Long-Term Structural Growth Drivers

Whilst overall waste volumes in the UK are growing at modest rates, there are some key structural growth drivers that benefit Biffa's positioning:

- **Recycling:** recycling levels have grown significantly over time, but have recently plateaued. Finding stable outlets for recycled materials in a complex global market can be challenging and recycled commodity prices are volatile. Regulation and industry investment are needed to stimulate further growth in recycling. With its scale and experience, Biffa is well placed to help the UK to meet future targets in this space.
- **Energy from Waste (EfW):** there remains a significant deficit of infrastructure to safely process and generate low carbon energy from waste that cannot be recycled. Biffa is in a uniquely strong position due to its control of waste flows, and partnership with the leading EfW operator Covanta, to help unlock these much-needed infrastructure projects.
- **Landfill:** for waste that cannot be recycled or treated for energy recovery, landfill remains an essential solution. Biffa is a long-established operator in this space. Whilst landfill is rightly no longer at the centre of our strategy for dealing with waste, it remains a key underpinning component of the UK's waste management infrastructure. Through Biffa's existing portfolio of sites, experience of developing new sites and our rail hubs, we are well placed to continue to provide this much-needed service.

4

Strong National Brand and Service Delivery

Biffa has built a strong reputation for service delivery, reflected both in key service operating measures and customer surveys.

- A first-class reputation for service delivery and experience in expanding and developing its services to meet changing customer demands have helped Biffa both win and retain customers while improving operational efficiencies. Biffa has been at the centre of the transformation of the waste sector over the past two decades, successfully introducing new services on a national scale to enable its customers to increase recycling and energy recovery and maximise the diversion of waste materials from landfill.
- The Group's strong record of service delivery, together with its national presence and history, has led to the Biffa brand becoming one of the most highly recognisable in the UK waste industry and a key asset for the Group. Strong brand recognition plays a significant role in the Group's success, helping to attract and retain both customers and employees.
- Biffa's people are one of its key assets, and the Group works to ensure that it provides a safe and engaging working environment for its employees. Strong employee engagement and providing a safe work environment are important factors in both attracting and retaining employees, given we rely on a large workforce for the delivery of our services.

5

I&C collections, Digbeth, Birmingham

Experience and Operational Excellence

- Biffa's Board and Group Executive Team have a wealth of experience in the waste industry to guide the business from a position of knowledge. Excellent operational performance and a track record of delivery are their hallmark, together with their ability to identify and execute strategic investment opportunities, such as acquisitions, and their embracing of the opportunities in EfW. Biffa is more than prepared for the inevitable challenges and opportunities that await us.

Well positioned for the future

"Biffa enjoys a leading competitive position in its markets and has a number of growth projects to progress. We have a clear strategy to achieve sustainable growth in value over time."

Ken Lever, Chairman

It gives me great pleasure to introduce the third Annual Report of Biffa since the IPO in October 2016.

My first full year as Chairman has been a busy one. I have extended my knowledge of our business by further visits to our operating locations, and there have been a number of Board changes, including the appointment of a new Chief Executive Officer and Chief Financial Officer, as outlined below, and preparations have been made for the revisions to the UK Corporate Governance Code.

Board Changes

From 29 September 2018, Michael Topham, previously Chief Financial Officer, assumed the role of Chief Executive Officer when Ian Wakelin stepped down from the Board after eight years as the Chief Executive Officer. Michael Topham worked alongside Ian for a number of those years and together they played significant leadership roles during the IPO process in 2016. Together they were instrumental in developing the initial strategy of the business and so Michael is Ian's natural successor. The Board is hugely grateful for the contribution made by Ian during his tenure as Chief Executive Officer and we wish him well for the future. Richard Pike joined the Board as Chief Financial Officer at the time of Michael's promotion and he and Michael have both settled in well to their new roles.

I am delighted to report that we have been able to attract Carol Chesney and Gab Barbaro to the Biffa Board as new Non-Executive Directors. Carol had a long and successful career with Halma plc, latterly as their Company Secretary, and has become the Chair of the Audit Committee. Gab is a senior executive with Centrica. Both have settled in quickly to their roles and have brought greater diversity and balance of experience to the Board.

Business and Markets

Efficient and sustainable waste management is important to us all. We have all seen the heightened publicity around the challenges we face in dealing with the growing amount of waste, especially the growth in plastic packaging. Core to the Biffa business is the efficient collection of industrial, commercial and domestic waste of different types and then, through various processes, to prioritise its recycling, and energy recovery, with disposal to landfill as a last resort. Biffa's service offerings and investments are designed to help its customers meet their own ever-increasing standards for environmental stewardship. This is a responsibility the Company and its senior management take seriously.

The markets in which we operate provide opportunities for modest overall organic growth broadly in line with the growth of the economy. There are also opportunities to expand the scope of existing services and introduce new service offerings to supplement underlying market growth. Our business model positions us well in the waste management ecosystem, achieving a good balance between essential collection services and recycling, energy recovery and landfill.

Strategy and Capital Allocation

With Michael Topham's appointment as Chief Executive Officer, Biffa has reviewed its business strategy. The overall strategy at the time of the IPO, with a focus on growth (organically and through acquisition), develop (new products and services) and optimise (systems and processes) remains in place. However, Michael, with the support of the Board, has brought some additional dimensions to it, identifying some new opportunities for growth and expansion of the business. This is discussed at greater length in the section In Conversation with our CEO on pages 10-13.

The Board monitors the implementation of strategy at Board meetings and periodic strategic reviews. An integral part of this is ensuring that the Group has the necessary financing and appropriate capital allocation. On the back of last years performance and the recent refinancing, the Group continues to have the appropriate balance sheet and appetite to facilitate the various areas of growth and expansion available to it.

Shareholder Returns

Our financial performance is discussed in some detail by Richard Pike, our Chief Financial Officer in the Financial Review. Despite the headwinds arising from the changes in China to the regulations relating to recycling of commodities, and the cost and margin pressures of some of the Municipal contracts, we have again delivered a good set of financial results, meeting or exceeding the market's expectations for revenue, profit, cash flow, net debt and Underlying Earnings per Share. The underlying

intrinsic value of the business continues to grow steadily and it is the Board's view that Biffa remains strongly positioned over the medium and long term to deliver growth in value. The Board has proposed a final dividend of 4.90 pence per share, bringing the total dividend for the year, to 7.20 pence representing a 3.2% yield on the year-end share price of 223.5 pence.

Health and Safety

Biffa has an excellent record for Health & Safety among its peers. However, judging ourselves by our own high standards, we have been disappointed by the slight increase in the Lost Time Injury (LTI) rate this year. A renewed focus in this area aims to ensure a return to year-on-year improvement.

Corporate Governance

Included in the Annual Report is a large section summarising the various processes and activities of the main Board Committees. We are conscious of the growing demands placed on the business by changes to the corporate governance regime and we will endeavour to implement the requirements in the most efficient and effective manner. As a general rule, we aim to strike the right balance between the strategic and entrepreneurial management of the business and the requirements for good corporate governance.

Employees

I would like to thank our loyal employees for their hard work and commitment during the year. The success of our business, is without doubt, dependent on their continued support. The Board was delighted to see further improvement in the overall scores of the employee engagement survey conducted recently. David Martin, our Senior Independent Director, has taken on the additional responsibility to oversee for the Board the new corporate governance requirements relating to increased workforce engagement

Looking to the Future

We have demonstrated during the year our resilience in managing the short-term challenges arising from the changing markets for recycled commodities. Biffa enjoys a leading competitive position in its markets and has a number of growth projects to progress. We have a clear strategy to achieve sustainable growth in value over time and a strong Board and Group Executive Team to implement it.

Ken Lever
Chairman
5 June 2019

Delivering on our strategy

"We are making significant progress in positioning the business for future success in an era where how we manage our waste has never been more important."

Michael Topham, Chief Executive Officer

Q. How would you summarise the year for Biffa?

A. I am delighted with the progress we have made over the course of the year. We have delivered good financial results whilst making significant progress in positioning the business for future success in an era where how we manage our waste has never been more important. We have helped our customers meet ever more demanding sustainability ambitions whilst continuing to reduce the impact our own business has on the environment. The Government has recently set out an ambitious strategy for our sector and we stand ready to help implement it.

In short, it has been a year of tremendous progress for the Group and I would like to thank all of my colleagues for their commitment in achieving it.

Q. How would you describe the financial performance of the business over the last 12 months?

A. I am very pleased with Biffa's performance. We have delivered another year of growth in underlying revenues and profitability, paying an increased dividend whilst maintaining a strong balance sheet. We have seen further organic and acquisition growth in our I&C business, which has more than offset the anticipated challenges in the international recycled commodity markets and the lower margins we are seeing in the Municipal market. Net Revenue grew by 4.4% (on a like-for-like basis) to £1,030.8m, Underlying Operating Profit grew by 0.6% to £81.7m and Underlying Profit after Tax grew by 7.5% to £51.5m, while leverage was 2.1x Underlying EBITDA at year-end. Our statutory revenue grew from £1,076.7m to £1,091.2m, while our statutory profit after tax reduced from £31.1m to £18.0m due to the impact of some non-recurring non-cash items, for example onerous contracts and GMP equalisation.

I&C evening trade waste collection round,
customer site, West Midlands

Our I&C division again performed well, with strong organic and acquisition revenue growth, and operating margins increasing to 9.1% from 8.4% last year. This was achieved despite the business experiencing lower recycle prices and cost pressures in labour and fuel. We had a record year of new business performance and again reduced our customer attrition levels. Acquisitions once again contributed to growth, with cost synergies being delivered to plan.

Our Municipal business had a somewhat more challenging time, with margins coming under pressure as a result of higher fuel and labour costs, the expiry of some higher-margin mature contracts, and difficulties with one of our newer contracts. Whilst we have been disappointed with the results for the year we are encouraged by the stability we have seen in trading performance in the later stages of the year, and by recent contract wins.

As anticipated, in the RR&T division, we delivered reduced profits as we worked our way through challenging recycling markets. When we entered the year, commodity prices were very depressed as a result of the changes to the import regulations in China that have impacted global recycled commodity markets. This impacted our profitability throughout the year but, as expected, in the second half of the year we saw improved trading. We also experienced reduced landfill volumes in the year, in line with our medium-term expectations. Meanwhile we benefited from some of the recent investments that we have made in soil treatment and plastic recycling operations.

Finally, in our Energy division our operating performance was once again strong and financial results benefited from higher values for renewable energy subsidies.

Q. The Government recently published a new strategy for the industry. How do you see it impacting Biffa's business?

A. We were pleased to see the Government publish the ambitious new RWS for how England manages its waste (other parts of the UK have similar plans in place). Recycling levels have stopped growing and we have been calling for some time for policy intervention to help ensure that valuable resources are not lost and to minimise the impact on the environment of the way we collect, treat and dispose of our waste. We expect that the strategy will result in greater demand for our collection services, such as separate food waste collections from households and businesses, and greater demand for high-quality recycled products, such as the recycled plastics Biffa manufactures. There is no doubt in my mind that dealing with plastic waste is rightly the key issue that society – and therefore Government – are motivated by and Biffa is already taking action in this space. It was also reassuring to see that the strategy is realistic in understanding that, whilst recycling must be prioritised, there is a clear need for energy from waste infrastructure, which provides reliable low-carbon energy from waste that cannot be recycled, as well as landfill disposal. In short, the Government's strategy aligns well with our key strategic priorities and we look forward to working further with policy makers to bring the strategy into action.

Q. In recent years, acquisitions have been a key part of the Group's growth strategy. Has this continued to be the case in the year just ended?

A. Yes. Over the last few years we have been supplementing organic growth in our I&C business by acquiring smaller competitors which we are able to swiftly rebrand and integrate into our operating

In Conversation with our CEO continued

platform. Waste collection has become far more complicated in recent years and it is a business that unquestionably lends itself to scale. By growing through acquisitions, we are able to reduce our service delivery costs whilst offering greater service quality and flexibility to our customers, while the improved route density of our operations reduces the environmental impact of our activities. During the year we completed seven acquisitions, investing a total of £47m, to bring c.£64m of revenues into the division. The most notable transactions were of Weir Waste Services Limited (WWS), a Birmingham based collection business, and Specialist Waste Recycling Limited (SWR), a nationwide waste broker. We have a strong track record in this area, delivering transactions and integrating them in a disciplined manner. We intend to continue to pursue this strategy in the year ahead and as always we have a good pipeline of opportunities.

Q. What progress have you made in Energy from Waste?

A. Our objective is always to maximise the amount of our customers' waste that can be recycled. There remains, however, a substantial amount of waste that cannot be recycled, and for which the best disposal method is energy recovery through incineration. This is acknowledged in the Government's recent RWS. However, the UK currently does not have enough EfW facilities, meaning waste is either sent to mainland Europe for incineration or is landfilled in the UK, resulting in the loss of its inherent energy value. Our control of waste volumes gives us the opportunity to unlock the development of some of these much-needed facilities. We have been working with the US EfW developer and operator Covanta over the last two years to bring two projects to fruition, in Leicestershire and Cheshire. These projects have taken a little longer than planned to reach financial close, but we are pleased with the progress we are making and hope to be able to commence construction in the coming year. This will amount to a commitment by the Group of c.£70-80m over the coming three years. Once operational, these two facilities will treat just under 25% of the current residual waste that we control in our I&C business.

Q. We also understand that you have decided to invest further in plastic recycling?

A. The UK urgently needs to increase the amount of plastic that is recycled. Here in the UK Biffa is leading the way. We are a leading operator in closed loop plastic recycling in the UK, with an established presence in HDPE milk bottle recycling. We have been recycling post-consumer HDPE milk bottles back into food grade HDPE, which is used in the manufacture of new milk bottles, here in the UK for a decade. During the year we took the decision to build a PET plastic drinks bottle recycling facility. This project is attractive as it capitalises on our established capabilities in this field and the control of

feedstock we enjoy through our collections and sorting activities. It comes at a time when demand for recycled food grade raw materials for plastic packaging is growing and is set to be further supported by recently announced Government policies such as a plastic tax and the introduction of deposit return schemes, which were key features of the Government's RWS. It is anticipated that this project will enter production during 2020, and will be another key step in the further growth of our Biffa Polymers business.

Q. Stakeholders increasingly expect to see companies report on their sustainability activities. Can you tell us what progress you are making in this area?

A. In the last year we have made enormous progress both in making our own business activities more sustainable, and in delivering more sustainable solutions for our customers. For example in terms of overall carbon emissions we have received from Carbon Saver their Gold Award for year-on-year carbon emission reductions for 12 successive years now, assisted by on-going diversion of biodegradable waste from landfill and routing and operational efficiencies achieved through business acquisitions.

Whilst there is always much more to do to improve the way the UK deals with its waste, we should reflect on how fortunate we are that we have well-developed waste management systems. That is not the case in much of the developing world and I am delighted that, at Biffa, we have recently been able to back the charity WasteAid, which helps communities in Africa manage their waste in a more sustainable manner.

Board site visit, leachate treatment plant,
Westmill Landfill Site

Q. Employee satisfaction and engagement are two other hot topics. What are you doing to make Biffa a better place to work?

A. We are fortunate at Biffa that we have a clear purpose as an organisation, and my colleagues and I are motivated by the positive impact that our activities are having on the environment. I am determined to continue to make Biffa a better place to work and I am pleased with the progress we have made in the year which is reported in more detail on pages 51-52.

Our safety performance in the past few years has improved significantly and we remain a leader in our sector. It was disappointing that this year our safety performance as measured by our LTI rate deteriorated somewhat, but this trend belies the huge progress we are making in this area and I remain confident that as time passes, our safety performance will exceed past records.

Looking at the nations' demographic, I see a great opportunity for Biffa to enhance our gender and ethnicity diversity and I am committed to making an impact in this area. It may take us some time, but we will be setting ambitious targets for the business, a first for Biffa

Securing and developing our people for future business requirements remains of strategic importance to us. As part of our response to this, we have been pleased to see the number of employees on an increasing variety of apprenticeship programmes continue to grow.

Employee engagement is at the core of our People strategy. Every year we measure employee engagement through a confidential survey and put in place focused action plans to address emerging priorities.

Q. Can you summarise the impact Brexit is having on your business?

A. As the service we provide is predominantly delivered locally to UK-based customers, the impact of Brexit on our business is not as significant as it is to other businesses. Key risks for the Group include foreign exchange movements, imposition of tariffs and potential constraint of labour supplies. As a Board we will continue to closely monitor developments in the UK Government's Brexit plans and any potential impacts on the Group and so like most businesses we are keen to have certainty over how Brexit will be implemented.

Q. What are the key changes you have made since becoming Chief Executive Officer?

A. I am fortunate to have taken over a business with a clear strategy that is delivering for all of its stakeholders. There is, however, a need to change the way that we are organised to ensure we best capitalise on the significant opportunities available to us. I have therefore

implemented a more focused, two-division structure, with effect from the start of FY20, comprising Collections and Resources & Energy.

Our Collections division, led by Jeff Anderson, incorporates all of our collection services, comprising I&C, Municipal and Hazardous Waste (which previously was part of our RR&T division). Its priorities are to continue to pursue the organic and acquisitive growth of the I&C business, to stabilise and selectively grow our Municipal offer and to grow our Hazardous Waste and other specialist services offers through cross-selling of services to our I&C customer base. All of our collections services will benefit from the same operational rigour that has underpinned the successful growth of the I&C business in recent years.

Our Resources & Energy division, led by Mick Davis, incorporates all of our waste treatment and disposal activities, including recycling, energy and landfill. Its priorities are to capitalise on the clear opportunities we have in plastic recycling and energy from waste.

I am confident that organising our business into these two divisions will provide clearer strategic prioritisation and capital allocation, accelerate our growth, and deliver operational best practice and Group synergy.

Q. In such a period of unprecedented change, how would you describe Biffa's outlook?

A. We have had a good year, growing our business and making progress in all of our key strategic priorities. We are set to grow our business further next year.

As we look further out, Biffa is well positioned to adapt as society and the economy evolve. At our core, we are a service business and stand ready to provide the services needed to ensure that our country receives the much-needed change in how it manages its waste. Our business model aligns us well with the ambitions of our customers and the Government.

As a Group we recognise that we have an important role to play in how our society and the economy function and that what we do matters to our stakeholders. To that end we have defined our purpose as:

"To change the way people think about waste."

This is what guides the team, and I am privileged to lead it.

Michael Topham
Chief Executive Officer
5 June 2019

Our Strategy at a Glance

Our strategy seeks to capitalise upon the growing market for increasingly sophisticated waste management services demanded by customers as a result of increasing environmental regulation and awareness.

Our strategic framework is split into three elements of focus which are underpinned by ensuring a safe, efficient and engaging working environment for the people who ultimately deliver the strategic activities. We believe this strategy will deliver our targeted growth in shareholders returns.

Strategy	What We Achieved
<p>Our purpose We exist to change the way people think about waste.</p> <p>Our vision To be the leader in UK sustainable waste management.</p> <p>Our values Be safe We strive to keep our employees, customers and the environment safe and always take action when we see danger</p> <p>Be innovative We will continuously improve our processes to ensure that we are efficient, deliver value and are easy to do business with.</p> <p>Be customer focused We will provide value for money leading market propositions, and deliver the best customer service and experience.</p> <p>Be a team player We will actively engage our employees and our stakeholders to build pride in Biffa and our brand.</p> <p>Be accountable We will take responsibility for everything we do and deliver on our promises.</p>	<p>Biffa made seven I&C Division acquisitions during the year, investing £47.0m. Additionally, the I&C division has continued to grow organically with year-on-year growth of 3.2% and reduced customer churn levels.</p> <p>Biffa Polymers had an exceptional year growing Revenue by 40%.</p>
<p>Grow our market share Biffa seeks to be a natural consolidator within the waste market, growing by acquisition, gaining new customers and providing services that drive organic growth</p>	
<p>Develop services & infrastructure Biffa looks to invest in waste processing infrastructure to expand capacity and service offerings as well as increase the value recovered from waste.</p>	<p>During the year the second HDPE plastics milk bottle processing line ramped up to full operational capacity. The next phase in our Polymers business development is the investment in the new PET plastics drinks bottle recycling facility. We have now secured the site and ordered the equipment and expect to start commissioning early in 2020. We have also continued to expand our portfolio of soil treatment and aggregate processing facilities.</p>
<p>Optimise systems and processes Biffa aims to integrate acquisitions, improve our systems and processes, and ensure that projects meet investment criteria and improve the Company's position.</p>	<p>Our continued drive for efficiency has led to a number of routing optimisations, during the year within the I&C division. There has been increased use of telematics and CCTV to improve driver performance and provide evidence of our street sweeping work. There has been continued improvement in the transfer stations and MRF processes to improve the quality of recyclate. We have trialled electric collection vehicles as part of our fleet in Manchester as part of our ongoing efforts to reduce both costs and emissions. We have also consolidated part of our Customer Services and Accounts Receivable functions in a dedicated facility in Barlborough, Derbyshire</p>

Priorities**How we measure success****Risks**

We continue to seek accretive acquisitions and organic growth opportunities that leverage our national network of collection operations or provide key infrastructure to allow us to drive value from the waste we collect. The acquisition of SWR provides new routes to market in terms of access to the broker channel.

The underlying Acquisition Net Revenue growth rate for FY19 was 2.9% (FY18: 4.4%). Underlying Organic Net Revenue Growth rate was 1.5% (FY18: 2.1%). The underlying rate normalises the comparison between the 52 weeks in FY19 versus the 53 weeks in FY18.

There remains a risk other operators could seek to play a more active role in I&C collections consolidation, however, the breadth of Biffa's network for I&C collections is a key differentiator and area of competitive advantage. The timing of business acquisition is inherently uncertain and can lead to variances in growth rate year-on-year. Additionally, further progress in recycling solutions could reduce volumes over time, but again we believe we are well placed to outcompete others in the market over time.

Our key focus of development next year is the development of the PET recycling plant in the North East allied to further investment in plant for sorting both HDPE and PET. Additionally, we will continue expanding our reach with soil and aggregate treatment plants.

Increases in the number of tonnes processed and margin contributed. We would expect this to drive organic revenue growth and improve margins through the increased value recovered for materials processed from plastics, soils and aggregates.

There remains some risk around the timelines for construction and commissioning of the PET plant. This risk is partially mitigated by using proven technology, the new facility being only 20 miles from our existing facility and the Polymers team having already undergone similar construction and commissioning in the HDPE plant.

Investment in the efficiency of collection, processing and back office functions operations remains a never ending focus for the Group. Reducing the level of manual intervention required in sorting operations provides a fixed cost base and allows for more value added roles within operations.

Increasing Underlying Operating Profit Margin by reducing our unit costs of production is a key measure of success. There are other factors influencing this and operational reviews of processing costs and efficiency are reviewed by management on a periodic basis.

Re-routing vehicles and process automation, carries operation risk and the risk of disruption to customers. However, Biffa has well-established processes for managing these changes. The technology associated with electric vehicles is still not yet at the stage of commercial viability to roll out beyond city centre collections.

See page 22 for more information

See page 32 for more information

Grow our market share

We estimate the UK I&C waste collection market to be worth £6 billion in revenue terms. The main activities in this sector are the collection of waste, followed by the processing and disposal of the waste. With the top five service providers having less than 25% market share in aggregate, this means that it is a fragmented market. Numerous service providers offer sorting, recycling and collection services to customers, in similar vehicles, across the country, but the costs of operation and service standards vary hugely, with differentiation being underpinned by both scale and available resources.

The most material costs in a collection business are waste disposal, people and vehicles. Our significant market share, coupled with widespread market coverage, allows the most efficient deployment of people and vehicles per tonne of waste collected. We optimise vehicle routes to maximise daily waste collections per vehicle, while minimising vehicle CO₂ emissions. Our scale and national presence, gives us access to the most cost-effective disposal outlets. In a market short of landfill and incineration capacity, being able to commit to longer-term disposal deals protects us against disposal cost inflation over time.

The scale of the business underpins our service promise in several ways. Having low cost to service and returns above the norm enables us to invest in technology and management information that better informs the decisions of our customers, while our larger than average vehicle fleet gives us the flexibility of vehicles and also provides service cover in case vehicles encounter access issues, so as to minimise collection failure, and we have the resources to invest in the fleet, to ensure compliance with the required fuel emissions standards while gaining best fuel efficiency.

Biffa's I&C business has grown substantially in size over the last six years from £390.8m in 2014 to £608.3m this year. EBITDA has improved by £67.2m and EBIT has grown by £62.4m. This has been achieved through a mix of organic growth, depot rationalisation and route optimisation. The business has also acquired and successfully integrated 37 other businesses since January 2014.

£608m

Biffa's I&C business has grown substantially in size over the last six years to £608.3m this year.

Biffa customer services team member

“Another year of strong organic and acquisition growth for our I&C division.”

Michael Topham, Chief Executive Officer

Today, Biffa's I&C business has around 10% market share and covers over 95% of UK postcodes. As a result, wherever Biffa acquires new I&C waste customers, whether organically or through acquisition, it can achieve synergistic benefits, whilst improving service standards and being competitive on price. This positions Biffa at the forefront of consolidation in the sector, enabling ongoing superior returns.

Biffa's I&C division has enjoyed another year of strong organic and acquisition growth. Key customer wins include Busy Bees, The National Trust and Kingspan Group, whilst customer churn has once again fallen.

This year Biffa acquisitions included SWR which provides waste and recycling solutions to its c.500 commercial customers on a national basis, with the physical delivery of the service provided by a network of sub-contractors. SWR generates revenues of c.£40.1m and has a workforce of c.90 people. This acquisition has strengthened Biffa's customer offering and provided Biffa with the opportunity to increase the proportion of work serviced by its collection and processing network, as well as expanding its routes to market. It also acquired WWS, a commercial collection business which serves c.1,600 customers, generates revenues of c.£18.1m and operates a substantial recycling and waste treatment operation from a seven-acre freehold site at a key location in Birmingham. This business is being integrated into Biffa's I&C division, enabling the combined business to improve its customer offer throughout Birmingham and the West Midlands and to deliver operational and procurement benefits. Biffa's acquisition of WWS's recycling operations will further enhance our recycling capabilities in the region.

Acquisitions in the year:

- ◆ London Recycling Limited*
- ◆ Bisset Waste Management Limited*
- ◆ Weir Waste Services Limited
- ◆ H&A Recycling Limited*
- ◆ Kier Group Companies*
- ◆ SBBM Limited (Saving British Business Money)*
- ◆ Specialist Waste Recycling Limited

* Trade and asset deals

I&C collection, Bullring, Birmingham

Develop services & infrastructure

Plastics: Rising to the Challenge

The UK uses 13bn plastic bottles each year yet only 57% of those bottles enter the recycling system via household recycling collections. Instead of being recycled as materials, used in the production of new plastic bottles, the 5.5bn bottles become litter or are thrown away as general waste to be disposed of in landfill, incinerated or exported abroad.

90% of plastic materials leaving Biffa's recycling facilities are reprocessed into raw materials in the UK with the rest going to Europe to be recycled. However, more can be done overall to invest in the UK's recycling infrastructure. This is one reason why Biffa is investing in a new plastic bottle recycling facility in Seaham.

The Seaham facility is not Biffa's first investment in the UK's plastic recycling infrastructure. In 2008, Biffa Polymers constructed the world's first commercially available rHDPE food grade production plant. The facility is designed to process 57k tonnes of material, a ground-breaking process, which recycles and produces HDPE 'pellets' from milk bottles. These pellets can be recycled almost endlessly into new milk bottles. The facility has reprocessed over 3bn plastic milk bottles over the last 11 years and 85% of milk bottles in the UK now contain Biffa material.

Biffa's new plastic facility in Seaham will process a different plastic to that used in milk bottles, known as PET. PET is a strong, synthetic substance used in the food packaging industry and 70% of soft drinks are packaged in it because it is lightweight, flexible and affordable. Another advantage is that PET plastic is 100% recyclable and can even be used in the manufacture of items such as clothes, sleeping bags, and construction materials.

In addition to the already announced £15m investment in the PET recycling facility in Seaham, we have now decided to further expand this facility to encompass pelleting capacity, investing a further £12.5m. This combined investment takes our overall plastics recycling capacity to 120,000t p.a.

90%

90% of plastic materials leaving Biffa's recycling facilities are reprocessed into raw materials in the UK

Optical rHDPE flake sorter

“Our deep development and operational experience, together with control of feedstock and trusted end customer relationships, position us well for success as demand for recycled plastic grows.”

Michael Topham, Chief Executive Officer

The Government's RWS, published in December 2018, includes a range of measures that will further support this venture, including a proposed tax on virgin plastic, a deposit return scheme to stimulate higher levels of capture and extended producer responsibilities, designed to promote greater recyclability by design and provide funding support for recycling collections.

Energy from Waste Development

Another key feature of the Government's recent RWS was the acknowledgment of the vital role that energy recovery will play in treating non-recyclable waste. At Biffa we have always been clear that, whilst recycling is rightly a priority, there will be a need for dependable, energy recovery capacity for residual waste, providing low carbon, baseload energy supply.

Biffa has responsibility for the safe disposal of c.2m tonnes of residual waste and as such it is in our interests that these facilities are constructed.

We have been working with an American EfW developer and operator Covanta to assess the feasibility of building facilities in Leicestershire and Cheshire. Whilst progress has taken a little longer than anticipated, we are now close to making our final decisions and, all being well, commencing construction of the facilities.

**c.2m
tonnes**

Biffa has responsibility for the safe disposal of c.2m tonnes of residual waste

MRF facility, Edmonton

Optimise systems and processes

At Biffa we are relentlessly focused on delivering efficient business operations. Not only does this underpin the profit and cash flow delivery for the Group but it ensures our services are operated with minimum impact to the environment.

Key developments in the year include:

Acquisition Integration

During the year, we have completed the integration of the acquisitions we made in the prior year and commenced integration of more recent acquisitions. Vehicles, waste containers and sites have been rebranded and business operations transferred onto Biffa IT systems. Vehicle routes have been reorganised and where relevant, sites have been closed. Our centralised procurement team have integrated supply chains, ensuring both cost and quality are optimised.

Support Services Reorganisation

As part of Project Fusion, a strategic review of certain support services activities was completed in the year. The need for this arose following a significant period of growth in the I&C business. This culminated in the decision to consolidate activities at a single purpose built centre in Barlborough, Derbyshire. Through better resource mapping and sharing of best practice we are confident this will not only save cost but more importantly will improve the customer experience.

Electric Vehicles

Biffa recently took a ground-breaking step, the first fully commercial operation of an electric refuse vehicle. The vehicle is in operation as part of our City of Manchester contract. The response from our customer, the City Council, and local residents and our colleagues who operate the vehicle, have all been positive. Sadly it will be some time before these vehicles become common place, but we will no doubt look back at this trial as the beginning of a new era for Biffa and the industry.

1

first commercial operation
of an electric refuse vehicle

Electric refuse vehicle

Biffa customer service team member

"By growing through acquisitions, we reduce our service delivery costs while offering greater service quality and flexibility to our customers."

Michael Topham,
Chief Executive Officer

7

acquisitions in the year

Barlborough shared services centre

Measuring our progress

Financial

Underlying Organic Net Revenue Growth (%)

2019	1.5%
2018	2.1%
2017	3.6%

Definition

The increase/(decrease) in net revenue in the period excluding net revenue from acquisitions completed in the period and net revenue from acquisitions completed in the prior period up to the anniversary of the relevant acquisition date, to the extent such net revenue falls in the current period. Where comparative periods differ in duration, the KPI is adjusted on a pro-rate basis. 2018 was a 53-week year and this has been adjusted to a 52-week year to enable a like-for-like comparison.

Performance

New key accounts include Busy Bees, The National Trust and Kingspan Group.

Target
CPI +1%

Remuneration Linkage

Associated with annual bonus financial or personal metrics.

Link to Strategy

Acquisition Net Revenue Growth (%)

2019	2.9%
2018	4.4%
2017	4.6%

Definition

Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from (i) acquisitions completed in the relevant period and (ii) any acquisitions completed in the 12 months prior to the relevant period up to the 12-month anniversary of the relevant acquisition date (to the extent such Net Revenue falls in the current period). Acquisition Revenue Growth is calculated on the same basis, using revenue in place of Net Revenue.

Performance

We completed seven acquisitions with a combined annualised Net Revenue of c. £57.9m.

Target
> 2.5%

Remuneration Linkage

Associated with annual bonus financial or personal metrics.

Link to Strategy

Underlying Operating Profit Margin (%)

2019	7.5%
2018	7.5%
2017	7.5%

Definition

Profit before exceptional items, amortisation of acquisition intangibles, impact of real discount rate changes to landfill provisions, finance costs and taxation expressed as a percentage of sales.

Performance

Underlying margins remained stable with improvements in I&C and Energy offsetting declines in Municipal and RR&T.

Target

Continuous improvement.

Remuneration Linkage

Associated with annual bonus financial or personal metrics.

Link to Strategy

Return On Operating Assets (%)

2019	25.5%
2018	27.2%
2017	27.6%

Definition

Underlying Operating Profit divided by the average of opening and closing tangible fixed assets plus net working capital.

Performance

Underlying Operating Profit was relatively stable versus last year, but capital employed rose as a result of fixed asset additions exceeding depreciation.

Target

Maintain in excess of 20%.

Remuneration Linkage

Associated with annual bonus financial or personal metrics.

Link to Strategy

Key: Link to Strategy

Grow our market share

Develop services & infrastructure

Optimise systems and processor

Return On Capital Employed (%)

2019	9.4%
2018	8.8%
2017	9.9%

Definition	Target
Operating profit excluding exceptional items and the impact of real discount rate changes to landfill provisions divided by the average of opening and closing shareholders' equity plus Net Debt (including finance leases), pensions and environmental provisions.	Continuous improvement.
Remuneration Linkage	Associated with annual bonus financial or personal metrics
Link to Strategy	
Performance	
Profits were relatively stable versus last year but capital employed increased principally as a result of fixed asset additions exceeding depreciation and a large acquisition late in the year.	

Underlying Earnings per Share (pence)

2019	20.6p
2018	19.2p
2017	29.3p

Definition	Target
Underlying Profit after Tax divided by the number of shares in issue.	Consistent growth.
Remuneration Linkage	LTP - Earnings Per Share 50%.
Link to Strategy	
Performance	
Underlying Earnings per Share grew by 7.3% in the year.	

Leverage Ratio (x)

2019	2.1x
2018	1.9x
2017	1.8x

Definition	Target
Net Debt Underlying EBITDA	2.0x
Remuneration Linkage	Associated with annual bonus financial or personal metrics.
Link to Strategy	
Performance	
We ended the year at 2.1x after acquiring SWR in March 2019	

Underlying Free Cash Flow (£m)

2019	£47.8m
2018	£44.4m
2017	£28.8m

Definition	Target
Net cash and cash equivalents plus dividends, acquisition spend, restructuring, EVP and exceptional spend movement in financial assets less net borrowings.	Maximising conversion of underlying PAT to cash
Remuneration Linkage	Annual bonus.
Link to Strategy	
Performance	
UFCF increased from £44.4m to £47.8m this year.	

Measuring our progress continued

Financial

Dividend per Share (pence)

2019	7.20p
2018	6.70p
2017	2.40p

Definition	Target
Dividend declared divided by the total number of shares in issue.	Grow over time
Performance	Remuneration Linkage
DPS increased by 7.6% to 7.2 pence	Associated with annual bonus financial metrics.
	Link to Strategy

See page 175 for more information

Non-financial

Tonnes of waste processed (ktns)

2019	4,031ktns
2018	3,693ktns
2017	3,265ktns

Definition	Performance
Tonnages received in the period subjected to processing activities at Biffa operated sites.	Tonnage processed increased by 9.2% this year mainly as a result of increased volumes in plastics recycling and soils and aggregates processing
Processing activities include (i) sorting, bailing and transfer; (ii) RDF preparation; (iii) soils and aggregates processing; (iv) composting; (v) plastics recycling; (vi) hazardous waste processing; (vii) AD, and (viii) mechanical and biological treatment. Where materials are subjected to more than one processing activity, tonnages are counted per process. Tonnages that have not been subjected to any processing activity and are disposed of in landfill and soils received at landfill sites for restoration are excluded. Also excluded are any processing activities carried out by third parties on Biffa's behalf. Where waste is not weighed (e.g. some hazardous waste), tonnages are estimated.	Target Growth.
	Remuneration Linkage Associated with annual bonus financial or personal metrics
	Link to Strategy

Key: Link to Strategy

Grow our market share

Develop services & infrastructure

Optimise systems and processor

Non-financial**Tonnes of waste collected (ktns)**

2019	4,007ktns
2018	4,124ktns
2017	3,769ktns

Definition	Target
Total waste tonnages collected from customers by Biffa operations. Excludes sub-contracted services and haulage/internal movements	Growth
Remuneration Linkage	Associated with annual bonus financial or personal metrics
Link to Strategy	
Performance	
Growth in I&C tonnage during the year was more than offset by declining Municipal tonnage as a result of contract attrition.	

Health & Safety – Lost time injuries (LTI) rate

2019	0.40%
2018	0.27%
2017	0.31%

Definition	Target
Lost time injuries are defined as workplace injuries which resulted in the injured person taking time off work to recover from their injuries.	5% reduction in LTI rate.
Remuneration Linkage	Annual bonus personal metric (6%).
Link to Strategy	
Performance	
Our performance declined this year as a result of an increase in injuries related to slips, trips and falls	

See page 53 for more information

CO₂ emissions reduction

2019	27ktns
2018	109ktns
2017	58ktns

Definition	
Greenhouse Gas (GHG) emissions data is captured which is then converted to CO ₂ equivalents using Government emission conversion factors for GHG reporting published by the Department for Business Energy and Industrial Strategy	achieved through business acquisitions.
Target	Year-on-year reduction in overall carbon emissions.
Remuneration Linkage	Associated with annual bonus financial or personal metrics.
Link to Strategy	
Performance	
Reduced carbon emissions over the last year by 3.45% due in part to on-going diversion of biodegradable waste from landfill and routing and operational efficiencies	

See page 59 for more information

Employee engagement

2019	58%
2018	53%
2017	56%

Definition	Target
The levels of employee engagement as measured through the Aon Employee Engagement Index.	A 2% point increase to an employee engagement score of 60%.
Remuneration Linkage	Annual bonus personal metric (6%).
Link to Strategy	
Performance	
The 2019 survey result from a survey carried out in February 2019 was an employee engagement score of 58%.	

See page 51 for more information

Collections

Jeff Anderson
Chief Operating Officer,
Collections

Industrial & Commercial

Highlights

- Strong revenue growth of 6.0%: organic revenue growth 1.3% and revenue from acquired business 4.7%. These numbers reflect a 53-week year in 2018. When normalised for 52 weeks, the organic growth was 3.2% and the acquisition-related growth was 4.8%.
- Underlying Operating Profit growth of 15.6% to £55.6m from acquisition synergies, excellent customer service, other cost efficiencies and strong price discipline.
- Current year acquisition of SWR offers new growth options and WWS and H&A provide new processing capability in the Midlands and Cornwall. Smaller 'infill' acquisitions have been quickly integrated to the wider I&C network.

Summary (£m unless stated)	2019	2018	Growth
Statutory revenue	608.3	574.0	6.0%
Underlying EBITDA	87.4	77.2	13.2%
Underlying Operating Profit	55.6	48.1	15.6%
Underlying Operating Profit Margin	9.1%	8.4%	

3,100 Employees
76,000 Customers

Performance Summary

The I&C division has continued to see strong growth with revenues increasing by 6.0% to £608.3m and Underlying Operating Profit increasing by 15.6% to £55.6m. When we adjust the underlying Revenue run rate for the fact that FY19 was a 52 week period versus 53 weeks in FY18, the underlying growth rate is 8.0%. Revenue has grown organically through a combination of price increases and collection volume growth including a number of major business wins such as, Busy Bees, The National Trust and Kingspan Group.

Underpinning this is another strong customer service performance and improved business retention across all customer channels.

The largest cost within the I&C division relates to the disposal of waste. To ensure that we maintain a sustainable disposal strategy we have continued to secure long-term supply contracts for both mainland Europe and UK EfW facilities.

In the first half of the year, a wholesale shift in the global commodities market required us to re-optimize and re-price the processing of our Dry Mixed Recycling waste stream. New quality requirements (mainly that introduced in China) have required changes to our processing network (enhanced further with the WWS and H&A acquisitions) and these have enabled us to respond positively to the current market needs and we are well positioned to meet future needs.

The division continued to identify and convert a number of acquisitions. We completed the purchase of seven businesses across the UK which added annualised revenues of c £57.9m.

The largest two acquisitions were SWR in the final quarter, a waste broker business primarily focused on the corporate customer channel and WWS, a large collection and processing business which will significantly enhance our scale in the Midlands.

Through a combination of revenue gains, acquisition integration benefits and strong cost management, the overall Underlying Operating Profit Margin in the division increased from 8.4% to 9.1%.

Market Conditions

UK waste volumes are relatively stable, but we have continued to see pressure on commodity prices. As a result, it is increasingly important to have scale to enable access to the lowest cost disposal whilst continuing to operate an efficient collection and processing network. We believe I&C is well placed to exploit these market conditions, whereas a large number of smaller or regional businesses will come under increasing cost pressure. We expect this to support further market consolidation and provide the division with an ongoing pipeline of opportunities, which will underpin ongoing operating efficiencies.

Strategic Objectives

The I&C division remains focused on driving organic and acquisition revenue growth and delivering operational efficiencies. We are investing in new routes to market, as demonstrated by the SWR acquisition, we are building out our digital sales and fulfilment capability and starting to explore new opportunities that will arise from the policy drive to separate food waste collection.

Collections

Roger Edwards
Managing Director,
Municipal

Municipal

Highlights

- A difficult year with revenue and margin decline, principally as a result of contract attrition.
- Underlying EBITDA and operating profit were also impacted by fuel and wages pressures, together with isolated underperforming contracts

Summary (£m unless stated)	2019	2018 Restated*	Growth
Statutory revenue	164.8	174.8	-5.8%
Underlying EBITDA	18.8	24.5	-32.2%
Underlying Operating Profit	4.7	11.2	-58.0%
Underlying Operating Profit Margin	2.9%	6.4%	

* 2018 has been restated to exclude the Leicester City Council contract, now included in the Energy division.

3,400

Employees

41

Locations

33

Contracts

Performance Summary

The Municipal division has seen a 5.8% reduction in revenue (4.0% reduction on a 52-week to 52-week basis) due to the impact of various contracts coming to an end, being only partially off-set by underlying organic growth. Underlying Operating Profit for the year was £4.7m, with an Underlying Operating Profit Margin of 2.9%. The year-on-year decline in profitability is due in the main to contract attrition, coupled with labour market and fuel prices pressures, and isolated contract performance losses.

Despite performance improvement efforts, two contracts identified in the year are expected to continue to generate losses over their contract term. As a result, we are making onerous contract provisions, as required under IAS37, for the anticipated future issues that we have already incorporated into our forward forecasts.

Our service levels remained commendably high with a first-time collection success rate of 99.91%. This has enabled the successful extension of five contracts and no doubt enabled us to secure two new long-term contracts with the East Sussex Joint Waste Partnership and Waverley Borough Council.

Market Conditions

The market remains competitive although we are seeing early signs of fewer bidders on recent contracts coming to market. The market is still dominated by a few large-scale operators with no sign, in the short term, that any new entrants are likely to emerge.

The stabilisation of the market is leading to more maturity in the sales and procurement processes and a more equitable transfer of risk from the public to the private sector. While Local Government still wants the best value proposition available, there is a growing appreciation that sustainable service quality over the long-term is paramount for one of the most visible services provided to residents and Biffa is committed to this goal. We have also seen recent evidence of willingness on the part of Local Government to fund the vehicle capex for new contracts.

On the back of our success with the Green Waste club, we have entered into the domestic tankering market, which we are confident has the potential to grow and deliver strong returns.

The market is still waiting to see the outcome of the Government's WRS consultation. However it is expected to impact our business positively with increased food waste service requirements and the subsequent higher volumes of collections.

Strategic Objectives

The Municipal division has stabilised its portfolio and will continue to implement the commercial and operational solutions developed to mitigate any further trading declines, keeping a firm control of our cost base and delivering efficiencies through the increased use of technology. We will continue to build our complementary and adjacent Non-Local Government revenue streams whilst delivering high quality, commercially robust and risk appropriate tenders for new business in our core market.

The first fully electric 26t refuse collection vehicle is now in operation on our Manchester City Contract. With the expansion of zero and low emission requirements from local Government, we are confident that early adoption and experience in this technology positions us well for the future.

Resources & Energy

Mick Davis
Chief Operating Officer,
Resources & Energy

Resource Recovery & Treatment

Highlights

- Good revenue growth in the portfolio, with net revenue 3.5% ahead of last year. The increase was due mainly to the performance of the Polymers business. This number reflects a 53-week year in 2018. When normalised for 52 weeks the growth was 5.6%.
- Underlying EBIT is £11.1m which represents a decrease of £2.6m versus last year. This was mainly due to a reduction in commodity prices for recycled paper following the import regulation restrictions in China.
- The Polymers business achieved excellent production and sales performance.
- Landfill volumes down 10% reflecting both landfill site closures and underlying volume, trending down in line with expectations.

Summary (£m unless stated)	2019	2018 Restated*	Growth
Statutory revenue	215.4	220.3	-2.2%
Net Revenue	154.9	149.7	3.5%
Underlying EBITDA	28.7	32.1	-10.5%
Underlying Operating Profit	11.1	13.7	-18.9%
Underlying Operating Profit Margin	6.2%	6.2%	
Tonnes Landfilled (ktns)	2,808	3,118	

- 2018 Net Revenue has been restated to adjust for misstated internal Landfill Tax revenues which had led to Net Revenue being understated.

600

Employees

28

Locations

Performance Summary

China's Operation National Sword continued to impact on the sales price of recycled paper produced by the MRFs throughout the year, albeit this was mostly marked in the first half. China was the main recipient of our recycled paper but banned the import of mixed paper since October

2017. We have revamped our operations to address revised market quality requirements and have also procured alternative domestic and international customers for our mixed paper. However, we are continuing to see reduced prices, compared to historic norms.

Biffa has been working towards a model of shared risk with Local Government customers, and about half of the commodity price risk is now held by Biffa. This has helped to partially mitigate the impact of the falling paper prices and new contracts are being won on the basis that the majority of commodity risk is borne by the customer. Biffa has also negotiated a contribution from key customers towards the increased costs of meeting the new mixed paper quality standard.

The Aldridge MRF was repurposed during the year as a plastic bottle sorting facility with a capacity of 40ktpa and this facility has led to more internal feedstock for the Polymers plastics plant strengthening its position in the market.

The Edmonton MRF continues to benefit from the £5m investment made in the previous year, which has resulted in increased operational yields in line with expectations.

The Polymers plant has had a very good year and achieved all production and sales targets and with 95% production uptime, the facility is industry leading. Feedstock costs rose during the year, and as a result, customer contracts have been renegotiated, to both take this into account and to provide some protection against further price increases.

Landfill volumes have seen a decline of 10% since last year driven predominately by the closures of Brookhurst Wood, Horsham and Skelton Grange, Leeds together and a quieter contaminated soils market.

Market Conditions

The recycling market is facing a challenging time, with pressure on achieving high mixed paper quality standards as other countries follow the example of China and tighten quality standards. Biffa is responding to this by improving processing techniques. Separate paper collections will be the solution in the long term to achieving high quality at a lower cost of processing. Biffa is promoting this solution to our customers as it is beneficial to both parties.

Government initiatives such as extended producer responsibility (EPR) and deposit return schemes (DRS) and public demand are all increasing the requirement for further recycling facilities. In its 2018 Budget, the Government announced that from April 2022 it will introduce a world-leading new tax on the production and import of plastic packaging with less than 30% recycled content. Our Polymers business is well positioned to take advantage of the increased drive to recycle plastics.

The landfill market continues to be focused upon waste that cannot be recycled or treated for energy recovery. We have also seen competitor landfill sites close with no new landfill sites replacing the closed sites. This means

there are fewer landfills within the UK and waste has to be transported further. In consequence, Biffa plans on expanding its current rail hub programme further next year.

Strategic Objectives

The RR&T division will continue to seek to grow revenue through expanding its processing infrastructure where the market conditions exist and where risks are understood and can be managed.

We will continue to expand our rail network to utilise void at our landfill sites.

We will develop additional plastic processing capacities, and have already made an investment of £15m in a PET plastic bottle processing plant in Seaham. We are now committed to expanding the PET facility, with a further £12.5m investment, to incorporate compounding and pelleting capability and with further significant investment planned in the next three to five years building on our market leading capabilities to provide enhanced capacity for evolving market demand.

Energy

Highlights

- Revenues fell slightly year-on-year with improved pricing and ROC income offset by expected reductions in both landfill gas volumes and West Sussex County Council disposal revenues. These numbers reflect a 53-week year in 2018. When normalised for 52-weeks the growth in revenue was (2.5%).
- Underlying Operating Profit increased by 6.2% from £25.6m to £27.2m mainly due to higher than expected ROC income levels.
- Further progress on the two new large-scale ERFs in partnership with Covanta.

Summary (£m unless stated)	2019	2018 Restated*	Growth
Net Revenue	102.9	107.6	-4.4%
Underlying EBITDA	32.9	32.3	1.9%
Underlying Operating Profit	27.2	25.6	6.3%
Underlying Operating Profit Margin	26.4%	23.8%	
Energy generation (GWh)	441	476	-7.4%
Energy price (£/MWh)	46.0	41.9	9.8%

* 2018 has been restated to include the Leicester City Council contract previously included in the Municipal division.

Performance Summary

The Energy division delivered another year of strong operational performance while progressing plans for developments in new EfW infrastructure.

Revenue fell by 4.4% year-on-year ((2.5)% on a 52-week to 52-week basis) despite the natural decline in gas yields year-on-year. Energy generation reduced by 7.4% from 476GWh to 441GWh whilst average electricity prices increased by 9.8% from £41.9/MWh to £46.0/MWh.

Our development efforts were principally focused on progressing our partnership with Covanta to jointly sponsor the development of two large-scale ERFs. We are pleased with how things have gone to date and expect to progress both these projects in the coming year.

We are also continuing to explore the viability of a small-scale ERF in Swansea. However, whilst the operating permit was granted for this plant in March 2019, planning consent for its construction was subsequently refused. The business is currently reviewing the position.

As from April 2018 our collections and processing contract with Leicester City Council (FY18 revenue £19.9m, underlying EBIT £(1.1)m), transferred into the Energy division from Municipal, and reported results for FY18 have been restated. Whilst the contract continues to be loss making, we are satisfied with the progress we have made in stabilising its performance.

Market Conditions

Energy prices have improved despite continued uncertainty. For this reason, we forward-sell the bulk of our generation for the coming year to provide earnings certainty. We also benefit from renewables incentives, providing another stable revenue stream. Landfill gas yields will continue to decline over time as landfill waste inputs reduce and the mix of landfill inputs continues to shift to less organic material.

The growth of separate food waste collections has been limited in the last year and there continues to be an excess of AD processing capacity, which places downward pressure on prices. Through our scale, operational expertise and collection network, we remain well positioned to benefit from a rebalancing in this market.

Strategic Objectives

In 2019 we expect to achieve financial close on two EfW projects, both joint ventures with proven developer and operator Covanta. Equity investment over the coming three years will be £70-£80m.

The Energy division will continue to seek to maximise earnings from its existing operations by optimising gas, electrical and material yields while controlling costs.

In the AD market, while the sector remains challenged, we remain optimistic that proposed segregated food waste collection re-balances the market.

300
Employees

33
Locations

Listening and responding to our stakeholders

At Biffa we provide essential services to homes and businesses across the UK. As such, we have a diverse network of stakeholders with whom we engage on a positive and open basis.

Customers

How We Engage

Ensuring that we work collaboratively with our customers is of vital importance. Our customers rely on the services we provide, therefore the ability to listen, understand and respond to customer feedback is paramount

Biffa provides clear and structured lines of engagement for our core customer groups. Within the I&C corporate group, we segment customers into distinct operational sectors and allocate dedicated teams to manage their requirements. These teams live and breathe the *day-to-day challenges* faced by their clients. This experience is shared across the corporate team to ensure that knowledge is retained,

and best practice delivered. Local Government customers benefit from a similar arrangement, with dedicated contract support built into ways of working for the duration of the partnership. Within the I&C Small Medium-sized Enterprises group, customers are on-boarded by regional teams before assignment to our dedicated Customer Services teams. Increasingly, customers choose to self-serve through our online CustomerZone portal.

Stakeholder Expectations

Expectations are varied and sometimes complex. Structuring our *systems and processes* to support customer requirements in a timely and consistent way lies at the heart of our offer. Reliability of service is

the central expectation. When issues do occur, dealing with them and ensuring that the customer is kept up to date while we do so are our focus.

Relevance to the Business Model and Strategy

Delivering ongoing and long-lasting customer satisfaction enables Biffa to grow. Ensuring that existing customers are retained and that new business benefits from a consistent experience requires systems and processes that are developed and optimised. All three elements of our core strategy, Grow, Develop, Optimise, essential to delivering *customer satisfaction*.

See page 14 for more information

Shareholders

How We Engage

The Executive Directors, supported by the Investor Relations team, meet in person or via a conference call with both existing and potential investors during the year.

Stakeholder Expectations

Insight into the underlying performance of the business and progress against the strategic targets of growing market share, developing services and infrastructure, and optimising processes and services.

Relevance to the Business Model and Strategy

Good shareholder engagement is fundamental to ensure the long-term funding support for the business

See page 80 for more information

Communities

How We Engage

The details of our community engagement activities are given in the Sustainability and Environment section of this report on pages 43 to 63. Activities include local site liaison groups and newsletters; Biffa Award funding support for local projects; local volunteering and fund raising activities; hosting site visits for local schools and groups; communication through municipal contract community liaison officers; and undertaking community volunteering.

Stakeholder Expectations

With high public interest in recycling and environmental protection, we are seen as playing a key role in helping society achieve sustainable resources and waste management solutions. Local communities also expect our sites to be well run and for us to be able to respond to any queries or complaints as quickly as possible. Our actions relating to environmental protection are discussed in more detail in the Environment section on pages 57 to 63.

Relevance to the Business

Model and Strategy

Community engagement is a key strand in our Corporate and Social Responsibility and Sustainability initiatives, helping to inform and underpin our commercial strategy. More information about this can be found in the Sustainability section of this report. At the local level, community engagement helps create positive local working relationships and responsive operating practices.

See page 43 for more information

Local Government

How We Engage

We liaise directly with our Local Government customers in terms of service contracts and also in various other ways. For example, we are currently liaising with the Local Authority Recycling Advisory Committee (LARAC) over national Government consultations on the new Government RWS and we are represented on several regional waste planning forums. We also assist with requests for site visits to our facilities and councillor training sessions, such as the training session on waste planning provided to Staffordshire County Council's planning committee in May last year.

Stakeholder Expectations

Local Government customers expect effective and cost-efficient services from Biffa, backed up by expert knowledge around local requirements as well as advice and support regarding emerging national waste policy and regulation.

Relevance to the Business

Model and Strategy

Liaison with Local Government stakeholders helps deliver our services through a collaborative, partnership approach. This supports delivery of waste collection and recycling ambitions at the local level, all of which contributes to the

national picture. Aligned knowledge and ambitions also help to support our infrastructure and service investment decisions

See page 57 for more information

Suppliers

How We Engage

We look to secure excellent value for money while minimising risk in key areas such as environment, ethics, quality and supply chain security. Suppliers are engaged by a team of procurement professionals supporting the business in delivering a positive, two-way communication process.

Stakeholder Expectations

We deliver to our internal stakeholders a quality product

or service at a competitive price from a reliable and sustainable source, introducing innovation where appropriate. We look to build long-term mutually beneficial relationships with all our stakeholders in the belief that all parties benefit from this approach.

Relevance to the Business

Model and Strategy

Our suppliers are key in delivering our business model and strategy. During the year the risk of Modern

Slavery was given particular focus to ensure that our suppliers have taken the appropriate steps to protect against it within their supply chains. Working closely with suppliers, we continue to introduce innovation to our business driving service enhancement, safety improvements and business efficiency

See page 48 for more information

Managing our risks and opportunities

Overall responsibility for risk management rests with the Board, but the management of risk is embedded in our everyday business activities and culture, with all our employees having an important role to play.

Risk Governance

The Board recognises its responsibilities for ensuring that the Group's internal control systems and risk management framework are effective. The Audit Committee has specific delegated authority to monitor these processes and the annual Audit Committee calendar enables ongoing focus and review of key management processes and controls

Day-to-day risk management and control rests with the Group Executive Team with Board oversight designed to ensure that management provides leadership and direction to employees so that our overall risk-taking activity is kept within our risk appetite.

Biffa operates the 'Three Lines of Defence' model to manage the ongoing effectiveness of risk and control, to define the relationship between the various management and oversight functions, and to demonstrate how responsibilities are allocated.

Risk Appetite

The Group's tolerance for risk in the areas of Health & Safety, regulatory and environmental risks is low. Biffa dedicates significant resources and focus to managing and monitoring these risks on a daily basis. Other risks are considered and reviewed on an ongoing basis. In each case controls and mitigating actions aligned to the risk appetite are put in place.

Risk Management Process

The Group's risk management processes are centrally coordinated with an established network of 'Risk Champions' embedded in each division/function to facilitate updates to key risks during the year. The Risk Champions are members of the local senior management team and take a lead role in engaging local management to identify, agree and update risk information on a regular basis.

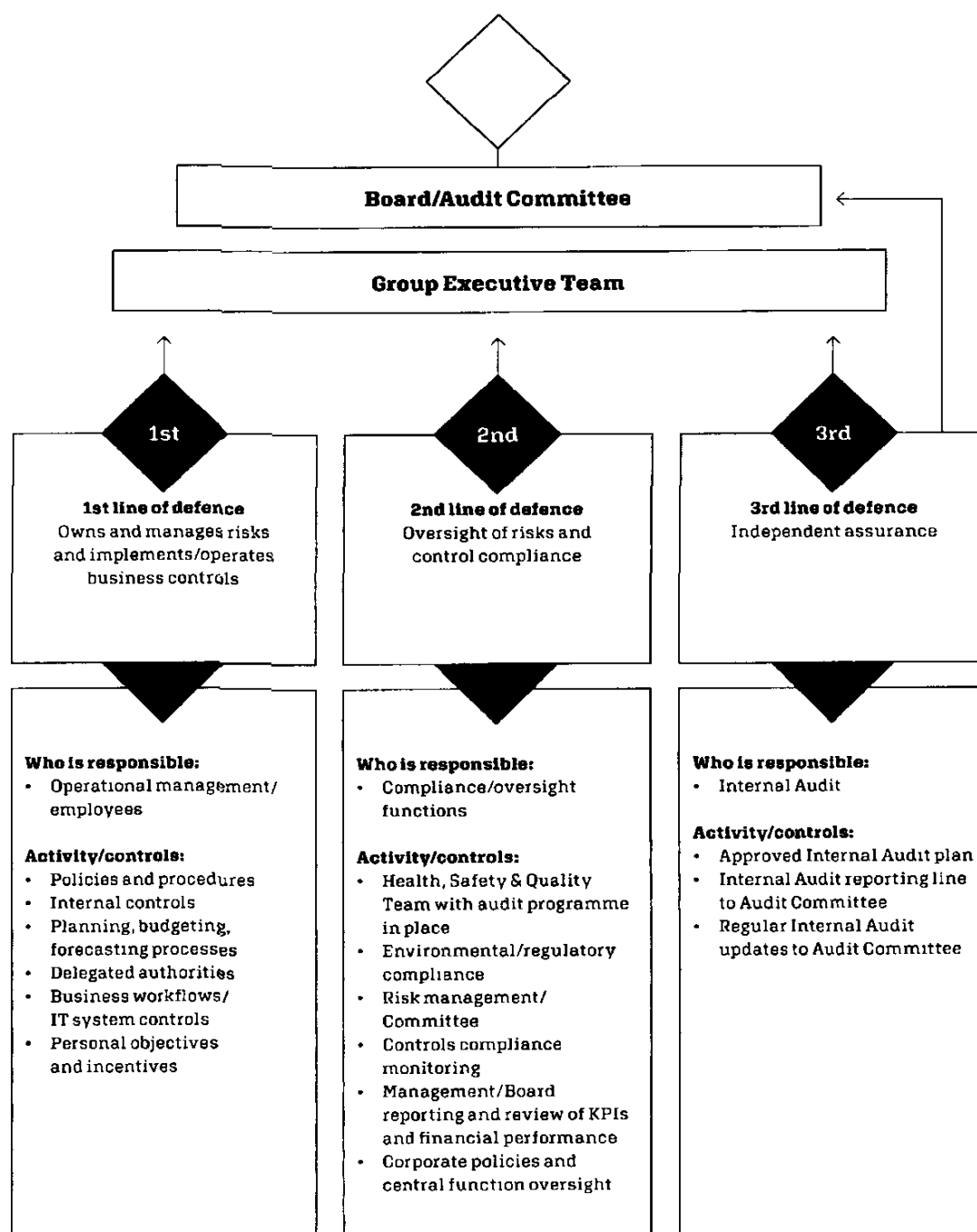
The Group Executive Team receives regular updates on the risk management process and the key risks including:

- risk description;
- current assessment of likelihood and impact (assessed over a number of risk impacts including financial, regulatory, reputation and customer risk);
- the ongoing controls or mitigation activity in place; and
- planned future mitigation activity with owners and completion dates.

The Audit Committee receives regular updates on the risk management process in place and also undertakes regular reviews of the key risks, as identified and assessed by management through the above process. The Audit Committee also reviews summaries of the work undertaken by the Internal Audit team, which has a risk-based annual plan of assurance reviews.

Our risk management systems are intended to mitigate and reduce risk to the lowest extent possible, but cannot eliminate all risks to the Group. The risk management processes can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Framework



Principal Risks and Uncertainties

Key	
No change	↔
Reduced risk	↓
Increased risk	↑

Risk title/description	Impact	Mitigating actions	Changes in year	Strategic objective	Movement in year
1. Changes in Government policy and legal and regulatory compliance The Group operates in a highly regulated industry and any changes to Government policy, standards or regulatory compliance requirements could have an adverse impact on the Group's operations and results	Operational Financial Reputational Regulatory	Environmental & External Affairs department, with experienced and qualified environmental support experts working across all operating divisions. External affairs processes in place addressing Biffa representation on the ESA and external bodies; liaison with policy makers and regulators at national and local levels; responses to Government/regulatory consultations and sustainability reporting. Ongoing environmental compliance strategy in place including annually reviewed targets and actions at local, divisional and Group level Established compliance processes in place to manage other regulatory compliance risks, such as bribery and corruption, Modern Slavery, competition and vehicle operating licences.	Throughout the year we engaged with the Government on its new RWS, published in December 2018. We continue to engage and advise Government in relation to consultations on the key strategy elements launched in February 2019 and continuing through the year. The proposed strategy measures to boost recycling and stimulate more investment in UK infrastructure support our business strategy and are viewed as an area of opportunity. During the year, we introduced training for senior leaders on Modern Slavery and refreshed our anti-bribery and corruption training. Biffa became a founding member of the Slave-Free Alliance and introduced a number of initiatives, including a manager's guide to Modern Slavery, to raise awareness across the business.	Optimise	↔
2. Health & Safety (H&S) Biffa's operations present inherent H&S risks to our employees, our customers and the wider public. Violations of H&S laws/regulations could have a material adverse effect on Biffa's business and reputation	Reputational Regulatory Financial	Group H&S function reports to the CEO. Active and regular engagement by senior management including weekly reporting and calls with the Group Executive Team. Inclusion of H&S targets and objectives within Group Balanced Business Plans (BBP) with one of the five pillars being 'Working together safely'. Embedded policies, standards and procedures in place across Biffa for the systematic control of significant H&S risks. Resourced H&S teams supporting operations and delivering a programme of independent assurance. Primary Authority relationship with Hampshire Fire and Rescue Service enables access to advice and counsel on fire risk issues.	During the year we successfully completed the management system transition to ISO 14001 and ISO 9001:2015.	Optimise	↔

Key

No change	↔
Reduced risk	↓
Increased risk	↑

Risk title/description	Impact	Mitigating actions	Changes in year	Strategic objective	Movement in year
3. M&A strategy and delivery Biffa faces risks arising from its acquisition strategy, such as increased competition for acquisition targets or a lack of suitable targets. Additionally, acquisition integration risks and issues could arise, impacting the delivery of expected benefits, either within expected timeframes or to the extent anticipated.	Financial	<p>Group delegated authorities in place to manage the review/approval of all material transactions by senior management and the Board.</p> <p>Established M&A process in place with defined governance, including sponsors and project management for all transactions and engagement with all relevant subject matter experts to consider acquisition and integration factors.</p> <p>Dedicated corporate finance expertise in place to manage M&A transactions together with experienced Biffa subject matter experts as senior stakeholders for the acquisition process.</p> <p>Board and executive level review and update included in monthly Board report summarising pipeline of identified potential targets.</p> <p>Due diligence undertaken for all M&A transactions, including use of external advisers depending on target value and complexity. A standardised approach using an established valuation model is in place with all transactions reviewed/ approved by the Investment Committee and (where appropriate) the Board.</p> <p>Project team kept in place until integration phase completed. Post-acquisition reviews to track benefit delivery with financial benefits embedded within financial planning processes (e.g. forecasts and budgets).</p> <p>The Group's funding arrangements contain flexibility designed to allow for expansion/relief in the event of material acquisitions.</p>	<p>During the year we have continued our M&A strategy to support growth and completed seven acquisitions of varying sizes, the largest acquisition being SWR.</p> <p>We have continued to monitor and improve our M&A process, based on feedback, stakeholder engagement and post-acquisition reviews.</p>	Grow Develop	↔
4. Long-term contracts and tendering The Group is exposed to risks inherent in long-term fixed-price contracts, in particular in its Municipal division and related operations. Risks include inaccurate long-term cost estimates due to changes in the external operating environment and market dynamics that lead to material deviations from initial underlying assumptions.	Financial Reputational	<p>All material bids are subject to a detailed review and formal approval at divisional, Group and Board levels.</p> <p>Material bids are compiled by dedicated development teams with significant expertise and experience. They are supported by subject matter experts as appropriate.</p> <p>Protection from change of law or force majeure for unforeseen circumstances is designed into contracts.</p> <p>Certain risks, such as excessive commodity price volatility exposure will not be accepted</p>	<p>Our established governance and approval processes have remained in place. We focus on ensuring that they remain robust and fit for purpose, and seek to reduce or eliminate trading risk within any new commercial tenders/contracts in line with corporate expectations.</p>	Grow	↓

Principal Risks and Uncertainties continued

Key	
No change	↔
Reduced risk	↓
Increased risk	↑

Risk title/description	Impact	Mitigating actions	Changes in year	Strategic objective	Movement in year
5. Business continuity, cyber security and IT resilience A significant disruption to Biffa's infrastructure, including IT systems, could potentially have an impact on the activity of the Group's customers, such as increased billing times, interruptions to collection operations and processing logistics, and additional costs. Additionally, the theft, destruction, loss, misappropriation or release of sensitive and/or confidential information could result in business disruption, negative publicity or brand damage.	Financial Reputational Operational	Crisis management and emergency response plans in place for key sites and operations. Server infrastructure supporting key IT services hosted in Microsoft Azure Cloud providing resilience, failover and backup services. ISO 27001 certification (Information Security) in place. Externally hosted business continuity recovery sites in place for key administrative and support functions with a tri-annual testing programme in place. Intrusion detection in place and a cloud-based 'always on' security service provided by Microsoft protecting against key cyber threats. Web filtering, malware protection and regular penetration testing in place.	Cloud failover and resilience have been tested throughout the year and documentation and processes updated. Business continuity workplace recovery sites have been regularly tested throughout the year. Further cyber security measures have been implemented during the year and cyber security education initiatives have taken place.	Optimise	↔
6. Economic environment/Brexit Economic conditions in the UK may have an adverse impact on Biffa's operating performance, revenues and results of operations. The Group is exposed to political, social and macroeconomic risks relating to the UK's expected exit from the EU. Any economic weakness that leads to reduced volumes of waste and recycle will adversely impact the Group's business. Furthermore, a deterioration in macroeconomic conditions may also result in increased competitive pricing pressure and increased customer turnover.	Financial	A substantial proportion of our contractual relationships with customers give pricing flexibility offering a degree of protection against inflation or other cost pressures. Biffa has revenues and costs that are either directly or indirectly impacted by the value of Sterling relative to key currencies such as the US Dollar or the Euro. This provides some degree of offset and natural hedge. We enter into forward contracts for the sale of electricity and to mitigate short-term currency exposures, improving earnings visibility in the short term.	Whilst we continue to monitor this risk, Biffa provides services across the breadth of the UK economy and to customers in the public and private sectors. The breadth of customers offers a degree of protection against economic pressures that may affect specific areas of the economy. The Group has assessed the potential impact of certain Brexit scenarios on its activities and is satisfied that there is unlikely to be a net material impact on the Group should the UK leave the EU.	Grow Optimise	↔
7. People - attraction, succession, retention The loss of the services of a number of Directors, senior management or key employees, or if the Group encountered labour shortages or was unable to attract people for core business roles, could have a material adverse effect on Biffa's business results, operations, financial condition and prospects. The UK's exit from the EU may impact the availability and cost of EU labour which could affect our operations.	Operational Financial	Overall Reward Framework for employees and managers competitively aligned to the market, including Performance Share Plan for senior personnel and ShareSave scheme available to all employees. Review of terms and conditions for operational employees to ensure alignment to market. Talent and management development programmes deployed at senior levels and progressively to other levels going forward. Ongoing review of the recruitment and retention of drivers. Established apprenticeship programme, which will continue to be further developed in the coming year.	Further strategic mitigations have been implemented this year. They include a new apprenticeship programme; a driver recruitment/retention project; and a strategic review of terms and conditions for core roles e.g. LGV drivers. Although our reliance on non-UK EU labour remains relatively low, we continue to monitor the risk of macroeconomic factors such as Brexit and exchange rate volatility, which could impact the availability of the EU workers who support a number of our operations.	Grow Develop Optimise	↔

Key	
No change	↔
Reduced risk	↓
Increased risk	↑

Risk title/description	Impact	Mitigating actions	Changes in year	Strategic objective	Movement in year
8. Strategic project implementation Failure to deliver strategic projects, such as EfW and Project Fusion. Fusion is focused on our products and services, how they are sold and delivered, the technology used and the online services offered to customers. As with any such projects, there are risks that the project fails to deliver the anticipated improvements and/or benefits for the budgeted investment, adversely impacting reputation and operating results.	Operational Financial	Board and Group Executive Team engagement and leadership for strategic projects. Established Fusion Programme Management Office with ongoing risk and issue management. Selected software is a proven 'off the shelf' product. Change network in place to ensure line management ownership of Fusion transformational change. Significant investment in Fusion training materials and resources. Proven EfW technology, substantial UK and worldwide reference plants with >30 operational in the UK treating in excess of 10m tonnes per annum. EfW Joint Venture providing complementary skill sets and experience to minimise risk. Leading advisory team (legal, financial and technical) to provide due diligence. Limited recourse project structure	An independent programme assurance review of Project Fusion was undertaken, with its recommendations now being put in place, further strengthening the implementation and reducing the delivery risk. A senior Microsoft sponsor at the VP level has joined the Project Fusion board to support the programme.	Develop Optimise	↔
9. Finance availability/investment If the Group were to fail to comply with any of the financial or non-financial covenants in its credit facilities (due, for example, to deterioration in financial performance), it could result in an event of default and the acceleration of the Group's obligations to repay those borrowings, increased borrowing costs or cancellation of certain credit facilities.	Financial	Significant and flexible bank funding facility with substantial headroom to enable the Group to progress strategic priorities and accommodate any downside performance risk. In addition to the bank funding facility, the Group has over £140m of finance lease facilities, with undrawn funding of over £20m at the end of the year. Group Treasury function in place as part of Finance organisation. Ongoing monitoring of financial and non-financial covenants with summary updates to the Board. Significant current headroom on all covenants. Financial forecasting and modelling in place to test headroom under a number of reasonable worst-case scenarios, which in turn feeds into longer-term viability review. Regular meetings held with key members of the Group's bank funding facility	The Group agreed a new five year £350m unsecured revolving credit facility, expiring in March 2024 but with an option to extend for a further two years. As at the end of the year, £99m of the facility was undrawn.	Grow Develop Optimise	↔

Key	
No change	↔
Reduced risk	↓
Increased risk	↑

Risk/title/description	Impact	Mitigating actions	Changes in year	Strategic objective	Movement in year
<p>10. Commodities market and pricing volatility</p> <p>Biffa produces significant volumes of recycled commodities for re-sale. <i>Commodities produced</i> include various paper grades, card, plastics, and ferrous and non-ferrous metals.</p> <p>Markets for these recycle products have individual supply and demand dynamics impacting both price and availability of off-take</p> <p>China's Operation National Sword has had an impact on the sales price of recycled paper produced by the MRFs. China was the main recipient of our recycled paper and it has banned the import of mixed paper into the country since October 2017. We have sought alternative off-takers for our paper, but this is at reduced prices</p> <p>Biffa has been working towards a model of shared risk, with customers with, c.54% of the commodity price risk held by Biffa. This has helped partially to mitigate the impact of falling paper prices. Biffa has worked closely with the local authority customers and has successfully negotiated a contribution from key customers towards the increased costs of meeting the new mixed paper quality standard.</p>	<p>Financial</p> <p>Operational</p>	<p>Ongoing monitoring and improvements to product quality within recycling processes</p> <p>Off-taker strategy review to limit dependency, where able, on the Chinese market</p> <p>Commodity price risk sharing within long-term commercial contracts.</p> <p>Working with key customers (e.g. Local Government) to agree gate fees to reflect any increased costs and also dual collection methods.</p>	<p>Biffa has successfully negotiated a number of customer contracts to gain a contribution towards increased costs of meeting revised quality standards</p>	<p>Develop</p> <p>Optimise</p>	<p>↓</p>
<p>11. Strategic/competitive threat to business model</p> <p>Market disruption from the application of new technology and the advent of new business models could change the waste supply chain and adversely impact Biffa's established operating asset base of a traditional collection network and processing facilities.</p>	<p>Financial</p> <p>Operational</p>	<p>An internal business innovation group has been established to focus on market developments and to act as an incubator for ideas and new business models.</p> <p>Continual competitor analysis to consider threats and changes to the landscape</p> <p>Annual strategy review to ensure that Biffa business model remains current and competitive.</p>	<p>Continuing to invest in and improve the customer experience through digitisation, improved processes and management information.</p> <p>Survey of customers to ensure that the Biffa offer remains relevant and compelling.</p>	<p>Grow</p> <p>Develop</p> <p>Optimise</p>	<p>↔</p>

Viability Statement and Going Concern

In accordance with the June 2016 UK Corporate Governance Code, the Board has assessed the viability of the Group over a longer period than 12 months and has adopted a period of three years for the assessment. The Board's strategic planning horizon is five years; however, the first three years of the plan were selected for the testing as most of the Group's risks would have the greater adverse impact over this timespan. The following factors were taken into account in making this decision.

- We have reasonable clarity over a three-year period, allowing an appropriate assessment of our principal risks to be made.
- In order to set the three years, the Board considered whether there are specific, foreseeable key events relating to the principal risks that are likely to materialise, and which might be substantial enough to affect the continued viability and therefore should be taken into account when setting the assessment period. No risks of this sort were identified beyond the three-year period

The Group has a broad range of customers and suppliers and operates across the breadth of the UK waste management chain. It is supported by a well-funded balance sheet and has significant further committed and undrawn liquidity facilities. The Board assessed the principal risks to the business as set out on pages 34 to 38 and agreed that a number of severe but

plausible risk scenarios should be explicitly modelled, both individually and in combination. In making their assessment, the Directors took into account the potential financial and operational impacts of the principal risks which might threaten the Group's viability during the 3 year period. Although the output of the Group's strategic and financial planning process, reflects the Directors best estimate of the future prospects of the business, the Group also assessed the financial impact of other scenarios. The Group also identified a number of mitigating steps it would take to reduce the risk, including cost reduction programmes.

The Group's profitability, liquidity and financial headroom have all been assessed and incorporated within the risk scenario modelling. Based on the consolidated financial impact of the sensitivity analysis which included scenarios of reduction in market activity, M&A delivery and availability of future financing, and associated mitigating actions that are either in place or could be implemented, it has been demonstrated that the Group would maintain adequate headroom under each of the scenarios modelled.

Based on the results of this analysis, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

Continued strong momentum

"We have delivered good financial results and strong underlying free cash flow, enabling us to fund our acquisitions and a growing dividend."

Richard Pike, Chief Financial Officer

Group Performance

I am pleased in my first year as CFO to be able to present a good set of financial results. Whilst our headline statutory revenue paints a picture of modest growth, this belies the underlying picture. First, because the current year is a 52-week period versus a 53-week period last year. As such the headline growth rates are understated by around 2%. And second, because the business has had to cope with both the ongoing impact of the China import restrictions, which depressed commodity prices, and the deterioration in Municipal performance. As such, we exit the year with a really solid performance.

Other Items

To enable a better understanding of business performance, certain items are excluded when calculating the Group's underlying measures of performance. These items are more fully explained in Note 3 to the consolidated Financial Statements and include:

- (i) items that recur most years but that we feel will aid the user by excluding from underlying performance – amortisation of acquisition intangibles, acquisition-related costs, movement on landfill provisions as a result of discount rate changes and strategy related costs; and*
- (ii) other one-off items which are considered exceptional – onerous contract provisions, GMP equalisations costs and legacy loan amortisation write-offs.*

In the second category, the onerous contract provisions movement relates to the long-term contract with Leicester City Council, together with isolated underperforming Municipal contracts.

A reconciliation from Underlying Profit After Tax to statutory profit after tax is set out below:

	2019 £m	2018 £m
Underlying Profit after Tax	51.5	47.9
Acquisition-related costs	(2.8)	(1.6)
Amortisation of acquisition intangibles	(16.5)	(16.8)
Impact of changes in real discount rate on landfill provisions	(1.6)	5.7
Other	(2.1)	(0.9)
Onerous contracts	(10.2)	(5.2)
Pensions GMP equalisation	(3.1)	-
Finance charges	(6.2)	(2.5)
Taxation impact on other items	9.0	4.5
Statutory profit after tax	18.0	31.1

Finance Charges

Underlying financing costs fell significantly compared to the prior year, driven by lower average cost to loan borrowings and the natural decline of the number of older, more expensive finance leases. A breakdown in net finance charges is below:

	2019 £m	2018 £m
Interest on net borrowings	9.8	11.9
Interest on finance leases	5.0	6.3
Bond premiums	1.8	1.7
Landfill provision discount unwind	2.0	2.2
Pension discount/surplus unwind	(1.0)	(0.6)
Net underlying finance charges	17.7	21.5
Discount unwind on EVP instrument and IPC costs	2.4	2.5
Unamortised arrangement fees on old Facility	3.8	-
Net finance charges	23.9	24.0

Taxation

The Group's tax strategy is approved annually by the Board and is available on the Group's website. The Group remains committed to fully discharging its responsibilities in respect of all relevant tax legislation in a clear and transparent manner based on a collaborative relationship with all tax agencies.

The effective tax rate on underlying profits was 20% (prior year 20%), slightly higher than the prevailing rate due to certain charges being disallowed for UK corporation tax. Payments in respect of corporation tax in the year were £0.2m (prior year £1.7m). The Group's deferred tax balance of £2.1m includes balances totalling £48.7m in respect of Accelerated Capital Allowances, previously written off goodwill and losses which will continue to moderate tax payments in future years.

Earnings per Share

Underlying Earnings per Share rose by 7.3% to 20.6 pence from 19.2 pence in the prior year. However, Total Earnings per Share reduced to 7.2 pence (prior year 12.4 pence) as a result of the higher exceptional, non-underlying items in the year.

Dividend

The Board continues to pursue a progressive dividend policy, aiming to distribute c.35% of Underlying Profit After Tax split approximately one-third (interim) and two-thirds (final). The Directors recommend a final dividend of 4.90 pence per share, bringing the total dividend payable in respect of the year to 7.20 pence per share (prior year 6.70 pence per share). The year-end dividend is expected to total £12.3m and, if approved, will be paid on 19 July 2019 to those shareholders on the register as at 28 June 2019.

Retirement Benefits

The Group operates defined pension schemes for certain employees. These are closed to new members and to future accrual (except for a small number of members who have protected entitlements under local Government contracts). At 29 March 2019, the net retirement surplus was £79.0m (prior year £51.3m). The Biffa Pension Scheme had an actuarial deficit of £29.2m at the time of the last valuation in March 2018 (compared to £66.7m in March 2015), and an inflation-linked annual payment of £4.0m has been agreed with the Trustees of the scheme.

Capital Allocation

The Group maintains a strong capital base in order to pursue its growth plans, whilst maintaining stakeholder confidence.

The Group seeks to balance the allocation of its discretionary capital between shareholder returns, acquisitions and organic growth.

Acquisitions

The Group continued to deliver against its growth strategy by completing seven acquisitions for £47.0m during the year – WWS on 17 August 2018 for £16.1m, SWR on 12 March 2019 for £25.8m, and five smaller trade and assets acquisitions for a total consideration of £5.1m.

Financial Review continued

Cash Flow

Strong cash flow delivery in the year enabled further significant investment in acquisitions, together with a higher dividend.

A summary of the Group's cash flows is shown below:

	2019 £m	2018 £m
Underlying EBITDA	150.7	150.0
Working capital movement	(3.2)	(3.3)
Net capex	(45.2)	(40.4)
Net interest paid	(16.0)	(19.5)
Finance lease principal payments	(33.0)	(35.3)
Pension deficit payments	(4.0)	(3.9)
Advance for purchase of own shares for PSP awards	(1.4)	(1.6)
Tax paid re acquisitions	(0.2)	(1.7)
Underlying Free Cash Flow	47.7	44.4
Restructuring and exceptional items	(4.5)	(4.3)
Acquisitions	(41.5)	(41.0)
Changes in borrowings	45.1	(4.5)
Movement in financial assets	(4.4)	1.2
Dividends	(17.0)	(11.4)
Net increase/(decrease) in cash and cash equivalents	26.4	(15.6)

Underlying Free Cash Flow increased by £3.3m in the year, driven primarily by lower working capital outflow and interest costs, partly offset by higher capex, whilst net cash flow has increased significantly as a result of higher RCF drawings, partly off-set by a higher dividend payment.

Net Debt and Financing Facilities

In March 2019, the Group refinanced its bank borrowings with a new unsecured revolving credit facility of £350m. This facility has an initial five-year term expiring in March 2024, but with an option to extend for up to a further two years. The RCF will provide the Group with a lower than average cost of debt, an increased maturity profile, and improved covenants. The refinancing will result in interest cost savings for the Group of around £3.5m per annum (being a combination of lower margin and lower arrangement fees for amortisation). Unamortised arrangement fees of £3.8m relating to the old facilities have been written off within non-underlying interest charges in the current year results.

Reported Net Debt at year-end breaks down as:

Reported Net Debt (£m)	29 March 2019 Actual	30 March 2018 Actual
Cash	66.2	40.8
Loans	(248.0)	(194.7)
Finance leases	(122.6)	(118.8)
EVP preference instrument	(6.3)	(6.3)
Total	(310.7)	(279.0)

Reported Net Debt excludes £42.3m (prior year £39.9m) of EVP preference instrument liability in respect of the EVP Dispute (see Note 33). £6.3m of the EVP preference instrument liability is included in Reported Net Debt as it will be payable irrespective of the outcome of the dispute and is therefore considered core debt.

EVP Dispute

The Group is engaged in a dispute with HMRC concerning historic Landfill Tax. The Upper Tax Tribunal hearing for this dispute is scheduled for November 2019.

Financial Reporting Council (FRC) Information Request

In February 2019 the Group received a request for information on the reporting treatment of certain areas from the FRC following a review of the Group's 2018 Annual Report and Accounts. The request focused on four main areas – alternative performance measures, landfill restoration and aftercare provisions, pension schemes, and service concession arrangements. The Group responded fully and on a timely basis to the FRC, enabling the FRC to close their enquiry in early May 2019. As a result of the enquiry the Group has made a number of small disclosure changes which it has adopted for the first time in this set of Financial Statements.

IFRS 16 Leases

The Group will be adopting IFRS 16 with effect from its new financial year. It does not intend to restate the current year Financial Statements. An estimate of the impact of the new standard is shown in Note 1 on page 128. Adoption of IFRS 16 has no effect on how the business is run, nor on the cash flows for the Group.

Reporting Periods

The Financial Statements for 2019 have been prepared for the 52-week period ended 29 March 2019. The prior year was a 53-week period, to 30 March 2018. The upcoming year will also be a 52-week period, up to 27 March 2020.

Richard Pike
Chief Financial Officer
5 June 2019

The Way We Work

Sustainability is integral to our business

Our Role in Society

As a business with a leading position in the waste and recycling industry, we have a responsibility to all stakeholders, including investors, our employees, our customers, the public and the communities in which we work, to serve, protect and engage. We aim to be the best at what we do, acting responsibly at all times to ensure delivery of sustainable waste management services to our customers, protection of the environment and social wellbeing.

Sustainability Governance

We are committed to promoting high standards of environmental, carbon and energy management on all our sites, premises, workplaces and in all our activities. Our position in the waste and resources chain means that we are integral to the supply of sustainable solutions to our customers and, therefore, corporate and social responsibility is at the heart of everything we do. Our Corporate Responsibility framework encompasses our people, health, safety and wellbeing, communities, the environment, our marketplace and relationships with our customers, suppliers and other interested parties as well as our commitment to business ethics and conduct. We set ourselves clear and measurable business objectives and targets each year. We aim to lead the way in developing sustainable solutions for everyone we work with, to work with like-minded organisations with similar aims and objectives, and to educate and inform those that do not. We ensure that our employees, customers and the communities we are part of, are made aware of the value Biffa places on Corporate Responsibility through participation and consultation.

Sustainability in Action

We consider responsibility for sustainable business practices a key priority in all our activities. Our approach to sustainability at a corporate level is exemplified by our new partnership with WasteAid, a registered charity assisting basic waste management in developing countries, reflecting a recognition of global challenges. The services we provide in the UK and the way we operate help deliver relevant aspects of the United Nations Sustainable Development Goals (UN SDGs), which are also reflected through the 2015 EU Circular Economy Package and the Government's 25 Year Environment Plan and the RWS, both published in 2018 and the subject of consultation on detailed proposals, which we are engaged with. On a local, practical level our activities also include initiatives such as community volunteering and fundraising. More details on these environmental policy matters and actions can be found on page 57.

WasteAid charity workers

WasteAid

Waste management is often taken for granted in the developed world. However, this is not the case in poorer economies where one in three people do not have access to a basic waste management service. Biffa's funding of, and partnership with WasteAid, a UK-based charity whose vision is 'A world with equal access to waste services for all' will help the charity to further develop its infrastructure to support more projects worldwide. Biffa will also offer the benefit of its expertise in supporting these projects and the opportunity for employees and customers to fundraise, and help to make a positive difference in parts of the world where there are no structured waste management systems in place.

The Way We Work continued

UN Sustainable Development Goals

The UN SDGs are a call by the UN for action by all countries to promote prosperity while protecting the planet. The goals recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection and job opportunities, while tackling climate change and environmental protection.

Biffa has undertaken a mapping exercise to identify the goals directly relevant to it and where our activities align or impact upon the goals.

The UN SDGs upon which our activities align with or impact include Goal 3 - Good Health and Well-being, Goal 4 - Quality Education, Goal 8 - Decent Work and Economic Growth, Goal 9 - Industry, Innovation and Infrastructure and Goal 12 - Responsible Production and Consumption.

The UN SDGs are a call for action at the country level, and although not all are applicable to Biffa, we have undertaken the assessment to assist our business and our customers in understanding how we are working towards achieving the relevant targets. As indicated above, in terms of waste and resource use, elements of the UN SDGs flow through into the EU Circular Economy Package, to which the UK has signalled its commitment to and which, in turn flows through into the Government's 25 Year Environment Plan and the RWS. More commentary on this can be found on page 57

Non-financial information statement

Reporting requirement	Policies, standards and actions which govern our approach	Due diligence/audit trail/KPIs	Where to find further information
Environmental matters	<p>Biffa complies with all applicable environmental regulation.</p> <p>Biffa has developed an Environmental Compliance Strategy in relation to waste management facilities which have to comply with Environmental Permits. It contains targets and KPIs reviewed and set annually to help maintain compliance and best practice.</p> <p>We engage with Government regulators and policy makers to help shape the national regulatory and policy framework. See page 57.</p>	<p>Biffa has a team of environmental regulation and policy specialists to provide the necessary support to the business</p> <p>Refer to our Risk Management Framework (page 33) to learn more about our approach.</p> <p>When the business makes an acquisition, environmental due diligence is included in the process in relation to operational environmental compliance and liabilities.</p>	Refer to the Environment section of our annual report on pages 57-63
Employees	<p>Biffa has a comprehensive suite of policies and all policies are freely available on the Company Intranet. Policies include:</p> <ul style="list-style-type: none"> • Whistleblowing policy • Anti-fraud, bribery and corruption policy • SHEQ Management-The Biffa Way • Control of Substances Hazardous to Health (COSHH) management system • Employee Assistance Programme (EAP) • Diversity policy <p>Work is ongoing to develop an e-learning module on Diversity for deployment in 2019-20.</p>	<p>An employee's induction programme, the employee handbook and completion of a suite of e-learning modules reinforce the key policies to new and existing employees.</p> <p>We undertake an annual employee engagement survey through which we encourage everyone to 'have their say'</p> <p>In 2019, Biffa achieved its highest ever employee engagement score (58%) and aspire to achieve an Upper Quartile score (measured by the Aon UK Employee Engagement benchmark) in the future.</p>	Refer to the Our People and Health & Safety section of our annual report on pages 48-58.

Reporting requirement	Policies, standards and actions which govern our approach	Due diligence/audit trail/KPIs	Where to find further information
Human rights	<p>We expect our employees to 'do the right thing' and uphold values of honesty, fairness and respect.</p> <p>Our employee handbook sets out our expectations of our people and references the key policies which underpin this:</p> <ul style="list-style-type: none"> • Modern Slavery and human trafficking policy • Whistleblowing policy • Anti-fraud, bribery and corruption policy • Safeguarding policy <p>In October 2018 we also became a founder member of the Slave-Free Alliance.</p>	<p>We procure under the Code of Ethics of the Chartered Institute of Procurement & Supply (CIPS) and complete due diligence checks on new and existing suppliers.</p> <p>All cases of alleged Modern Slavery and human trafficking are fully investigated and reported to the Audit Committee.</p> <p>During 2018-19 we developed and deployed several e-learning modules to leaders and line managers to build their knowledge and understand their responsibilities.</p> <p>E-learning module completion rates by employees during the reporting period were as follows:</p> <ul style="list-style-type: none"> • Modern Slavery – 92% • Whistleblowing – 87% 	Refer to pages 46-52 for specific content in our annual report (contained within the Our People section)
Social matters	<p>We encourage our employees to volunteer. Biffa's people willingly go the extra mile to help out in our local communities. Beyond giving something back to society, we believe volunteering results in better teamwork, motivation, engagement and personal fulfilment for our employees</p> <p>Biffa Award is a Landfill Communities Fund scheme run by the Royal Society of Wildlife Trusts in its role as an approved environmental body since 1997.</p> <p>Biffa partner WasteAid who are an independent UK charity (non-profit). Through this partnership Biffa employees can get involved in charity fundraising events.</p>	<p>Through our compliance strategy, we have delivered training and best practice guidance to employees to assist with community engagement and have subsequently achieved a 74% reduction in complaints about our sites.</p> <p>In the last 12 months, 50 projects have received funding in excess of £5.9m in aggregate from Biffa Award</p> <p>170 employees took part in community volunteering exercises in the last year in our Resources & Energy division as employees are given a day each year to volunteer for a local cause</p> <p>In addition, we recognise individuals and teams who have gone 'the extra mile' through our annual Diamond Award ceremony.</p>	Refer to the Environment section of our annual report on pages 57-63.
Anti-fraud, bribery and corruption	<p>Biffa has a comprehensive suite of policies and all policies are freely available on the Company intranet. Related policies include:</p> <ul style="list-style-type: none"> • Whistleblowing policy • Anti-fraud, bribery and corruption policy <p>During 2018-19, there were eight cases of alleged fraud, bribery or corruption reported to the Whistleblowing hotline</p> <p>In five of these cases process/system changes were recommended to be enacted.</p> <p>In the other three cases the investigation was completed but did not result in sufficient evidence to warrant disciplinary action or a change to existing processes or systems</p>	<p>The Anti-fraud, bribery and corruption policy is reviewed annually to ensure it remains effective and fit for purpose.</p> <p>All cases of alleged fraud, bribery or corruption are fully investigated and reported to the Audit Committee</p> <p>An e-learning module on Anti-Fraud, Bribery and Corruption was developed and launched to all leaders and line managers in 2018-19.</p> <p>During the reporting period, 88% of the target audience successfully completed the module.</p>	Refer to pages 46-52 for specific content in our annual report (contained within the Our People section).

Read more about our business model on pages 4-5

Our People

Our Values and Pillars

Each year, we develop a Group BBP aligned to our business strategy. Each division and function develops its own BBP, too, from which it derives individual objectives to ensure that everyone has a clear line of sight as to how their targets align and contribute to the 'big picture'. The BBPs are made up of five pillars:

1. Working together safely
2. First choice for customers
3. Easy to do business with
4. Building pride in Biffa
5. Growing profitably

Our values (Be safe, Be innovative, Be customer focused, Be a team player and Be accountable) help guide our people in their daily activities and support our behavioural framework. These describe the behaviours we encourage all employees to adopt to best serve the interests of our customers, employees and the business overall.

This year we have reviewed and revised our vision and purpose, which are also aligned to our business strategy and our values.

Each year we share our strategy and BBPs with our employees through senior leader and manager conferences, and employee roadshows delivered by Michael Topham, our CEO.

Employee Rewards

We offer a competitive reward package which encourages high individual and team performance and helps us attract and retain key talent. Employee benefits include salary sacrifice schemes (pensions, cycle2work and childcare), and benefits through our Perkz discount scheme (healthcare, high street discounts, holiday, travel and leisure discounts), which has been updated with new offerings this year. We again successfully launched a Sharesave Plan in 2018, and we intend to offer a further Plan in 2019. A total of 25% of eligible employees now participate in at least one of the Sharesave Plans. We have continued our communications campaign to raise awareness of our full suite of employee benefits, including the production of a benefits booklet sent to all employees.

Here's what our apprentices are saying:

"I am now a driver full time thanks to the apprenticeship. I also have choices of what I can do for career progression which I never had before. It's given me a real boost for the future."

Aidan Young

Our first loader-to-LGV driver apprentice

"My MBA programme has given me the opportunity to broaden my business knowledge and develop a great network of contacts beyond Biffa and the waste industry. Understanding how my role relates to the other business functions is giving me a much broader perspective on business as a whole."

Hannah Clifford

Regional Environmental Control Manager

Talent Management and Development

Biffa is committed to providing opportunities for personal growth and development throughout each employee's career.

Our Learning and Development team provides a broad selection of development programmes ranging from technical and compliance training to personal and management development. We have invested in a broad portfolio of e-learning, which means that all employees will have access to timely and relevant learning content.

We continue to ensure that we gain the maximum value from apprenticeships. As an approved employer provider, we deliver LGV driver apprenticeships, giving our junior operatives that opportunity to progress their career. In addition, we partner with a number of external providers to create opportunities for our employees to undertake a broad array of apprenticeship qualifications including Institute of Leadership and Management programmes, engineering, accountancy and MBAs.

Biffa team members litter-picking, Bedfordshire

87

Employees are engaged in apprenticeship programmes. This number will continue to increase.

Health and Wellbeing

Biffa is committed to providing a healthy working environment and improving the quality of working life for all our employees. Our wellbeing strategy aims to support our core values and we believe that the integration of wellbeing in all work activities and practices means a positive environment and culture can be created that is compatible with promoting employee engagement, performance and business success.

Our ultimate goal is to improve the health and wellbeing of all our employees and to prevent work associated ill health, for the overall benefit of our employees and the organisation. This encompasses the physical, mental and social health of employees and recognises that employees' values, personal development and work activity contribute to their overall wellbeing at work.

Work is ongoing in the following key areas:

- Improving working lives through policies such as flexible working, absence management and smarter ways of working.

- Ongoing campaigns to tackle a number of issues e.g. male health issues, mental wellbeing, financial wellbeing, weight and exercise.
- Creating a safe place to work through our Health & Safety policy and initiatives.
- Decreasing the interval between treatment and return to work through occupational health referral and advice
- Personal support through the Employee Assistance Programme.
- Biffa Wellbeing website offers help and advice on a broad range of issues.

Smarter Working

This year we launched an initiative called 'Smarter Working' to support our Health and Wellbeing agenda and to encourage all employees to make changes in the way we work at Biffa to reduce non-productive time and promote more flexible working practices. This year under Smarter Working we have encouraged employees to reduce time spent travelling to meetings by using Skype as an alternative and to maximise the use of our technology such as Microsoft OneDrive and SharePoint. We have focused on building employees' personal levels of resilience and enhancing their understanding of the impact health and wellbeing has on individual ability to work smartly. We will be tracking our success through our reduction in business mileage and CO₂ emissions and the work-life balance score within the employee engagement survey results.

Our People continued

"Biffa has made some significant strides over the past two years and has adopted a proactive stance to mitigate risks. There is strong commitment and engagement from key stakeholders in the business and a desire to be a market leader in the Modern Slavery agenda."

Gary Booth
Slave-Free Alliance

Ethics and Human Rights

We like to do business with honesty, integrity, fairness and respect and encourage all our employees to embrace these values in 'doing the right thing' every day. Our comprehensive employee handbook sets out our expectations with particular emphasis on honesty, integrity, fairness and respect and includes specific policies including:

- whistleblowing, anti-fraud, bribery and corruption;
- diversity;
- disciplinary and grievance matters;
- working hours;
- harassment and bullying;
- safeguarding; and
- Modern Slavery and human trafficking.

Modern Slavery

Biffa is committed to preventing Modern Slavery and human trafficking in its operational activities and supply chains. To ensure we achieve this we have embarked on a programme of continuous improvement. We work with Hope for Justice (www.hopeforjustice.org.uk), an international anti-human-trafficking charity, to promote awareness of Modern Slavery in key business operations. In 2018 we launched a Modern Slavery e-learning module for all line managers. We procure under the Code of Ethics of the Chartered Institute of Procurement & Supply and complete due diligence checks on new and existing suppliers.

In October 2018, we became a founder member of the Slave-Free Alliance, a scheme for businesses that want to protect and enhance their reputation and improve the quality of the products and services they offer by ensuring that workers producing and providing such products and services are not exploited. The scheme requires businesses to undergo a threat assessment, which we successfully completed in early 2019.

In addition, we have launched a suite of other e-learning modules, as part of our overall policy compliance programme, to support understanding of the policies and reinforce our expectations. By engendering understanding and effective operation of the above policies and practices, we respect the human rights of our employees and fulfil our legal requirements.

Whistleblowing

Biffa's whistleblowing policy follows accepted best practice. An employee can raise a concern internally or via an externally provided confidential hotline. Every concern raised is thoroughly investigated and reviewed by senior management, and appropriate action is taken where necessary. All whistleblowing reports are entered in the Group Whistleblowing Register.

There were 43 whistleblowing reports received in the year ended 31 March 2019, nearly two-thirds of them being in the categories of health, safety and environment or dishonesty.

Customer service team members in Barlborough

HR team in Cressex, High Wycombe

Anti-Fraud, Bribery and Corruption

Our Anti-Fraud, Bribery and Corruption Policy includes guidance to employees on the giving, receiving and recording of business gifts and hospitality. As part of our compliance programme, an e-learning module was released to all Group leaders and managers in January 2019. Any breaches of policy are investigated by the Head of Internal Audit and are reported to the Audit Committee.

E-learning module	Audience Completion Rate 2018-19
General Data Protection Regulation (GDPR)	96%
Modern Slavery	92%
Whistleblowing	87%
Anti-Fraud, Bribery and Corruption	88%

Diversity

Biffa understands that one of its most powerful tools for achieving sustained success is our ability to recruit and retain a high-performing workforce that embraces diversity and promotes inclusivity as a catalyst for new ideas and innovation. Our diversity, respect and inclusion strategy is to create and support a diverse and inclusive workplace and embrace the benefits of diversity to achieve a competitive business advantage. The strategy has four key aims:

1. To build and sustain an inclusive environment that fosters innovation and high performance.

2. To attract, develop, advance and retain diverse employees
3. To promote diversity and inclusion awareness and encourage engagement across the business.
4. To facilitate diversity and inclusion outcomes to influence business opportunities.

Biffa is committed to providing equal employment opportunities and to avoiding unlawful discrimination in the workplace or against customers.

Biffa will not discriminate directly or indirectly in recruitment, employment or post-employment practices on the grounds of age, disability, sex, gender reassignment, pregnancy, maternity, race (which includes colour, nationality and ethnic or national origins), sexual orientation, religion or belief, or because of marital or civil partnership status.

Our Diversity Policy covers specific arrangements for people with disabilities including:

- giving full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities;
- continuing the employment of, and arranging appropriate training for, those who have become disabled while employed by Biffa; and
- career development and promotion of disabled employees.

Our People continued

Group Conference 2018 feedback

"The conference was great in its content. I now feel I know where Biffa is heading and I know more about the industry."

Sue Harrington

"As a new employee, the event provided me with an ideal opportunity to put names to faces (including those on the Executive Team) it also provided a great insight into the size of the company, its progress and the direction it is taking."

Adam Cooper

Employee Roadshows 2019 feedback

"Thank you for putting on the roadshow – I found this very useful and informative."

Roger Barrett

"I attended both the Milton Keynes and High Wycombe roadshows. From discussions with colleagues everyone found it very worth-while."

Andrew Chalk

For 2019 we are developing and launching a suite of e-learning modules on diversity, respect and inclusion that ensure:

- diversity is respected in the working environment;
- employees are conscious of their role in maintaining an inclusive environment;
- employees recognise any prejudices and make cultural assumptions; and
- employees respectfully seek to understand other cultures that they encounter.

Gender Diversity Figures

Biffa employs around 7,900 people: 88% of our workforce is male, a ratio which increases to 98% for our blue-collar workforce.

We believe that diversity enhances Board effectiveness and in 2018 we recruited a female Board member and a male Board member of European Nationality. We will continue to address our gender imbalance when making future Board and senior leader appointments and will strive to develop a diverse pipeline of executive talent.

The table below shows employment by gender in each of the job classifications:

Job classification	Male		Female		Non disclosed	
	Nos	%	Nos	%	Nos	%
Board	6	85.7%	1	14.3%	0	0.0%
Group Executive Team	6	75.0%	2	25.0%	0	0.0%
All employees	6,942	87.7%	978	12.3%	0	0.0%

Gender Pay Gap

Biffa believes in promoting equality and diversity amongst our workforce. We welcome the opportunity to publish the information required under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. We published our gender pay gap data on the Government website and www.biffa.co.uk in March 2019.

For the Group as a whole:

Our mean gender pay gap: -15.8% (-10.8% in 2017)
Our median gender pay gap: -7.6% (-6.2% in 2017)

Municipal collection, Bedford

The negative gender pay gap figures mean that average pay for female employees at Biffa is greater than average pay for male employees. This is as a result of the composition of our workforce

Our industry's workforce is predominantly male, particularly at blue collar level, and this is reflected in our own workforce. A factor influencing our gender pay gap results is that, although females make up around 12% of our workforce, there are proportionately more females in higher-paid professional, managerial and administrative roles than in front line roles.

Pay rates for hourly paid blue collar roles (which comprise 73% of our overall workforce) are established for each occupational job, so male and female incumbents are paid the same for the same role.

Salaries for white collar roles are set within salary bands, underpinned by the application of a job evaluation methodology, which ensures that jobs with the same job evaluation outcome fall within the same salary range

A more detailed analysis can be found on our website.

Trade Union Relationships

Constructive working relationships with trade unions at national and local levels have enabled the continued avoidance of any recent significant industrial action.

Employee Engagement

Employee engagement remains a key process for Biffa. We have benefited greatly from year-on-year improvements in our engagement level and believe that we could attain a position in the UK upper quartile in the medium term. Currently at 58%, we are equivalent to the UK average and within 11 percentage points of the upper quartile threshold. Over the last eight years, we have improved by an average of 3.5 percentage points annually, ahead of our target of 3.0 percentage points per year.

Each year, we identify areas in which we can improve engagement levels through a number of business-wide and local-level action plans developed by our network of Employee Engagement Champions. Last year, we focused on creating a culture of innovation and involvement/ collaboration across the Group. We launched our suggestion scheme, Bright Sparks, this year alongside an Innovation Hub to foster ideas across the business.

Communication with our c.7,900 strong workforce is a challenge, particularly because our front line employees do not have access to Biffa's email system. We are launching an Employee App this year to enable better and more immediate communication and also to facilitate two-way feedback for our employees through a fun and engaging tool.

Our People continued

We hold annual management conferences and roadshows for our employees where we share our progress over the year and strategic priorities for the forthcoming 12 months. The Diamond Awards are our formal annual recognition ceremony at which we celebrate individuals who have 'gone the extra mile' in their contribution to Biffa. We are always overwhelmed by the quality of the nominations for each of the main award categories, which reflect the five pillars of our BBP.

Our employees actively participate in volunteering activities and raising money for charities of their choosing. This year, we are proud to announce our partnership with WasteAid, which we are supporting with a Company donation and fundraising activities to support the charity's projects in poorer economies overseas. We are also supporting WasteAid projects with our waste management expertise, and two of our key technical experts will be supporting projects this year in Lake Naivasha, Kenya and The Gambia.

Acquisitions

This year we have continued to grow our business through acquisitions as well as organically. When we acquire businesses, ensuring that the employees who join Biffa are supported through the transition is critically important. We have strengthened our project management capabilities and have added more HR resource to support M&A activity and to ensure that HR support is on site throughout the integration period.

Communications play a key part during such changes. We continue to refine our approach to ensure that it is right for the business we are acquiring with a detailed communications and engagement plan. Helping new employees to understand Biffa, our culture and values is important, and is something we start on day one, whilst clearly respecting the heritage and strengths they bring to us.

Future Priorities

Our priorities emanating from our people strategy are to:

- develop our key talent through succession planning, targeted individual development plans and an enhanced development offer for front line managers;
- deploy resourcing strategies as necessary to ensure that we tap into the best talent and ensure labour supply for all of our key roles;
- continue the journey for all of our teams to reach the upper quartile employee engagement score as measured by the Aon Employee Engagement Index; and
- support business growth to ensure the successful integration of our acquisitions and, in particular, the realisation of benefits through synergies, harmonisation, cultural alignment and engagement.

Health & Safety

Our Commitment to Safe Working

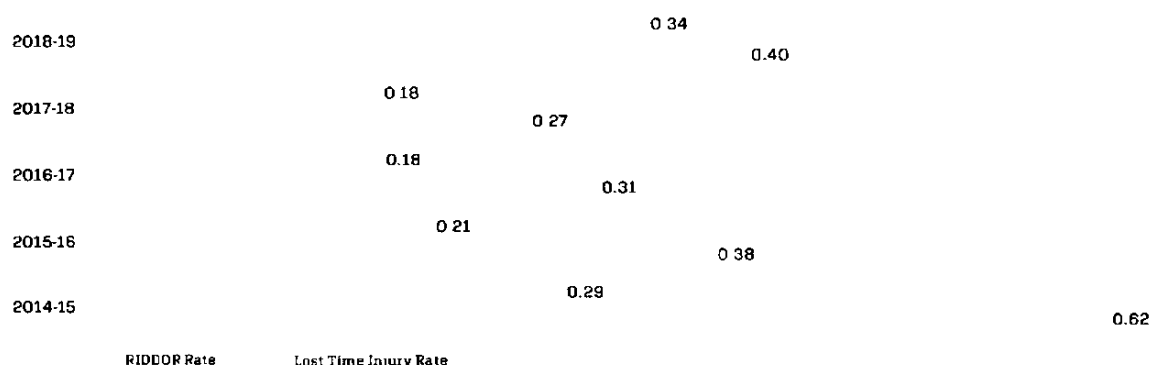
Health, safety and wellbeing is the highest priority within the business and Biffa is committed to monitoring and reviewing performance on a regular and ongoing basis. Our goal is to keep our employees, our customers and the public safe by promoting high standards of health, safety and wellbeing in the workplace and in all our activities. The Board takes overall responsibility for Health & Safety in the Company, including setting policy and reviewing performance.

Performance

This year we have seen a rise in lost time injuries from 45 in 2017/18 to 67 in 2018/19. We are disappointed with this trend and have already completed numerous targeted interventions to address this.

A significant number of the LTIs in 2018/19 were attributable to slips, trips, falls and manual handling. Positive interventions completed and underway include the development and communication of targeted health and safety messaging to safeguard against high frequency, low consequence accidents.

Lost Time Injury Rate and RIDDOR Rate



Health & Safety the Biffa Way

The management and governance of Safety, Health, Environment and Quality (SHEQ) is clearly laid out in our document, SHEQ Management – The Biffa Way.

The Board and Group Executive Team have endorsed strategies to ensure that significant risks are identified and suitable controls implemented along with adequate supervision, information, training, monitoring and regular reviews.

We have invested in developing the safety leadership behaviours of our senior business leaders. Over 70 plus senior operational business leaders received health and safety training in accordance with The Biffa Way.

Equally, we continue to ensure our operational teams have access to the highest standards of health and safety competent advice and support. Our SHEQ team undertook and completed training in disciplines such as process safety and ISO auditing.

Incab reversing
camera screen

Health & Safety continued

H&S pre-vehicle checks

We also recognise the risk of company driving operations in and around public areas and the potential for Road Traffic Accidents involving one of our vehicles. As part of our continual commitment to safe and responsible driving we are investing in a new defensive driving programme for our professional drivers, along with other road and safe driving measures.

Biffa is committed to continual improvement of health and safety which is monitored and measured to identify effective key performance indicators such as accident rates. We track leading indicators including compliance assurance, near miss reporting and internal audit findings.

We continue to focus on strong, visible leadership, good communications and consultation supported by our 'I for Safety' and 'Step Up' campaigns. We have also reviewed our management systems and carried out comprehensive reviews of our risk profiles.

'I for Safety' is centred on the five key behaviours that prevent accidents and support safer working, all summed up in a friendly graphic that highlights the importance of taking personal responsibility. The campaign has supported the increase in our hazard and near miss reporting and, as evidenced by our annual employee engagement survey, has increased safety engagement.

While safety begins at home, Biffa also seeks external accreditation through audit and external benchmarking. Our performance is compared to ESA, Confederation of Paper Industries and Health and Safety Executive (HSE) statistics for the UK.

Biffa is a member of the British Safety Council and has, for the seventh year running, undertaken the organisation's 'Five Star' integrated safety, health and environmental management audit. This year, we achieved a score of over 95%, securing the Council's Five Star award in a combined review of health and safety and environment management systems.

Biffa has also maintained accreditation of key ISO standards with our external accreditor, NQA, to ensure legal compliance and maintain our goal of continual improvement. This year Biffa has successfully transitioned to ISO 9001:2015 and ISO 14001:2015. Biffa plans to migrate to ISO 45001:2018 next year in accordance with a joint strategy with the accreditors.

Driving Positive Change and Continual Improvement

Biffa has developed a number of its own safety campaigns, willingly sharing them across the sector. These include the following:

Safety Step Up

Biffa's Safety Step Up is an annual week-long event at which employees across the divisions discuss safety and health issues and carry out local campaigns. This year, the focus was on celebrating success and embedding what the Company does well, finding improvements to safety standards and learning from others. It is an event that challenges and encourages our sites and employees to take part in a Company-wide discussion about those themes and how to apply them locally.

A broad range of activities took place ranging from healthy eating initiatives and talks from local mental health charities to vehicle checks and activities looking at fire safety control measures. In recognition of the daily challenges faced by our drivers, a new short film called 'In the Driving Seat' was produced. It positively highlights some of the scenarios our drivers may be faced with and was discussed in driver briefings as part of Safety Step Up week.

COSHH Management System

This year we have launched a new COSHH management system. It is a Company-wide tool designed to help us manage hazardous substances in more effective ways so that our employees are protected. The COSHH assessments produced by the new system are clearer and more comprehensive, enabling them to be read and understood by employees throughout the business. The new system will also help Biffa to be more targeted in reducing, substituting and eliminating hazardous substances.

Driving Recklessly on Pavements (DRoPs)

Every year, our employees face the threat of reckless and aggressive drivers who do not have the courtesy or patience to wait for them to perform their duties. It is not uncommon, for example, for a car to mount the pavement to get past one of our teams at work. Clearly, the consequences of this could be a serious injury or even a fatality to one of our team or a member of the public. Although employees report such threats through the hazard and near miss reporting system, historically, prosecutions have been rare.

Safety demonstration

We have developed the DRoPs initiative, to raise awareness of the social unacceptability of this hazard. DRoPs has been endorsed by many highly respected safety bodies including the HSE, the Institution of Occupational Safety and Health, the Royal Society for the Prevention of Accidents and the Parliamentary Advisory Committee for Transport Safety.

The initiative has resulted in drivers being prosecuted. Strong partnerships have been built with many police forces and Local Government groups across the UK and DRoPs has been recognised nationally as a significant road safety initiative.

Safe Movement of Vehicles and Plant

We operate many waste facilities, where low-speed mobile plant and vehicle movements can cause significant risk. To control this, we maintain robust pedestrian segregation systems at all of our facilities to ensure that our traffic management plans are effective.

At our sites, vehicles and plant stop work if pedestrians enter their safe working zone – we call it our 'Five-metre rule'. This is reinforced by the work of our Best Practice Groups which, continually review our practices and assess new technology to reduce the risks. A Group-wide campaign was carried out to reinforce the measure required to control safe movement of vehicles and to ensure that all locations had effective risk assessments and traffic management plans.

83%

of employees feel that health and safety is important within the Company

Health & Safety continued

Fire Prevention

Fire is one of the most significant operational risks to our business and fire prevention is never far from the thoughts of the SHEQ leadership team. To that end, we maintain our Primary Authority agreement with Hampshire Fire and Rescue Service to develop a successful fire prevention strategy and processes. The agreement not only ensures that we are compliant with fire regulations, but provides us with regular support at the forefront of design, technology and engineering in fire safety and prevention. This enables us to proactively challenge fire risk to the benefit of our employees and the business.

Statutory Inspections

As part of our continual improvement, Biffa has been working closely with our Facilities Management contractor to improve how we manage statutory compliance. This has included an upgrade of our current Compliance Database system to make it easier for our sites to remain compliant. There is also a new dashboard that sites and support functions can use to monitor compliance across all the divisions.

Working with our Stakeholders

Biffa continues to work with stakeholders. In particular, we play a leading role in two industry-wide concerns DROPs and vulnerable people sleeping in bins.

Biffa's SHEQ team supports relevant industry bodies and regularly presents to Health & Safety conferences. Biffa also contributes to major industry and safety publications and organisations including the ESA, the

Waste Industry Safety and Health (WISH) Forum and Confederation of Paper Industries. Over the last year our team has contributed to over 13 events/publications with one of our SHEQ coaches achieving the RoSPA Guardian Angel Award, as part of the RoSPA Guardian Angel award scheme, to recognise his commitment to spreading the word and encouraging others to embrace our DROPs campaign.

We have been proactive during the consultation process for sector guidance in the waste and recycling industry. A number of our SHEQ coaches take an active role in developing industry guidance as part of the ESA and WISH industry working groups.

Planning the Future of Health, Safety & Quality in Biffa

Biffa is committed to aligning its improvement objectives with the waste industry strategy. We will focus on the strategic areas that directly affect operational safety. They are:

Visible leadership	<ul style="list-style-type: none">• New Biffa Health & Safety culture change programme• Director and senior manager inspections• Safety Step Up week• SHEQ Excellence Forum• Executive incident reviews
Control of risk	<ul style="list-style-type: none">• Risk profiling and develop defensive driving behaviours• Fire prevention• Occupational hygiene• Dynamic working environments
Performance management	<ul style="list-style-type: none">• Compliance validation• Leading and lagging indicators• Risk based assurance
Embedding change	<ul style="list-style-type: none">• Validation of corrective actions

Biffa team members
litter-picking, Bedfordshire

Environment

Biffa the Commentator: A New Direction and the UK Government's RWS

The last year has been a busy one for national waste policy development in the UK. Biffa has been actively engaged at all levels, helping to advise on and shape the new policy suite. The launch of the Government's 25 Year Environment Plan in January 2018 heralded a new era in UK environmental policy, fuelled by a combination of the need for 'home-grown' policy post Brexit and ever-increasing public interest in waste and recycling. A key commitment in the Environment Plan was the development of a new RWS, which was published in December 2018 after lengthy engagement with a wide range of stakeholders, including Biffa.

A key aim of the RWS is to drive up recycling from currently stalled national levels, in order to achieve a new 'municipal waste' recycling target of 65% by 2035, with interim targets up to that date. The definition of 'municipal waste' is now aligned with the EU Circular Economy definition as being household waste and similar business waste. Biffa welcomes the new strategy as providing a clear, much-needed policy direction to drive recycling and to stimulate investment in more UK waste management services and infrastructure.

The strategy was followed in February 2019 by more detailed consultations on four proposed, key measures: collections consistency, Packaging Producer Responsibility reform, a deposit return scheme for drinks containers and a proposed tax on plastic packaging with under 30% recycled content. Key themes include making products and packaging easier to recycle whilst phasing out hard to recycle materials; requiring packaging producers to bear a much greater share of the waste management costs of their materials; requiring waste producers to recycle more; capturing plastic drinks bottles and cans which escape recycling collections and end up as litter; capturing more food waste for recycling; and tackling waste-related crime. Biffa continues to contribute to Government work on developing these new policies and subsequent regulations, whilst also keeping our customers informed and supported. As part of this work we have developed an internal expert network to help establish agreed positions on key issues and, in April 2019, we published a new Recycling Collections guide.

Biffa customer Recycling
Collections guide

Biffa the Operator: Environmental Compliance Focus

Compliance with Environmental Permits for our operational waste management facilities is a major, ongoing focus for the business. Compliance reassures customers, protects the business legally and, overall, delivers an environmentally friendly and sustainable waste management service. We have now completed the fourth year of our Environmental Compliance Strategy, which focuses on how we comply with the Environmental Permits issued by the relevant UK regulators, namely the Environment Agency in England and the equivalent bodies in Scotland, Wales and Northern Ireland. Over the four years we have far outstripped the original targets and have, to date, achieved a 68% improvement in compliance scores, a 74% reduction in complaints and seen over 870 key employees through specialist training on specific compliance issues.

The opportunities for further improvement are considerably more limited, particularly against a background of tougher regulation and increased scrutiny from regulators. Nevertheless, over this last year we have maintained compliance performance across the Group with further performance improvement in the Resources & Energy Division, where the majority of our permit compliance requirements apply. This year, we have also trained over 120 employees and have targeted improvement actions on specific issues, such as water management and odour control. Senior level liaison with the Environment Agency continues to elicit strong support for the approach taken in our Environmental

Environment continued

Compliance Strategy and positive recognition of the results achieved to date. With growth in our in-house compliance training, this year we have published a Training & Best Practice service brochure and continued to make guidance available through our intranet.

We have continued to deliver strong results on the operational development side, with over 60 planning consent and Environmental Permit approvals secured for new projects and compliance initiatives.

Carbon Management

Providing environmentally beneficial waste management solutions (such as mixed and single stream recycling, food recycling and energy from waste) to our customers offers significant carbon footprint reductions. We recognise that, in the delivery of those solutions, we need to minimise the impact our own operations have on the environment by promoting high standards of environmental, carbon and energy management in all our workplaces and activities.

We achieve this by constantly seeking ways to reduce our energy consumption, by ensuring optimal efficiency in the capture of biogas for generation of renewable energy and through innovation and investment in new techniques, equipment and services.

Other people's waste is our asset. We focus on ensuring that we realise its inherent value, be that through opportunities to recycle or recover, or generating secondary raw materials from facilities such as our Polymers plant and aggregate treatment and recycling facilities. We recognise that the processing of waste will consume energy and we will continue to try and reduce the carbon intensity of these processes as we realise the overall benefits of recycling, recycling prevents carbon emissions through avoiding extraction of primary materials and avoiding emissions from disposal*.

Carbon Reporting

We undertake an annual data capture exercise for the purposes of reporting Scope 1 and 2 GHG emissions, compliance with Pollution Inventory Returns, the Carbon Reduction Commitment (CRC) and Energy Savings Opportunity Scheme (ESOS). The methodology for collating our environmental metrics has been externally audited and classed as 'excellent'.

The transition from CRC to ESOS and the Streamlined Energy and Carbon Reporting (SECR) system over the coming year is well under way in our business. Phase 2 ESOS audits will highlight areas in our business where we are able to implement projects with short-term payback viability for consideration. Our existing data capture under the greenhouse gas reporting mechanism well places us to deliver upon the requirements of SECR in our future reporting

Environmental data is also captured for a number of voluntary accreditation and reporting schemes to which Biffa subscribes. These include the following:

Carbon Saver Gold	Demonstrating 12 consecutive years of reduction in our carbon emissions. Biffa is the first and only certified company to achieve this
CIPS	Maintenance of best-in-sector sustainability rating based on annual assessment of our environmental, economic and social sustainability practices
LERS	Demonstrating year-on-year fleet emissions reductions in association with the Freight Transport Association.
BITC	Platinum award for environmental performance in benchmarking survey.

* <https://www.zerowastescotland.org.uk/sites/default/files/Carbon%20Impacts%20of%20recycling%20and%20transport.pdf>

Electric refuse vehicle at charging point

Carbon Reduction Achievements

Our commitment to reducing our own carbon footprint is reflected in the increasingly diverse range of services we offer around recycling and recovery, including treating organic waste via anaerobic digestion, in-vessel and open windrow composting, harvesting biogas for renewable energy generation and producing secondary raw materials from waste such as plastics and street sweepings.

This year has also seen our business commit further to tackling the issue of plastic waste, announcing plans to build a 37,000 tonne per annum PET plastics plant. Processing around five tonnes of clear PET per hour, the facility will produce a food-grade PET flake, which will be used in the manufacture of new bottles and food trays. This new stream of secondary raw materials not only prevents the emissions associated with extraction of raw materials used in the manufacture of virgin plastics, but also saves emissions in comparison to traditional waste disposal methods.

Our business is also focused on reducing emissions associated with transport, supporting the principles set out in the Government's Clean Growth Strategy. In the last year, our locomotive service in partnership with GB Railfreight has opened a second railhub, doubling our capacity to move waste by rail with a 75% reduction in transport emissions in comparison to traditional road haulage.

Our Municipal Division continues to employ the use of electric vans, trialling an all electric collection vehicle for six months in 2019. The 26 tonne vehicle RCV, fitted with a 1.5 tonne lithium-ion battery, provided both refuse, dry mixed recycling and organic waste collections. Over the six month trial period, the vehicle was tested in a number of scenarios including motorway driving and urban stop-start driving; different driving styles, and different material payloads.

Environment continued

Greenhouse Gas Emissions

A GHG is one that absorbs and emits radiation within the thermal infrared range, this process is the fundamental cause of the greenhouse effect and global warming.

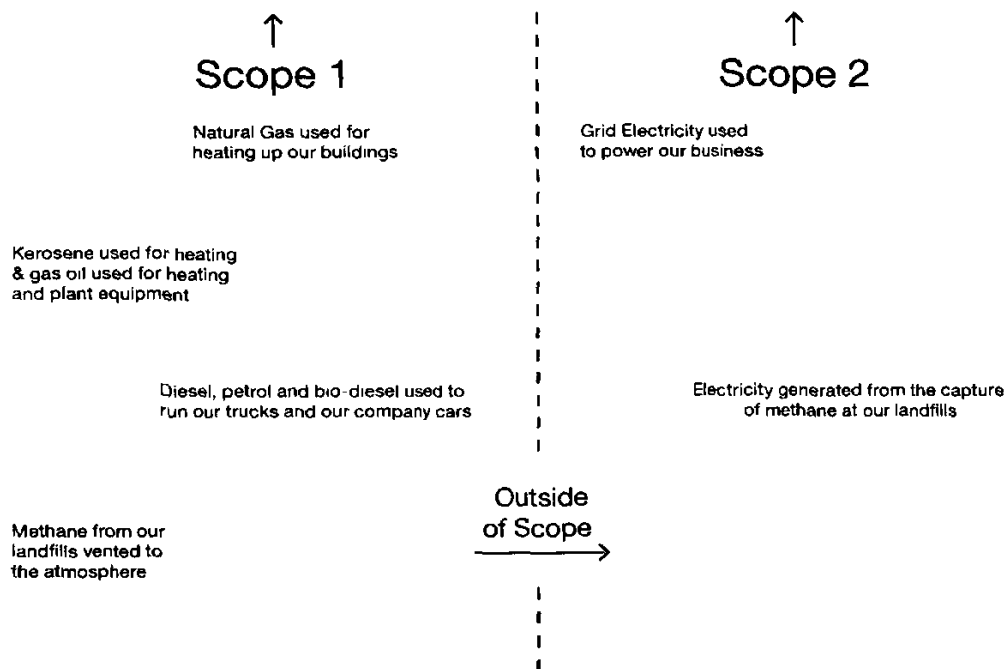
The UK has a target under the Paris Agreement to reduce global temperature increases to less than two degrees Celsius by 2050 – in order to achieve this, the UK must reduce GHG emissions by 80% on a 1990 baseline. Our summary GHG results demonstrate a year-on-year reduction both in absolute numbers, and in our carbon intensity metric measurement as a business.

	ktns of CO ₂ e	
	2019	2018
Emissions from combustion of fuel (Scope 1)	724	744
Emissions from electricity, heat, steam and cooling (Scope 2)	31	38
Total Scope 1 & 2 emissions	765	782
Emissions intensity ratio (CO ₂ e (tonnes) per employee)	98.8	98.9

Energy Generation

	2019	2018
Generation		
Generation (GWh)	441	476
Carbon benefit (ktns of CO ₂ e)	125	167

Biffa Greenhouse Gas Emissions: Scope 1 & 2



Social and Community Involvement

Community volunteering

It is important to our business that we encourage our employees to volunteer. Be it painting a Scout hut or clearing a community garden, Biffa's people willingly go the extra mile to help out in our local communities. Beyond giving something back to society, we believe volunteering results in better teamwork, motivation, engagement and personal fulfilment for our employees.

In our Resources & Energy division, employees are given a day each year to volunteer for a local cause. 170 employees took part in community volunteering exercises in the last year, including painting a village hall, truck washing, coppicing and litter picking.

Community fundraising

Our I&C division operates a formal charitable giving scheme through which depots accrue funds for each day with no time LTI. At the end of the year, the funds are donated to the charities of choice of the local depots. The total raised last year was a very impressive £69,577.

Elsewhere in the business, informal fundraising events are held regularly. Money raised has been donated to charities such as Children in Need, Cancer Research UK, the British Heart Foundation and Macmillan Cancer Support.

Linked to the SHEQ campaign to tackle the issue of people sleeping in bins, a team of Biffa volunteers was involved in a 'sleep out' event, which raised over £400 for Framework Housing Association.

Informing our communities

Through many of our Municipal contracts, we engage community liaison officers who visit schools and the local community to educate on the need to recycle and improve recycling rates.

We also host public liaison meetings at our key sites to keep in regular contact with community representatives on existing and developing issues. We aim to foster good working relationships with our neighbours, encouraging open dialogue and regular feedback. Through our compliance strategy, we have delivered training and best practice guidance to employees to assist with community engagement, and have subsequently achieved a 74% reduction in complaints about our sites.

Biffa Award

Biffa Award is a Landfill Communities Fund scheme run by the Royal Society of Wildlife Trusts in its role as an approved environmental body. Since 1997, the scheme has enabled Biffa to redirect a proportion of Landfill

Case study:

Changing the way people think about waste

Biffa Better Beaches

The issue of plastics in the ocean has been at the forefront of awareness in the UK over the last 12 months. 76 of our employees volunteered for eight beach cleaning events to help tackle the problem on the North East, North Yorkshire, North Norfolk and South East coast lines in the last year. Working in partnership with Surfers Against Sewage and Sea Shepherd UK volunteers, our teams collected a variety of different litter types from the beaches, including plastic packaging, fishing line, rope, vehicle tyres, balloons and disposable barbeques. And to highlight our involvement, Winston the Waste Eater attended one event on the North East coast to hungrily consume the results of the day's labour.

Beach cleansing in North Norfolk

Winston the Wasteater

Environment continued

Tax liability to support a variety of community and environmental projects in the vicinity of our landfill sites through the Landfill Communities Fund.

In the last 12 months, 50 projects have received funding in excess of £5.9m in aggregate from Biffa Award. Projects awarded funding range from the replacing of church roofs and fitting new dancefloors, to installing new playgrounds and habitat restoration at nature reserves.

Biffa Award has also provided a number of Partnership Scheme grants during the last year, including supporting the Association of Independent Museums (AIM) History Makers programme with a £1m grant. History Makers will fund museums to create new exhibitions that will inspire the public through the lives and achievements of extraordinary historical figures who have made a significant impact on the industrial, scientific, commercial or social history of the UK, shaping the world we live in today.

Future Priorities

Environmental compliance is something we will continue to strive for and exceed. Underpinning this will be further focused training and best practice development in areas such as odour control, landfill leachate management, hazardous waste documentation and animal by-products regulation compliance.

Throughout the course of the coming year, our plans for carbon management and sustainability include:

- maintaining our key sustainability performance accreditations;
- developing and publishing our new comprehensive sustainability strategy;
- preparation for ESOS and SECR reporting;
- expansion of our beekeeping project at a number of our closed landfill sites; and
- internal engagement campaigns, such as 'Walk to Work' and AIM Local History Makers

The Strategic Report was approved by the Board on 5 June 2019 and signed on its behalf by:



Michael Topham
Chief Executive Officer

Case study:

AIM History Makers – National Paralympic Heritage Trust

Highlights

A grant of £77,000 has funded the development of a 54sqm heritage centre in Stoke Mandeville, the home of the first Paralympic Games. The heritage centre celebrates the extraordinary achievements of Dr Guttman, a doctor, psychologist and engineer who established the National Spinal Injuries Centre at Stoke Mandeville Hospital and founded the Paralympic Movement.

£77,000

Grant fund value

Heritage Centre at
Stoke Mandeville Hospital

17,134

tonnes HDPE delivered to UK dairy bottle manufacturers

88,673

tonnes bio-fertiliser delivered to UK agriculture industry from AD

441

GWh renewable energy generated

94,481

tonnes glass bottles recycled into new glass bottles

1,868

tonnes CO₂ emissions avoided using rail rather than road haulage

648

tonnes coffee grounds processed in to fuel logs delivered to new construction projects

Case study:

AIM History Makers – National Tramway Museum

Highlights

A grant of £74,500 has funded a project to explore the life, inspiration and inventions of Michael Holroyd Smith, the pioneering inventor of the electric street tramway. The permanent exhibition in Crich, Derbyshire, explores the link between the transferable skills and characteristics of his work and modern engineering practice.

£74,500

Grant fund value

Michael Holroyd Smith
exhibition, Crich, Derbyshire

Enhancing performance through good governance

Governance is essential to building a successful business that is sustainable for the longer term. Biffa is committed to ensuring and maintaining high standards of corporate governance to enhance performance for the protection of our stakeholders' interests.

UK Corporate Governance Code

The Board considers that it and the Company have complied with the principles of the UK Corporate Governance Code (2018 Edition) (the Code), with the exception of provision E.2.3. See Board Statements on page 70.

Following the introduction of the new UK Corporate Governance Code (2018 Edition) (the new Code), the Board has undertaken a comprehensive review of the activity needed to support its application. The Board has approved a revised schedule of matters reserved for the Board and Terms of Reference for each Committee to ensure that we are compliant with effect from 1 April 2019. We will report against the new Code in the Annual Report and Accounts 2020.

Changes to the Board During the Year

There have been a considerable number of changes to the Board this year. As previously reported Ian Wakelin, no longer wished to hold a full-time executive role and stepped down as Chief Executive Officer on 28 September 2018. In line with the succession plan, we were delighted to announce the appointment of Michael Topham as Chief Executive Officer, with effect from 29 September 2018. Michael was previously the Company's Chief Financial Officer, having been in that role since 2013.

Richard Pike was appointed as Chief Financial Officer, to replace Michael with effect from 29 September 2018. Richard brings with him with a strong financial background, having held senior finance and management roles at Associated British Foods plc and latterly as the Chief Financial Officer of Boparan Holdings Limited.

In addition, we appointed two new Non-Executive Directors to the Board during the year. Carol Chesney joined the Board with effect from 12 July 2018. Carol is Chair of the Audit Committee and is a member of the Nomination and Remuneration Committees.

Gab Barbaro joined the Board on 1 January 2019. Gab is currently the managing director of the UK business at Centrica plc (a division trading as British Gas Business) and brings with him a wealth of financial and strategic expertise. Gab is a member of the Nomination Committee.

Stakeholder Engagement

The Board recognises its responsibility to take into consideration the needs and concerns of our stakeholders as part of its discussion and decision-making process and remains committed to open channels of communication with our stakeholders.

During the year, the Executive Directors held a number of meetings in the UK and USA with both existing and potential institutional shareholders. Further details of our investor relations programme is described on page 80.

Future Priorities

During the coming year, the Board will continue to focus on the progress made against our strategic priorities and performance. In addition, we will oversee the implementation of the new Code, and ensure that the Company's purpose, values and strategy are aligned with the Company's culture.

Ken Lever
Chairman
5 June 2019

How Governance Supports Strategy

Strategic Priority	The Board's Governance Role	What We Achieved
<p>Grow our market share</p> <p>See pages 16-17 for more information</p>	<p>The Board approves the Group's strategy, reviews subsequent progress and makes decisions to support the delivery of this strategy.</p>	<ul style="list-style-type: none"> Announced the acquisition of WWS, SWR and five other smaller business acquisitions in the year. Oversaw increased organic growth through new major contract wins, including Busy Bees, The National Trust and Kingspan Group.
<p>Develop services & infrastructure</p> <p>See pages 18-19 for more information</p>	<p>The Board empowers local management in each division to operate with relative autonomy within a clear structured framework to develop services and infrastructure.</p>	<ul style="list-style-type: none"> Invested £250,000 into a new service to help improve the Yorkshire construction industry's waste compliance. Received planning approval from Durham County Council for a £15m plastics recycling plant near Seaham. Developed and opened a new soil treatment facility in South Wales. Repurposed the Aldridge material recycling site into a plastics processing facility.
<p>Optimise systems & processes</p> <p>See pages 20-21 for more information</p>	<p>The Board challenges management to ensure that the Group's systems and processes are optimised and adequate to support the Group's plans for future growth.</p>	<ul style="list-style-type: none"> Continues to review progress in relation to Project Fusion – the introduction of the new enterprise resource planning system. The first fully electric waste truck was trialled in Manchester, bringing quieter collections and lower fuel emission levels to the city.

The right balance of knowledge and skills

1

Ken Lever
Independent Non-Executive Chairman

Date of Appointment
28 September 2016

Committee Memberships



Nationality
British

Relevant Skills and Experience
Ken is a Fellow of the Institute of Chartered Accountants and a former partner at Arthur Andersen. He has a wealth of corporate finance experience, having previously held board executive director positions with Numonyx BV, Tomkins plc, Albright and Wilson plc and Alfred McAlpine plc. Ken joined Xchanging plc as its chief financial officer, and was subsequently appointed and served as its chief executive officer from 2011 to 2015. He was previously a non-executive director of Catesby Property Group plc, iSoft plc and Vega Systems plc, and served for six years on the UK Accounting Standards Board between 2006 and 2012.

External Appointments

Ken is chairman of RPS Group plc and a non-executive director of Vertu Motors plc, Blue Prism plc and Gresham House plc.

2

Michael Topham
Chief Executive Officer

Date of Appointment
29 September 2018

Committee Memberships

None

Nationality
British

Relevant Skills and Experience
Michael was appointed Chief Executive Officer on 29 September 2018, having previously held the role of Chief Financial Officer from 2013. He was appointed to the Board of Biffa plc on 18 August 2016. Michael trained as a Chartered Accountant with PwC in London, and held positions in both the audit and transaction services practices. Prior to joining Biffa, he was finance director at Greenstar UK Holdings Limited from 2005 to 2010.

3

Richard Pike
Chief Financial Officer

Date of Appointment
29 September 2018

Committee Memberships

None

Nationality
British

Relevant Skills and Experience
Richard was appointed Chief Financial Officer on 29 September 2018. Having trained as a Chartered Accountant with Price Waterhouse, he went on to hold a variety of financial and management positions at Pilkington plc, Scapa Group plc and Manchester Airports Group. Latterly Richard was the chief financial officer of AB Sugar, managing director of British Sugar and group chief financial officer of Boparan Holdings Limited.

Read more on Directors' skills on p84

Read more about our diversity policy on p83

Committee Membership at 5 June 2019



Audit Committee



Nomination Committee



Remuneration Committee



Committee Chairman

4

David Martin
Independent Non-Executive DirectorDate of Appointment
28 September 2016

Committee Memberships

Nationality
British

Relevant Skills and Experience
David is a Chartered Management Accountant and has significant experience of both domestic and global transport businesses. He held a variety of general management and finance positions before joining the bus industry in 1986. He was involved in the acquisition of National Express and the successive management buy-out, leading to the creation of British Bus Group Limited. David was subsequently appointed chief executive of Arriva plc, one of the largest bus and train transport services organisations in Europe, a position he held from 2006 to December 2015. He was previously a non-executive director of Ladbroke plc and Arriva plc.

David is the Company's Senior Independent Director

5

Michael Averill
Independent Non-Executive DirectorDate of Appointment
28 September 2016

Committee Memberships

Nationality
British**Relevant Skills and Experience**

Michael has extensive knowledge of the waste management industry. He is a Fellow of the Chartered Institute of Waste Management and a former chairman of the Environmental Services Association. Michael held a number of senior management roles in the industry before being appointed group chief executive of Shanks Group plc from 1994 to 2007 where he oversaw the growth of the group. Michael joined the former Board of Biffa Group in February 2013. He was previously a non-executive director of TDG plc, Care UK plc and Van Gansewinkel Group in the Netherlands.

External Appointments

Michael is chairman of Rochford Capital Pty in Sydney, Australia and a non-executive director of the Saudi Investment Recycling Company in Riyadh, Saudi Arabia.

6

Carol Cheaney
Independent Non-Executive DirectorDate of Appointment
12 July 2018

Committee Memberships

Nationality
American/British**Relevant Skills and Experience**

Carol is a Fellow of the Institute of Chartered Accountants in England and Wales, and qualified with Arthur Andersen in the UK.

Carol was the company secretary of Halma plc, the FTSE 100 health, safety and environmental technology group, where she oversaw governance, pensions, group

insurance and ethics compliance from 2008 until September 2018. Prior to this role, Carol was Halma's group financial controller with oversight of all day-to-day financial planning and reporting matters.

External Appointments

Carol is a non-executive director of Renishaw plc, where she has been chair of the audit committee since 2012 and, since April 2018, a non-executive director and chair of the audit committee of Hunting plc. In May 2019 Carol was also appointed a non-executive director and chair of the audit committee of IQE plc.

7

Gab Barbaro
Independent Non-Executive DirectorDate of Appointment
1 January 2019

Committee Memberships

Nationality
Italian/Australian**Relevant Skills and Experience**

Gab is currently the managing director of UK business at Centrica plc (a division trading as British Gas Business), a position he has held since 2015 following his promotion from his role as managing director of British Gas Business Services.

Prior to this, Gab held a series of senior management roles in strategy including head of group strategy at Centrica plc and chief risk officer at Snowy Hydro in Australia, as well as strategy consulting roles, in consultancy firms Boston Consulting Group and Accenture.

Corporate Governance

Group Executive Team

The Group Executive Team comprises the senior leadership team that reports directly to the Chief Executive Officer and has management responsibility for the business operations and support functions.

1

Jane Pateman

Group HR Director

Date of Appointment: December 2010

Jane joined Biffa in December 2010. Prior to this, she held a number of senior HR director positions in FTSE listed businesses, with significant experience in managing change. Jane is accountable for the people strategy and her responsibilities include employee relations, internal communications, learning and development, payroll, engagement and reward and benefits.

4

Michael Topham

Chief Executive Officer

Date of Appointment: September 2018

Michael's full biography appears on page 66.

7

Mick Davis

Chief Operating Officer, Resources & Energy

Date of Appointment: September 2010

Mick was appointed Chief Operating Officer, Resources & Energy with effect from April 2019, having previously held the role of Managing Director of the RR&T Division from September 2010. He is responsible for the day to day management of the Resources & Energy Division, the development of new facilities, including the EfW plants. In addition, he has oversight of the Group's Environmental strategy as well as being a trustee of the charity Biffa Award.

2

Richard Pike

Chief Financial Officer

Date of Appointment: September 2018

Richard's full biography appears on page 66.

5

David Gooding

Group IT Director

Date of Appointment: July 2011

David was appointed Group IT Director in July 2011, having worked in the waste industry for 15 years. In his role David is responsible for IT services, IT strategy, the development of management information, project governance, and leading Project Fusion, the current initiative to improve the Group's systems and processes, and Group innovation.

8

Jeff Anderson

Chief Operating Officer, Collections

Date of Appointment: September 2011

Jeff was appointed Chief Operating Officer, Collections with effect from October 2018, having previously held the role of Managing Director, I&C division from September 2011. He is responsible for the overall leadership of our Collections operations, including our hazardous waste business. His previous career was spent within B2B supply chain and logistics companies, and he has held executive board director positions at Wincanton plc and Securicor plc. Jeff has significant experience in managing change, turnaround management and operational excellence in large-scale operational businesses.

3

Roger Edwards

MD, Municipal Division

Date of Appointment: October 2010

Roger joined Biffa in June 2010 following the acquisition of Greenstar UK Holdings Limited. Prior to this, he had previously been managing director at Verdant Municipal Limited and held board positions in other waste businesses. Roger is responsible for the Municipal business providing waste collection and street cleansing services to over 2m households and leading a team of 3,400 employees.

6

Rachael Hambrook

General Counsel & Company Secretary

Date of Appointment: December 2016

Rachael is a qualified solicitor and joined Biffa in October 2016. Prior to this, she held a number of senior legal and company secretariat positions in FTSE 100 and international blue-chip companies with extensive experience in M&A transactions. Rachael is responsible for the management of legal risk and in supporting the Board in setting and maintaining high standards of corporate governance.

Leadership

Board Statements

Requirement	Board Statement	Further Information
Compliance with the Code	<p>The Company has applied all the main principles of the Code and has complied fully with its provisions except the following provisions:</p> <p>(i) provision E.2.3, which requires the chairs of the committees to be available to answer questions at the Annual General Meeting (AGM) and for all directors to attend. David Martin, who was the Interim Chair of the Audit Committee at the time of the AGM in July 2018, was unable to attend due to a previous engagement; and</p> <p>(ii) provision B.6.2, which requires an external evaluation of the Board at least every three years. With all the changes to the Board composition last year it was thought that such evaluation would be more effective if undertaken in the coming year.</p>	See Report on page 70 Leadership
Going Concern Basis	The Directors have reasonable expectations that the Company and the Group have adequate resources to continue for the foreseeable future and have therefore adopted the going concern basis in preparing the Financial Statements.	See Note 1 to the Financial Statements
Viability Statement	The Board has assessed the viability of the Group, taking into account the current financial position and certain principal risks and uncertainties. The assessment concluded that the Directors have a reasonable expectation that the Group will continue to operate effectively and meet its liabilities as they fall due.	See page 39 of the Strategic Report
Robust assessment of the principal risks facing the business	The Directors confirm that they have undertaken a robust assessment of the principal risks that face the business and which could possibly compromise its business strategy.	See pages 34–38 of the Strategic Report
Annual review of systems of risk management and internal control	The Directors monitor the Group's systems of risk management and internal control and have determined that, overall, the systems are effective and fit for their purpose.	More information on page 90
Fair, Balanced and Understandable	The Directors have determined that this year's Annual Report, taken in its entirety, gives a fair, balanced and understandable view of the business's current position and provides stakeholders with the necessary information to fully assess the Group's current financial position and future prospects.	See page 91 of the Audit Committee Report
Modern Slavery Statement	Reference is made in the Directors' Report.	Further details are contained on the Company's website

Role of the Board

The Board is collectively responsible for the long-term success of the Group by providing effective leadership and direction to the business as a whole. The Board, with due regard to the views of shareholders and other stakeholders, sets strategic priorities and oversees their delivery in a way that enables sustainable

long-term growth, while maintaining a balanced approach to risk within a framework of effective controls. It is also responsible for corporate governance and the overall financial performance of the Group. All Directors are required to devote sufficient time and demonstrate commitment to their role.

Roles and Responsibilities

Role	Name	Responsibility
Chairman	Ken Lever	The Chairman's primary role is to lead the Board and ensure that it operates effectively. In particular, the Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items. Additionally, the Board is keen to promote a culture of openness and debate facilitating effective contributions from the Non-Executive Directors and ensuring constructive relations between themselves and the Executive Directors.
Chief Executive Officer	Michael Topham	The Chief Executive Officer's role is the day-to-day running of the Group's businesses and includes the development and implementation of strategy, decisions made by the Board and operational management of the Group, supported by the Group Executive Team.
Senior Independent Non-Executive Director	David Martin	The Senior Independent Director (SID), is an Independent Non-Executive Director of the Board, who provides advice and additional support and experience to the Chairman and performs an intermediary role to the other Directors, where necessary. The SID will lead the annual appraisal and review of the Chairman's performance and be available to shareholders if they have any concerns that have not been resolved through the normal channels of communication with the Chairman and Chief Executive Officer, or if it is inappropriate for them to do so.
Non-Executive Directors	Michael Averill, Gab Barbaro, Carol Chesney	<p>All the Non-Executive Directors were deemed independent on appointment and continue to be independent in accordance with the Code.</p> <p>Non-Executive Directors are responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making, and to support and constructively challenge the Executive Directors using their broad range of experience and expertise. They are also required to monitor the delivery of the agreed strategy within the risk management framework set by the Board and, amongst other things, review the relationship with the Company's External Auditors within the Audit Committee; and review the remuneration of, and succession planning for, the Board.</p> <p>More detailed background information on each Non-Executive Director can be found in their biographies on pages 66-67. Each Non-Executive Director is appointed for an initial fixed term of three years, subject to annual re-election by shareholders. Their appointment term may be renewed by mutual agreement.</p> <p>The Chairman and Non-Executive Directors meet at least twice a year without the Executive Directors being present.</p>
Company Secretary	Rachael Hambrook	The Company Secretary acts as Secretary to the Board and all the Board's Committees and is responsible for supporting the Chairman and Chief Executive Officer in the delivery of the corporate governance agenda. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that the Board operates in accordance with the Company's corporate governance framework and that there are good information flows to the Board and its Committees. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Leadership continued

Board Committees

The Board has established three Board Committees, the Audit, Remuneration and Nomination Committees, and whose members are entirely comprised of Non-Executive Directors. Each Committee has its own Terms of Reference approved by the Board which are reviewed annually, and are available to view on the Investors section of the Company's website at www.biffa.co.uk.

Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee. The membership, roles and duties discharged in the year ended 29 March 2019 for each Committee is detailed in their respective Committee reports on pages 82-106.

Executive Management Committees

The Executive Directors are supported the Group Executive Team and by several executive management committees which meet regularly and help the Executive Directors discharge their duties. These include reviews with the senior and divisional management teams covering areas such as capital expenditure, investment

opportunities, major contracts, risk management and regulatory compliance. The Board and Committee structure is set out below.

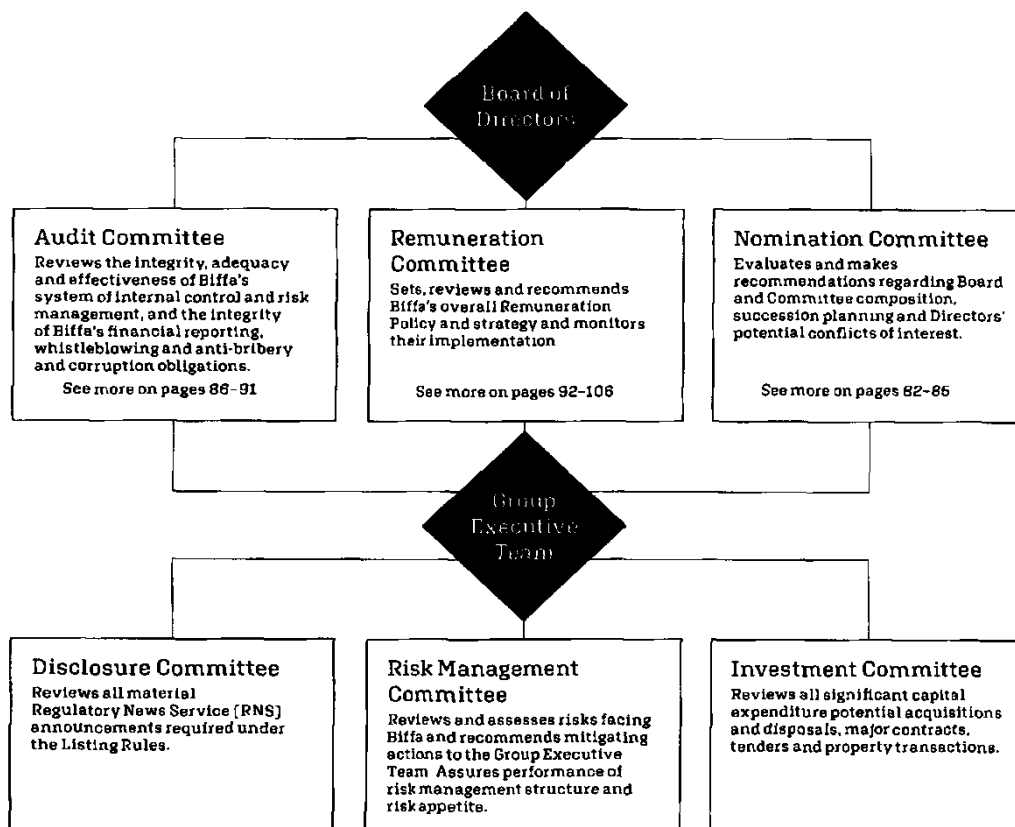
EVP Committee

The Board has established an EVP Committee in order to provide an independent review of the EVP dispute proceedings, as detailed in Note 33 on page 173, of the Financial Statements, and makes recommendations to the Board. The Independent Non-Executive Directors Gab Barbaro, Carol Chesney, Ken Lever and David Martin, who have no financial interest in the result of the dispute, are the members of the Committee.

The Group Executive Team

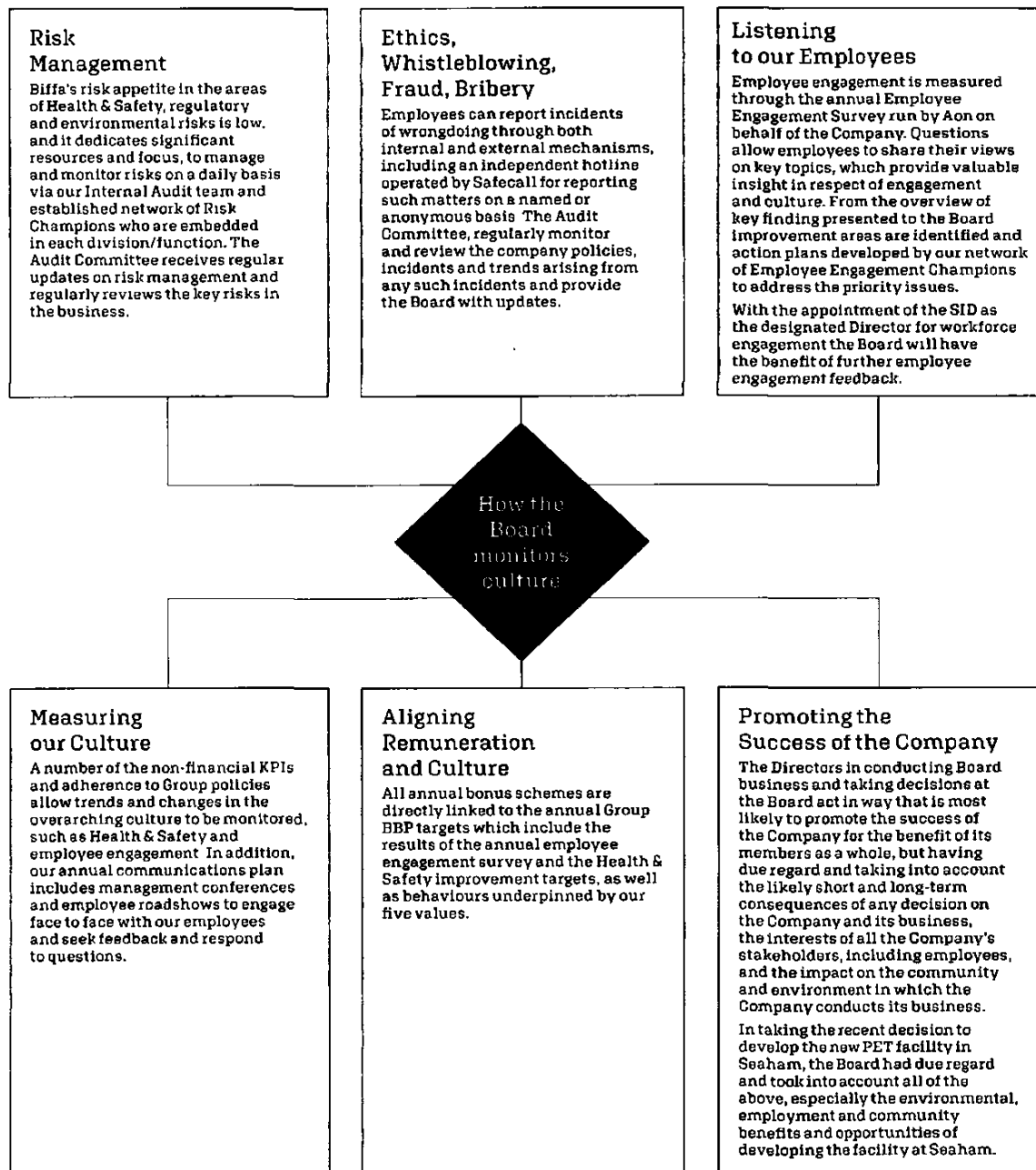
The Group Executive Team comprises the senior leadership team, whose biographies are detailed on page 69. The Group Executive Team is responsible for the day-to-day running of the business. The Group Executive Team meets monthly and relevant matters are reported to Board meetings by the Chief Executive Officer and, as appropriate, the Chief Financial Officer.

Board and Committee Structure



Reinforcing a Healthy Culture

Established reporting mechanisms within the corporate governance framework and direct engagement are key to Board oversight of cultural matters, underpinned by our values, Be safe, Be innovative, Be customer focused, Be a team player and Be accountable and the BBP five pillars.



Leadership continued

Board Meetings

The Board has regular meetings. They met formally nine times during the year, with additional Board conference calls held between the scheduled Board meetings as and when circumstances required it to meet at short notice. Consideration and decisions taken by the Board have included the following key matters:

- Approval of the appointments of the Chief Executive Officer, Chief Financial Officer and the appointment of two Non-Executive Directors, one being the Chair of the Audit Committee.
- Approval of the 2019/20 Budget.
- Review and approval of the Group's strategy.
- Approval of the Biffa plc 2018 ShareSave Plan.
- Approval of recommendation from the EVP Committee to appeal the decision of the First Tier Tax Tribunal regarding the EVP Dispute.
- Approval of the provisional and interim results, pre-close trading statements.
- Approval of the acquisitions of Weir Waste and SWR.

The Board has approved an annual calendar of agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate point in the regulatory and financial cycles.

It is acknowledged that there may be unforeseen circumstances which prevent a Director from attending a meeting. In such a case the Director would be expected to review the meeting papers and provide comments to the Chairman, Committee Chair or Company Secretary to ensure that they are raised at the meeting.

The Directors' attendance records at the Board meetings held during the year are shown in the table opposite; attendance records at Committee meetings are detailed in the respective Committee Reports. Directors are provided with appropriate documentation approximately one week in advance of each Board or Committee meeting. For each scheduled Board meeting the papers include a trading update, financial performance, market update and papers where a decision or approval is required.

Non-Executive Directors are also encouraged to communicate directly with senior management between Board meetings. Members of the Group Executive Team are invited to attend at least one Board meeting each year to present an update on the performance and forward focus of their specific area(s) of responsibility.

Should any Director judge it necessary to seek independent legal advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Directors also have access to the advice and services of the Company Secretary who is responsible for advising the Board on all governance matters and ensuring that Board procedures are complied with.

Meetings between the Non-Executive Directors, without the presence of the Executive Directors, are scheduled in the Board's annual programme. During the year, Non-Executive Directors met on two occasions without the presence of the Executive Directors. These meetings provide the Non-Executive Directors with a forum in which to share experiences and discuss wider business topics, fostering debate in Board and Committee meetings and strengthening working relationships.

Board Meeting Attendance 2018/19

Director	Board meetings attended/held
Michael Averill	15/15
Gab Barbaro ¹	4/4
Carol Chesney ²	10/11 ³
Ken Lever	15/15
David Martin	13/15 ⁴
Richard Pike ⁵	8/8
Michael Topham	14/15 ⁶
Ian Wakelin ⁷	8/8

- 1 Appointed with effect from 1 January 2019.
- 2 Appointed with effect from 12 July 2018.
- 3 Carol was unable to attend the Board call on 25 February 2019 due to the meeting being called at short notice which conflicted with a prior engagement.
- 4 David was unable to attend the Board calls on 15 August 2018 and 22 March 2019 due to the meetings being called at short notice which conflicted with prior engagements.
- 5 Appointed with effect from 28 September 2018.
- 6 Michael was unable to attend the Board call on 29 August 2018 due to the meeting being called at short notice which conflicted with a prior engagement.
- 7 Resigned with effect from 28 September 2018.

Matters Reserved for the Board

In order to retain control of key decisions and ensure that there is a clear division of responsibilities between the Board and the running of the Company business, the Board has a formal schedule of matters reserved for its decision. These reserved matters include Group strategy and structure, governance and regulatory compliance, financial reporting, major capital commitments, major contracts and agreements, internal controls, significant remuneration changes, stakeholder engagement and

material corporate transactions (including acquisitions and disposals). The formal schedule is reviewed annually to ensure that it remains fit for purpose and sets the parameters for management and expectation for internal controls.

During 2019, the Board reviewed the formal schedule of matters, which is available at www.biffa.co.uk, and included certain revisions, to ensure that it is in line with the new Code.

Board Activities during 2018/19

Strategy, Business Performance and Capital Investment

- Division updates
- Approved the Company's corporate strategy
- Considered and approved the acquisitions of SWR and WWS
- Approved the Investor Relations strategy
- Approved the tender of a municipal bid
- Project Fusion update
- Health & Safety update
- Considered Brexit preparations

People and Culture

- Approved the Nomination Committee's candidate recommendations for the roles of Chief Executive Officer, Chief Financial Officer and the two Non-Executive Directors
- Approved the Company's Modern Slavery Statement
- Approved the Biffa plc 2018 Sharesave Plan
- Considered and noted the letter of resignation from Ian Wakelin
- Considered a proposal on Group pensions
- Approved the Company's Gender Pay Gap statement

Finance

- Approved the 2018/19 budget
- Reviewed the 2019/20 budget
- Reviewed and approved the interim and final dividend recommendations
- Reviewed the interim and full dividend recommendations
- Reviewed and approved the preliminary and interim results announcements
- Reviewed and approved the Pre-Close Trading Statement
- Approved the re-appointment of the Auditors
- Approved the preliminary results roadshow presentation

Governance, Compliance and Risk

- Reviewed and approved the 2018 Annual Report and Accounts and Notice of AGM
- Reviewed and approved the schedule of matters reserved for the Board and the Terms of Reference to the Board Committees
- Approved the 2019/20 Board and Board Committee programmes and calendar
- Approved the revised Investment Committee Terms of Reference
- Approved Carol Chesney's appointment as the new Chair of the Audit Committee
- EVP dispute update
- Received updates on the new Code
- Approved a new board packs software supplier
- Considered the Board and Board Committees evaluation questionnaire

In addition to the above, at each Board meeting there are standing items, which include:

- review and approval of the previous minutes;
- Board Committee updates to the Board;
- status update on any matters outstanding from previous meetings;
- report from the Chief Executive Officer;
- report from the Chief Financial Officer;
- Investor Relations report; and
- ratification and approval of Biffa Group Company minutes.

Effectiveness

Independence and Conflicts of Interest

The Board is currently comprised of five independent Non-Executive Directors and two Executive Directors and we therefore comply with the independence requirements of the Code. However, the independence of our Non-Executive Directors is reviewed annually by the Nomination Committee.

Under the Company's Articles of Association, the Board may authorise any actual or potential conflicts of interest that may arise and impose limits or conditions as appropriate. Each Director provides the Company Secretary with information regarding any actual or potential interests that may conflict with those of the Company, such as other external directorships, and any other potential interests that each thinks may cause a conflict requiring prior Board authorisation on an annual basis. If the circumstances of any of these disclosed interests change, the relevant Director is required to advise the Company Secretary promptly.

Any decision of the Board to authorise a conflict of interest, whether matter-specific or situational, is only effective if it is agreed without the participation of the conflicted Director(s) in the decision, and in making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company. The Company has established a procedure whereby actual or potential conflicts of interest are registered. These are reviewed annually by the Board to ensure that the authorisation granted to the Directors, and any conditions attached to them, are appropriate for the relevant matter to remain authorised and the appropriate authorisation is sought prior to the appointment of any new Director or if a new conflict arises.

Currently the only registered potential conflict is Michael Averill's non-executive directorship of the Saudi Investment Recycling Company in Saudi Arabia registered on the 5 March 2018.

Board and Board Committee Performance Evaluation

The Code recommends that an evaluation of the effectiveness of the Board and its Committees should be undertaken externally every three years and internally in the intervening years. This year, although the evaluation should have been undertaken externally, as described on page 70 of this report, contrary to the Code the Chairman and the Company Secretary have facilitated an internal evaluation of Board performance and that of the three Board Committees. It is intended to undertake an externally facilitated evaluation of the Board in the coming year. The internal evaluation

examined the level of skills, knowledge and experience which involved all Directors responding to self-evaluation questionnaires, which included the following areas: Board/Committee structure; conduct of meetings; corporate strategy and planning; governance; risk management and internal controls; financial planning; measuring and monitoring performance; and investor relations. The questionnaires were evaluated following which the Board confirms that all Directors continue to be effective and demonstrated a commitment to their roles and the boardroom culture was found to be effective and conducive in creating a positive environment for participation and challenge by the Non-Executive Directors. The review identified some opportunities for the Board as follows: (i) to review the format and length of Board papers; (ii) to review the process for communication of material developments between scheduled Board meetings; and (iii) to continue to develop the Directors greater understanding of the views of shareholders.

Directors' Induction, Training and Development

Upon appointment, all Directors receive an induction on their duties and responsibilities as Directors of a publicly quoted company. The induction process also comprises a comprehensive programme which includes meetings with all Directors, members of the Group Executive Team, the Company Secretary and heads of functions. Key site visits are also incorporated into the programme and undertaken to meet business management and develop greater commercial awareness of the Group; these visits continue throughout the year.

To update the Directors' skills, knowledge and familiarity with the business, they participated in a number of site visits during the year, as outlined on page 78. During these visits they received briefing sessions from technical experts, allowing them to ask questions, learn about the business and spend time with different teams and individuals to observe and experience first hand how the culture and values are embedded across the Company.

Annual Re-election of Directors

All of the current Directors are standing for re-election and, in the cases of Richard Pike and Gab Barbero, for election at the forthcoming AGM. Following the annual evaluation of the Board and its Committees, all Directors standing for re-election continue to demonstrate commitment to the role and have recent and relevant experience and the skills required for the Board to discharge its responsibilities, as outlined in each of their biographies set out at pages 86-87.

Board Induction in Action

Carol Chesney

On acceptance of her appointment, Carol followed a tailored induction programme.

Carol Chesney with Mick Davis, COO Resources & Energy at Poplars AD Plant.

The Business

In order to understand the business in greater depth, Carol held induction meetings with the CEO, CFO, heads of each division, the General Counsel & Company Secretary, Group IT and HR Directors and Head of SHEQ. In addition, as part of her role as Chair of the Audit Committee Carol held meetings with the Head of Risk & Internal Audit, Director of Group Finance and wider stakeholders including the External Auditors.

Carol also undertook a number of site visits as part of her induction, including tours of Edmonton MRF in July 2018 and Poplars AD plant and Aldridge MRF in October 2018. During these visits Carol received presentations from the site managers and had an opportunity for discussion and engagement with the local teams in order to gain an insight into the operational requirements needed to run such sites.

Further information on the Board's site visit to Edmonton MRF and the Westmill Landfill site can be found on page 78.

Culture and Values

As part of her induction, Carol discussed the Company's culture and its values with the Group HR Director to understand how these fit within the Company's strategic plan.

The Board and Governance

Each Director, including Carol, on their appointment receives a Corporate Governance Booklet that includes detailed information on the Company's corporate governance framework, internal control and risk management processes, Directors' statutory duties and obligations, and a comprehensive suite of induction materials, which comprise: Group strategic plan; financial information and trading updates, recent brokers' notes; risk registers; Group policies; Group and business structure; statutory documents of the Company; Board and Committee calendar; Board and Committee programmes for the year, and Board and Committee papers, minutes and other reference documents covering the prior 12-month period.

Site Visits

Site visits give the Board key insights into the business; at least one Board meeting each year is held at a location outside the head office at High Wycombe to give the Directors an opportunity to review operations and meet local employees.

Edmonton MRF

In January 2019 the Board visited the Edmonton MRF where the site operates 24/7 and processes in excess of 5,000 tonnes of dried recyclable material every week. For many members of the Board this was the first time they had visited a MRF. The Board was given a presentation covering the installation of the facility at the site, its development over the last 10 years and its performance. The presentation was followed by a tour of the facility while the plant was in full operation, allowing the Board an opportunity to see the different types of separation systems used to sort the materials into their designated product streams before being shipped for reprocessing. The Board was impressed with the scale and complexity of the operation, but also showed an interest in the benefit this type of facility brings to the area and the environment, in terms of local employment and the volume of material the facility can process

Board site visit to Edmonton MRF

Westmill Landfill Site

In January 2019, the Board visited Westmill landfill site in Ware to review its operation. This consisted of a site tour of the disposal area, the soil treatment and composting area, the leachate treatment plant and landfill gas powered generation engines. The landfill site has been operational since the 1980's and is one of the busiest landfill sites in the country, accepting around 500,000 tonnes per annum of waste.

The Board received an update on the strategic plans for the Landfill and Soil Treatment and Composting businesses which form part of the Resources & Energy division and was shown the growth plans for the next few years including the diversification of service offering as well as the continued need for landfill in the UK

Board site visit to Westmill Landfill Site

Accountability

Internal Control and Risk Management

The Board has overall responsibility for monitoring the Group's system of internal control and risk management and for carrying out a review of its effectiveness. In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the provisions of the Code, including clear operating procedures, lines of responsibility and delegated authority. These procedures are regularly reviewed by the Board. Business performance is managed closely and the Board and the Group Executive Team have established processes, as part of the normal good management of the business, to monitor:

- strategic plan achievement, through a regular review of progress towards strategic objectives;
- the maintenance of insurance cover to insure all risk areas of the Group;
- financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action;
- capital investment and asset management performance, with detailed appraisal, authorisation and post-investment reviews; and
- that the principal risks facing the Group are being identified, evaluated and appropriately managed.

The Board is supported by the Audit Committee in reviewing the effectiveness of the Group's risk process and internal control systems. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss. A robust assessment of the principal risks faced by the Company has been undertaken by the Board.

The Executive Directors, with the assistance of the Finance function, are responsible for the appropriate maintenance of financial records and processes. This ensures that all financial information is relevant, reliable, in accordance with applicable laws and regulations, and distributed both internally and externally in a timely manner. A review of the consolidation and Financial Statements is completed by the Executive Directors to ensure that the financial position and results of the Group are appropriately recorded, circulated to members of the Board and published where appropriate. All financial information published by the Group is subject to the approval of the Board, on the recommendation of the Audit Committee.

Risk Appetite

The Company's approach to risk appetite has been developed in line with the Code. By clarifying the type and level of risk it is willing to take in order to achieve its strategic objectives, the Company aims to support consistent, risk-informed decision making across the Group.

The Company's risk appetite has been incorporated into the risk management framework and the Audit Committee monitors whether it is operating within that appetite through a review of a series of agreed metrics and a review of the principal risks.

Risk Management Framework

A full review of the principal risks was completed in September 2018 for our interim reporting. This exercise was undertaken again at the year-end. Details of the process the Board has in place to identify, evaluate and manage principal risks can be found in the risk section on pages 34-38 of the Strategic Report. This process has been in place for the period under review and up to the date of approval of the Annual Report and Accounts. In addition, we monitor the effectiveness of the risk management framework and internal control systems on an ongoing basis. No significant failings or weaknesses have been identified.

Further detail on the process for monitoring the effectiveness of our risk management framework and control environment can be found in the Audit Committee Report on page 90.

Shareholder Engagement

The Board is committed to maintaining open channels of communication with its shareholders and to continue to strengthen further dialogue with its main stakeholders. It is important that shareholders understand the Company strategy and objectives, and for the Company to receive shareholders feedback and consider the issues and questions raised.

Communication with shareholders, investors and analysts is an ongoing process throughout the year. This includes regular scheduled Investor Relations events, results presentations and investor roadshows, one-to-one and group meetings with Executive Directors, hosting analyst days and site visits, as well as regular updates to the market.

Results and other news releases such as acquisitions, contract wins and new strategic initiatives are published via the London Stock Exchange RNS and on the Company's Investor website at www.biffa.co.uk.

In addition, the Company's website acts as a good medium through which news and business developments can be reported including key financial calendar information, details of live webcasting services for key presentations and the source of past key presentations and announcements.

Our Non-Executive Directors are also available to meet shareholders if they wish to raise issues without the Executive Directors present.

Shareholder Engagement

Both the Executive and Non-Executive Directors meet shareholders and prospective shareholders, both institutional and private, on a regular basis.

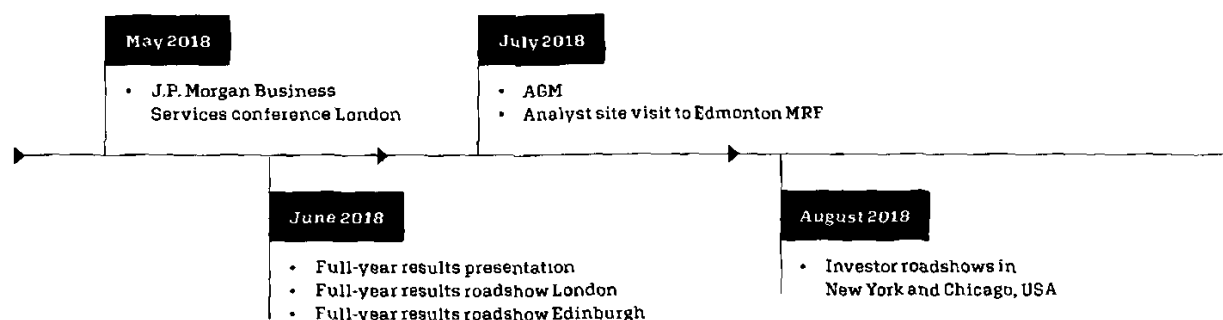
During the year the Executive Directors, assisted by the Investor Relations team, have held meetings in the UK and USA with both existing and potential institutional shareholders, from countries including Canada, South Africa, Germany, France, Australia and Denmark, providing insight into the development of the business and its progress.

Our future annual shareholder communication strategy ensures that we maintain an open and regular dialogue with our shareholders to help them understand how we plan to grow the business and execute our strategy.

The Non-Executive Directors also play a significant role in developing relationships with our investors. The Board receives regular updates on the views of our shareholders and analysts through briefings and in market reports at each Board meeting, from Investor Relations, the CEO, the CFO and the Company brokers, which include:

- share price performance monitoring;
- review of shareholder performance and sector analysis;
- composition of the shareholder register;
- peer group comparison; and
- professional and external adviser feedback.

Shareholder Activities During the Year



Shareholders by number of shares (%)

1-100	4.8
101-500	6.7
501-5,000	
5,001-100,000	14.4
100,001-500,000	
500,001-999,999	46.8

16.3

11.0

Shareholders by type (%)

Public limited company	0.05	0.1
Nominee	16.2	
Limited company		
Other		
Bank	10.1	
		73.4

Annual General Meeting

The AGM is an important forum for shareholders, particularly private shareholders, to hear more about the general development of the business. The Chairman and the Chairs of the Audit and Remuneration Committees will be present at the AGM allowing shareholders an opportunity to ask questions, engage with members of the Board and learn more about the Company.

The 2019 AGM will be held on 10 July 2019 at the offices of Linklaters LLP in London. Full information is contained in the Notice of AGM, which was sent to shareholders with this Annual Report at least 20 working days prior to the date of the meeting, and is available on the Company's website at www.biffa.co.uk.

To encourage shareholder participation the Company will again offer electronic proxy voting through both the registrars' website and, for CREST members, via the CREST service. Voting at the AGM will be conducted by way of a poll; the results will be announced through the RNS shortly after the conclusion of the meeting and will be available on the Company's website.

September 2018

- Q1 Pre-Close Trading Statement and calls with investors
- Small and Mid Cap company investor conference J.P.Morgan London
- Private client fund manager roadshows in Leeds and Manchester

January 2019

- Berenberg IR conference London

March 2019

- Q3 Pre-Close Trading Statement and calls with investors
- Investor roundtable discussion hosted by HSBC

November 2018

- Half-year results presentation
- Half-year results roadshow London
- Half-year results roadshow Edinburgh
- JPM Best of British conference London

February 2019

- Investor roadshows in New York, Boston and Chicago, USA
- Private client fund manager roadshow Birmingham

Nomination Committee Report

Areas of Focus for 2019/20

The Committee's priorities for 2019/20 will be:

- board and executive succession planning; and
- talent management and leadership skills for future Executive Directors.

Attendance at Nomination Committee Meetings

Members	Committee meetings attended/held
Ken Lever	8/8
Michael Averill	8/8
Gab Barbaro ¹	1/1
Carol Chesney ²	4/4
David Martin	8/8
Ian Wakelin ³	5/5

- 1 Appointed with effect from 1 January 2019
- 2 Appointed with effect from 12 July 2018
- 3 Resigned with effect from 28 September 2018

Dear Shareholder

I am pleased to present the Nomination Committee (Committee) Report on behalf of the Board.

The composition of the Board has evolved during the last year. As previously reported, Ian Wakelin stepped down as Chief Executive Officer in September 2018 and was replaced by Michael Topham. Richard Pike joined the Board in September 2018 as Chief Financial Officer, replacing Michael.

In addition, we welcomed two new Non-Executive Directors. Carol Chesney joined the Board on 12 July 2018 and was subsequently appointed Chair of the Audit Committee, while Gab Barbaro joined the Board on 1 January 2019 and brings with him a wealth of financial and strategic expertise.

Full details of the search processes are contained on page 85.

Ken Lever
Chairman
5 June 2019

How does the Committee ensure that there are the right skills, experience and behaviours on the Board?

During the year, the Committee reviewed the composition of the Board and identified a skills gap that resulted in the appointment of Gab Barbaro in January 2019. The Committee continues to monitor the composition of the Board and its Committees to ensure that it has the breadth of experience and skill set to ensure effective governance and oversight of the strategic and significant operational decisions of the business both now and in the future.

What is the Committee's approach to inclusion and diversity?

The Committee is fully committed to inclusion and diversity and agrees with the recommendations made in the Hampton-Alexander and Parker Reviews, respectively. Further details on Board diversity can be found on the opposite page.

How has the Committee considered succession planning and the leadership talent pipeline?

The Committee continues to review the leadership talent pipeline and succession plans for the Board, and senior management and the designated short and long-term caretakers for each Board and senior role, focusing on resolving key areas of vulnerability. The Committee takes an active interest in the quality and development of talent and capabilities within Biffa, ensuring that appropriate opportunities are in place to develop high-performing individuals.

The Role of the Committee

The Board has delegated oversight of the leadership needs and succession planning for the Board to the Committee, to ensure that the Group has the best talent to perform effectively now and in the future.

Membership of the Committee and Attendance

The Committee membership comprises the Chair as Committee Chair and four Non-Executive Directors. The Committee met eight times during the year and the attendance record at meetings held during the year is shown on the previous page.

The Company Secretary attends all the Committee meetings as Secretary to the Committee and in addition the Chief Executive Officer, the Chief Financial Officer and the Group HR Director attend by invitation.

Key Responsibilities

The Committee's responsibilities are set out in its Terms of Reference on the Company's website at www.biffa.co.uk, and include:

- keeping under review the size, balance and composition (evaluating the balance of skills, knowledge, experience and diversity) of the Board and its Committees, and making recommendations to the Board on any desired changes;
- overseeing the succession planning for the Board and senior management, including the identification and assessment of potential candidates and making recommendations to the Board;
- leading the process for Board appointments by identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- reviewing Directors' external commitments and time available to discharge their responsibilities effectively;
- keeping under review the leadership needs of the Group in respect of both its Executive Directors and other senior management; and
- reviewing the independence of Directors.

Activities During the Year

- Working with Odgers Berndtson in preparing a role specification for a Chief Financial Officer and a Non-Executive Directors leading to the appointment of Richard Pike and Gab Barbaro respectively.
- Recommending the appointments of Carol Chesney as Chair of the Audit Committee and a member of the Remuneration Committee and the Committee; Michael Topham as Chief Executive Officer; Richard Pike as Chief Financial Officer, and Gab Barbaro as a Non-Executive Director and member of the the Committee.

- Reviewing the structure, diversity, size and composition of the Board.
- Reviewing Board succession planning.
- Undertaking the annual review of Director independence in line with Committee Terms of Reference.
- Reviewing executive succession plans and talent development.
- Reviewing the development plans of the Executive Directors.
- Reviewing the Committee Terms of Reference and revising in line with the requirements of the new Code.

Board Composition and Skills

The Board considers that the current membership of two Executive Directors, a Non-Executive Chairman and four independent Non-Executive Directors is the right blend of commercial and governance experience, independence and challenge and that the diverse range of skills and backgrounds of the Directors prevents any undue individual or collective influence over the Board's decision making.

Board Diversity

The Company fully recognises the benefit of diversity, including gender and ethnic diversity, when the Committee is searching for candidates for Board appointments. The Board agrees with the recommendations of the Women on Boards Davies Review (published October 2015), the FTSE Women Leaders Hampton-Alexander Review (published November 2016) and the Report into Ethnic Diversity of UK Boards Parker Review (published October 2017) and is committed to diversity on the Board. Whilst noting the recommendations of the Reviews, our policy is to appoint the best possible candidate considered on merit and against objective criteria, rather than set objectives on gender that may deflect from achieving this fundamental target on each occasion. Subject to these requirements the Committee has an ongoing commitment to seek female and ethnic representation at Board level.

Further details on diversity and inclusion are set out in the Way We Work section on page 49 of this report.

Nomination Committee Report continued

Diversity Overview

Board Skills and Attributes

	Independence	Functional background: Operations	Functional background: Finance	CEO & Leadership experience	Waste sector	Logistics/ networks	M&A/ restructuring	Governance & regulatory	International	Stakeholder/ IR/PR	Technology/ e-commerce	Business evolution/ strategy development
Michael Averill	•	•		•	•		•	•	•	•		•
Gab Barbaro	•	•		•		•	•	•	•	•	•	•
Carol Chesney	•		•		•		•	•	•	•		•
Ken Lever	•		•	•			•	•	•	•	•	•
David Martin	•		•	•		•	•	•	•	•		•
Richard Pike		•	•	•		•	•	•	•	•	•	•
Michael Topham		•	•	•	•		•	•		•		•

Composition of the Board

Chairman
Executive Directors
Non-Executive Directors

1

Length of Tenure

0-2 years
2-4 years

4

2

4

3

3

New Board Members

2 years

Average tenure across the business

Age

40-49
50-59
60-69

3

3

1

Gender

Female
Male

1

6

57 years

Average age

14%

Female

Board Appointments Process

The Board has adopted a formal and transparent procedure for the appointment of new Directors to the Board. This procedure includes the evaluation of the balance of skills, knowledge, experience and diversity of the Board by the Committee to ensure that any new appointments complement or address any shortfalls in any of these areas.

The Committee ensures that the selection process is rigorous and transparent and, if appropriate, it will appoint a professional external search firm. Candidates from a wide range of backgrounds that meet the role specification will be considered and all appointments will be made entirely on merit, with due regard to the benefits of diversity on the Board, which includes, but is not limited purely to, gender.

Chief Executive Officer Appointment

Following the announcement that Ian Wakelin was to step down from the Board, the Committee concluded that, in line with the current succession plan, the best candidate to replace Ian would be Michael Topham. Michael was appointed to the role of Chief Executive Officer on 29 September 2018.

Chief Financial Officer Appointment

As part of the Committee's succession planning discussions, it was agreed that a search be undertaken by Odgers Berndtson, which specialises in the recruitment of high-calibre Board and Executive Directors, to identify a potential candidate for the Chief Financial Officer role.

The search was initiated by the Chairman with support from the Company Secretary. Regular oversight of the process and the progress in identifying suitable candidates was exercised by the Committee.

The pool of suitable candidates was reduced to a short-list. Briefing reports on the short-listed candidates were reviewed and candidates met with key Board members. It became clear to the Committee that Richard Pike was the most suitable candidate to succeed Michael Topham.

The Committee recommended to the Board the appointment of Richard Pike as the new Chief Financial Officer, which received unanimous Board approval, and on 26 July 2018 it was announced that Richard Pike would join Biffa on 10 September 2018 as an Executive Director and take up the role of Chief Financial Officer on 29 September 2018.

New Non-Executive Director

As previously reported, following a review of the Board's composition and skill set, the Committee looked to strengthen the number of Non-Executive Directors on the Board.

Odgers Berndtson was once again engaged by Chairman with support from the Company Secretary to conduct the search for the new Non-Executive Director. A specific set of skills and attributes was used to seek individuals with the required expertise and capabilities, who were then considered by the Committee.

After interviewing selected candidates, the Committee was pleased to recommend to the Board Gab Barbaro as a Non-Executive Director and member of the Committee, which received Board approval, and in December 2018 it was announced that Gab would take up the role of Non-Executive Director on 1 January 2019.

Odgers Berndtson only provides recruitment consultancy services to the Committee.

Committee Effectiveness

An internal evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review (for further details see page 76). The review indicated that the Committee is working well, operates in such a way as to ensure independence from executive management and avoid conflicts of interest, and will focus on executive succession planning and addressing leadership skills for future Executive Directors.

Audit Committee Report

Areas of Focus for 2019/20

The Committee's priorities for 2019/20 will be:

- to continue to monitor the implementation of the business strategy and its impact on the Group's internal controls and risk management framework; and
- the adoption of the IFRS 16 leases standard.

Attendance at Audit Committee Meetings

Members	Committee meetings attended/held
Carol Chesney ¹	3/3
Michael Averill	4/4
Ken Lever ²	1/1
David Martin ³	4/4

1 Appointed with effect from 12 July 2018.

2 Stepped down from Committee following Carol's appointment.

3 Stepped down from role following Carol's appointment

Dear Shareholder

It is a pleasure to present this year's Audit Committee (Committee) Report, my first as Chair, having been appointed to the role on 12 July 2018.

I would like to acknowledge and thank David Martin for all his hard work during his term as Interim Chair of the Committee.

During the year, the Committee has continued to focus on the effectiveness of the controls across the Group, including the strengthening of the Internal Audit resource, and to further embed our risk management processes across the Group.

This report aims to provide an understanding of the work of the Committee over the past year and to highlight our areas of focus in 2019.

Carol Chesney
Chair, Audit Committee
5 June 2019

Were there any changes to the key areas of focus for the Committee this year?

During the year, the Committee remained focused on its key areas, in particular its work on reporting and external audit; risk and internal control and internal audit. In addition, and in line with reporting against the new Code, the Committee reviewed and updated its Terms of Reference.

How does the Committee review whistleblowing, fraud and anti-bribery procedures?

The Committee considers its work on whistleblowing, fraud and anti-bribery with great importance. It is recognised that speaking up can be difficult. Consequently, the Committee regularly reviews the arrangements the Company has in place for employees to ensure the Whistleblowing Policy and processes remain effective.

What is the Committee's position on the new Code?

With the introduction of the new Code, during the year the Committee reviewed and updated its Terms of Reference. As part of this update the Board agreed that the responsibility for oversight and whistleblowing arrangements should continue to be delegated to the Audit Committee and not as a matter reserved for the Board, as required by the new Code. The Committee will continue to update the Board, on a regular basis, on all significant whistleblowing matters.

The Role of the Committee

The role of the Committee is to monitor and review the Group's financial reporting arrangements, the effectiveness of its internal controls and risk management framework, the Internal and External Audit processes and the Group's whistleblowing procedures, including oversight of the Internal and External Audit process.

The Committee reports to the Board on its activities and makes recommendations, all of which have been accepted during the period under review.

Membership of the Committee and Attendance

The current members of the Committee are the Chair and two Independent Non-Executive Directors.

The Committee members are selected to provide the widest range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities, and the Board considers the Committee members' financial experience to be recent and relevant for the purposes of the Code. Two of the three Committee members are qualified accountants

The Company Secretary attends all the Committee meetings as Secretary to the Committee and they are also attended by the Chief Financial Officer, the External Audit Partner, the Chief Executive Officer, the Head of Risk and Internal Audit and the Director of Group Finance.

Activities During the Year

Principal Responsibilities of the Committee		Key areas discussed and reviewed by the Committee during the year in discharging its responsibilities
Reporting and External Audit	<ul style="list-style-type: none"> Monitoring the integrity of the Company's Financial Statements and all related formal announcements, and reviewing the significant financial reporting issues, judgements and estimates which they contain including the consistency, quality and appropriateness of accounting policies and the quality and completeness of disclosures Making recommendations to the Board regarding the appointment, re-appointment or removal of the External Auditors and approving the External Auditor remuneration and terms of engagement Monitoring and reviewing the External Auditor's independence, objectivity and effectiveness. Reviewing the content of the Annual Report and Accounts to ensure that it is fair, balanced and understandable. Reviewing the Non-Audit Services Policy on the engagement of the External Auditors to supply non-audit services. 	<ul style="list-style-type: none"> Financial Statements and announcements relating to the financial performance and governance of the Group at half-year and year-end and the Pre-Close Trading Statements Key accounting judgements. Changes to accounting policies Going concern and the Viability Statement Fair, balance and understandable assessment in relation to the Annual Report. External Auditor independence, objectivity and effectiveness. External Auditor reports on planning the half-year and full year audit, including the final opinion. External Auditor remuneration and terms of engagement of the External Auditor. Non-Audit Services Policy and fees paid to External Auditors.
Risk and Internal Control	<ul style="list-style-type: none"> Overseeing the Company's risk management systems and internal control processes. Monitoring the Company's risk exposure and recommending the Company's risk appetite to the Board for approval. Overseeing the assessment of the principal risks and mitigating actions. Reviewing the risk management disclosures in the half-yearly and Annual Reports. Reviewing the Whistleblowing Policy and its Implementation. 	<ul style="list-style-type: none"> Risk register, including the identification of the Group's principal risks and movement in exposures. Status of key risk indicators including any breaches of thresholds. Effectiveness of the Group's risk management and internal control systems. Responses to audit findings and recommendations for control improvements, including reviewing the External Audit management letter. Risk management disclosures in the half-year and Annual Report. Whistleblowing Policy and processes, including an analysis of matters raised during the year.

Audit Committee Report continued

Principal Responsibilities of the Committee	Key areas discussed and reviewed by the Committee during the year in discharging its responsibilities
Internal Audit <ul style="list-style-type: none"> • Approval of arrangements and term of Internal Audit assignments or any such assignments by external parties and any termination of such arrangements • Monitoring and reviewing the effectiveness of the Company's Internal Audit function and its activities, including its plans, level of resources and budget. • Reviewing Internal Audit reports, recommendations and progress in the implementation of those recommendations. 	<ul style="list-style-type: none"> • Annual Internal Audit plan, including its alignment to the principal risks, emerging areas of risk, coverage across the Group and continuing review of the Group's processes and controls • Internal Audit effectiveness and independence of the Internal Audit function, including consideration of key Internal Audit reports; stakeholder feedback on the quality of Internal Audit activity; and the implementation of Internal Audit recommendations. • Internal Audit Reports, including Cyber Security, Municipal revenue assurance, Municipal tendering, I&C SME pricing and Gas to Energy operations.
Other Duties of the Audit Committee <ul style="list-style-type: none"> • Annually reviewing the Committee effectiveness and its Terms of Reference • Review compliance with legal requirements and accounting standards. • Annually reviewing the Related Party Transactions Policy, and bi-annually the Related Party List. 	<ul style="list-style-type: none"> • The Committee's Terms of Reference • Evaluation of the effectiveness of the Committee. • Annual treasury and tax update. • The Related Party Transactions Policy and Related Party List

Financial Reporting and Significant Financial Judgements

The Committee assesses whether suitable accounting policies have been adopted and whether the Company has made appropriate underlying assumptions, estimates and judgements. The Committee reviewed accounting papers prepared by the Company which provide details on significant financial reporting judgements. Further details can be found in the Financial Statements, Note 1 on page 139.

The Committee also reviewed reports by the External Auditors on the full-year and half-year results which highlighted any issues with respect to the work undertaken on the audit.

The Committee reviewed financial issues through discussion with the Executive Directors and the External Auditors. The significant financial judgements considered in relation to the accounts are detailed in the table opposite.

Significant issues considered by the Committee in relation to the Financial Statements		How these issues were addressed by the Committee
Landfill Accounting	The Committee reviewed the valuation of the landfill provisions and assets, the level of such landfill provision and the extent of the depreciation of such assets, it being noted that the responsibility for a landfill site extends beyond the cessation of land filling operations until the Group has fulfilled its aftercare and restoration obligations which is estimated to be up to 60 years post closure of the site.	<p>The Committee considered the Group Landfill Capital and Provisioning Policy, which includes the basis for cost, void space, waste compaction ratio and gas generation estimates, and associated accounting methodology</p> <p>The Committee determined that with the combination of external third-party reports and guidance and the Group's experience to provide for these estimated costs the current landfill accounting treatment and value, and level of provisions were appropriate.</p>
Retirement Benefit Obligations	The Group operates a defined benefit pension scheme known as the Biffa Pension Scheme (BPS) which is closed to new joiners and to future accrual as at 31 October 2013. There are currently 80 active members of the BPS who have protected defined benefit accrual either by virtue of contract location or legislation. The BPS was in a pension surplus of £79.8m as at 29 March 2019.	The Committee considered reports from management and the External Auditors in relation to the valuation of the BPS and reviewed the key actuarial assumptions used in calculating the defined benefit pension liabilities, especially in relation to discount rates, inflation rates, salary growth, rate of pension increase and mortality/life expectancy, and concluded that the assumptions used were appropriate and were supported by independent actuarial experts. Details of the key assumptions used are set out on page 168 in Note 29 of the Financial Statements
Asset Impairment Review	The Group carries different classes of intangible assets on its balance sheet, which include goodwill, landfill gas rights, the Biffa brand, customer contracts and Project Fusion development costs. The Group's assessment of the carrying value of goodwill and the other intangible assets is dependent on the disaggregation of cash-generating units (CGUs) and assumptions of future cash flows, including both short and long-term growth rates. The Group performed its last asset impairment review at the end of the financial year with the assistance of an external third party	<p>The Committee reviewed and discussed management's report on the impairment review and considered the External Auditors' testing thereof</p> <p>After due consideration, the Committee concluded that it was satisfied with management's assumptions and judgements applied in relation to such testing and agreed that there were no recognisable indicators of impairment. Details of the key assumptions and judgements used are set out in Note 12 to the Financial Statements</p>
Acquisitions	For business combinations, the Group operates a process for the identification of the fair values of the assets acquired and liabilities assumed including separate identification of intangible assets by undertaking a purchase price allocation exercise and using, if required, external valuation specialists	The Committee reviewed this process, the methodology and assumptions used to value the assets and liabilities of the acquisitions completed in 2018/19. The Committee concluded that it was satisfied with management's valuations of these assets and liabilities.
Onerous Contract Provision	The Group operates a broad portfolio of complex contracts, especially in the Municipal and Resources, Recovery & Treatment divisions. The accounting for certain contracts may be underpinned by assumptions or judgements made by management in respect of the outcome of future events.	<p>The Committee reviewed management's judgements and assumptions used to determine onerous contracts and any required provision for future losses.</p> <p>The Committee concluded that it was satisfied by management's assessment and the approach adopted, including the presentation of these as non-underlying due to the creation of non-recurring provisions.</p>

Audit Committee Report continued

Risk Management and Internal Control

The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework. The Board has, however, delegated responsibility for review of the risk management methodology and effectiveness of internal controls to the Committee. The Committee has reviewed the work done by management on the assessment of the Company's principal risks, including their impact on the prospects of the Company. The Company's system of internal controls, along with its design and operating effectiveness, is subject to review by the Committee, through reports received from the Company, along with those from both the Internal and External Auditors. Any control deficiencies identified will be followed up with action plans tracked by the Committee

The Group's principal risk management systems comprise risk registers and reviews, and Risk Management Committee oversight. Further details of the Group's risk management systems and controls, principal risks and statement following the viability assessment are included in the Strategic Report on pages 34-39. Further details of the risk management framework and internal controls are set out on page 90 of this report.

The Committee intends to keep the risk management and internal control systems under review and to support the Board in carrying out an annual review of their effectiveness. Policies and procedures, including clearly defined levels of delegated authority, have been communicated across the Group. Internal controls have been implemented in respect of the key operational and financial processes which exist within the business.

The Committee has not identified, nor been advised of, any failings or weaknesses in the internal control systems or risk management processes that are determined to be significant.

Internal Audit

The Company has an Internal Audit function which focuses on performing a programme of reviews of processes and controls implemented across the Group. Internal Audit findings are presented to the relevant Head of a Group division or Group function, the Company Secretary and the Chief Financial Officer for review. The Committee is responsible for overseeing the work of the Internal Audit function.

The Committee reviews the effectiveness of the Internal Audit function, reviews and approves the scope of the Internal Audit annual plan and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions. The Committee also considers any stakeholder feedback on the quality of Internal Audit's work. In order to safeguard the independence of the Internal Audit function, the Head of Risk & Internal Audit is given the opportunity to meet privately with the Committee without any Executive Directors or other members of management present.

External Auditors

Deloitte LLP were appointed as the External Auditors of the Company on 23 August 2016. The current lead Audit Partner, Makhan Chahal, was appointed in August 2016. In compliance with the Code, the requirements of the Competition and Markets Authority and EU legislation, the Committee must put its audit arrangements out to tender no later than 2026. The Committee presently intends to keep the Group's audit arrangements under regular review, taking into account the annual performance review that will be conducted by the Committee. There are no contractual restrictions on the Company's selection of its External Auditors.

The Committee is responsible for overseeing the Group's relationship with the External Auditors. The Chief Financial Officer and his team monitor the External Auditors performance, behaviour and effectiveness during the exercise of their duties, and this informs the Committee's decision whether to recommend to the Board their re-appointment (subject to shareholder approval) or otherwise on an annual basis. The Committee recommended to the Board, which in turn is recommending to shareholders, that Deloitte LLP be re-appointed as the Company Auditors at the forthcoming AGM.

The Committee also assesses the effectiveness, independence and objectivity of the External Auditors process by, for example:

- considering all key External Auditor plans and reports;
- having regular engagement with the External Auditors during Committee meetings and ad hoc meetings (when required), including meetings without any member of management being present;
- the Committee Chair having discussions with the Senior Statutory Auditor ahead of each Committee meeting; and
- at the end of the financial year, each Committee member completing an External Audit process effectiveness review questionnaire.

Auditor Independence and Non-Audit Services

To preserve objectivity and independence, the External Auditors are not asked to provide consulting services unless it is in the best interests of the Company, in accordance with Biffa's Non-Audit Services Policy. This policy requires Audit Committee approval for any non-audit services whose value exceeds £50,000. The engagement of the External Auditors to provide any non-audit services for more than £10,000 must be approved by the Chief Financial Officer in advance. The policy recognises that certain non-audit services may not be carried out by the External Auditors (in accordance with the EU Statutory Audit regime).

Non-audit fees are monitored by the Committee and the Committee is satisfied that all non-audit work undertaken this year was in line with our Policy and did not detract from the objectivity and independence of the External Auditors. The fees paid to Deloitte LLP in respect of non-audit services during the year related to the review of interim Financial Statements and governance compliance certificates and totalled £97,900, representing 10% of the total audit fee (2018 £95,000 and 11%).

The External Auditors confirmed their independence as Auditors of the Company in a letter addressed to the Directors.

Fair, Balanced and Understandable Reporting

At the request of the Board, the Committee has considered whether, in its opinion, this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the Company's performance. This obligation extends further, to interim reports and regulatory announcements to the London Stock Exchange

In providing the necessary information to its shareholders the Committee considers that, taken as a whole, this Annual Report and Accounts gives a fair, balanced and understandable assessment of the Company's current financial position and its future prospects.

In arriving at its assessment the Committee has:

- reviewed the Annual Report at several levels within the Group ensuring overall balance and consistency;
- benefited from the oversight and verification process by Internal Audit of factual content;
- received an early review of the Annual Report to enable sufficient time for comment and review; and
- received confirmation from the Committee that there is a robust process in place to support the fair, balanced and understandable assessment;
- considered the External Auditors review of the Annual Report; and
- The Directors' statement on a fair, balanced and understandable Annual Report and Accounts is set out on page 110 of this Report.

Whistleblowing

The Group has adopted procedures by which all employees may, in confidence, report any concerns. The Whistleblowing Policy sets out the ethical standards expected of all persons to whom the policy legally applies and includes the procedure for raising concerns in strict confidence. Employees are encouraged in the first instance to talk to their line manager or contact the central HR team directly. However, in circumstances when this is not possible or is inappropriate the Group has provided an independent, external whistleblowing hotline, via Safecall, for the reporting of any such matters on a named or anonymous basis. All reports are treated in strictest confidence and investigations are overseen by the Group HR Director and Company Secretary as appropriate, or the Head of Internal Audit, to ensure that a thorough, fair and transparent process is undertaken and any actions addressed.

The Committee is responsible for monitoring the Group's whistleblowing arrangements and the Whistleblowing Policy is reviewed annually by the Board. The Committee has reviewed these arrangements and is satisfied that they are effective, facilitate the proportionate and independent investigation of reported matters and allow appropriate follow-up action to be taken.

Committee Effectiveness

An internal evaluation of the Committee effectiveness took place during the year, as part of the Board effectiveness review (for further details see page 76). The review indicated that the Committee is working well but identified the on-going personal development needs of the Committee and the need to improve implementation of the Internal Audit recommendations.

Directors' Remuneration Report

Areas of Focus for 2019/20

The Remuneration Committee's (Committee) priorities for 2019/20 will be to:

- review the Directors' Remuneration Policy and consider whether any revisions are required when it is renewed at the 2020 AGM
- implement changes to the Committee's remit and process in light of the new Code; and
- monitor developments in market best practice.

Attendance at Remuneration Committee Meetings

Current members	Committee meetings Attended / Held
Michael Averill	6/6
Carol Chesney ¹	2/2
Ken Lever ²	4/4
David Martin	8/8

¹ Appointed to the Committee with effect from 19 November 2018.

² Stepped down from the Committee with effect from 11 September 2018.

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for 2019.

The Report comprises two sections:

- the Directors' Remuneration Policy, which provides the Remuneration Policy for which shareholder approval was obtained at the 2017 AGM and which will continue to apply without amendment for the forthcoming year; and
- the Directors' Annual Report on Remuneration, which sets out payments and awards made to the Directors for 2018/19 and how the policy will be operated for 2019/20.

As no changes are proposed to the existing policy, only one remuneration resolution will be tabled at the 2019 AGM, namely the advisory shareholder vote on the Annual Report on Remuneration.

Michael Averill
Chairman, Remuneration Committee
5 June 2019

How has the Committee prepared for the introduction of the new UK Corporate Governance Code?

The Committee reviewed the provisions of the new Code and new UK reporting regulations during the year and with the Company's external advisers discussed and agreed how it should be appropriately implemented. The Terms of Reference for the Committee have been revised to ensure we are compliant with effect from 1 April 2019.

Where appropriate the Committee has sought to align practice and disclosures to the new requirements as soon as possible and we will report against the new Code in full in the 2020 Annual Report and Accounts.

What is the process in setting Executive Directors' Remuneration?

The Committee considers the budgeted salary increases for the whole employee population, the guidance given to managers on the range of salary increases and other remuneration arrangements and employment conditions for all employees when determining the remuneration for Executive Directors.

It is expected that future salary increases for Executive Directors will be in line with the range set out in the salary review guidelines for the general employee population, except in exceptional circumstances, such as where a recently-appointed Executive Director's salary is increased to reflect their growth in the role over time or where significant additional responsibilities are added to the role.

How does the Committee consider pay across the Group?

The Committee is regularly updated on the pay principles and practices in operation across the Group, in order to take these into account in setting the policy for Directors' pay. Although employees are not specifically consulted on the policy for Executive Directors' remuneration, there continues to be an ongoing dialogue with employees, through a variety of channels, about the Company's pay.

New UK reporting regulations have introduced the requirement to disclose our CEO to employee pay ratio for financial years commencing 2020. The Committee will be reviewing the relevant data during the year in readiness to report on the ratios, following the most appropriate calculation method.

Remuneration Committee Membership

The Committee is comprised of independent Non-Executive Directors and is chaired by Michael Averill, with David Martin and Carol Chesney also being members. Ken Lever stepped down from the Committee during the year following a restructure of the Board Committees in light of his appointment as Chairman.

The Company Secretary attends all meetings and other individuals, such as the Chief Executive Officer, the Chief Financial Officer, the Group HR Director and external professional advisers, may be invited to attend for all or part of any meeting as and when appropriate and necessary.

The purpose of the Committee is to establish a formal and transparent procedure for developing policy on remuneration in accordance with the Code and to set the remuneration of the Chairman and the individual Directors of the Company with due account taken of all relevant factors such as individual and Group performance and remuneration payable by companies of a comparable size and complexity. The Committee meets four times a year and at such other times as the Chairman of the Committee shall require or as the Board may direct.

The Committee has formal Terms of Reference which can be viewed on the Company's website at www.biffa.co.uk/investor-centre/company-information/corporate-governance.

Advisers

FIT Remuneration Consultants LLP (FIT), signatories to the Remuneration Consultants Group's Code of Conduct, are the Committee's appointed adviser. FIT provide advice to the Committee on matters relating to executive remuneration and all-employee share awards. FIT provided no other services to the Company and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of the 2018/19 financial year were £66,903, charged on the basis of the firm's standard terms of business for advice provided.

Activities of the Committee During the Year

The Committee met six times last year and the Committee's main activities during the year (full details of which are set out in the relevant sections of this report) included:

- agreeing the performance against the targets and the payments for the 2017/18 Executive Director annual bonus awards;
- reviewing annual bonus payments for 2017/18 for the Group Executive Team, senior managers and employees;
- setting the performance targets for the Executive Directors 2018/19 annual bonus;
- approving the Directors' Remuneration Report and the Remuneration Policy for the 2018 Annual Report;
- agreeing the population, award levels and performance targets for the 2018/19 PSP awards;
- overseeing the grant under the all-employee Sharesave Plan;
- receiving an update on the Biffa Group employee pay and conditions and share plans;
- approving the severance terms for the outgoing CEO;
- approving approving the salary and promotion terms for the CEO;
- approving the salary and recruitment terms for the CFO;
- reviewing Gender Pay Gap calculations and agreeing disclosures;
- reviewing proposals for 2018/19 base salary adjustments for the Group Executive Team;
- agreeing Executive Director base salary levels from 1 April 2019;
- reviewing the various changes to the regulatory environment, including the new Code; and
- reviewing and updating the Committee Terms of Reference.

Committee Effectiveness

An internal evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review

The review indicated that the Committee is working well in addressing the main issues it has covered and looking ahead it will keep its work under review especially in the area of the Committee's interaction with the Nomination Committee.

Directors' Remuneration Report continued

Pay and Performance

Biffa has delivered a strong set of financial results, which include increasing underlying revenues by 3.3% and maintaining Underlying Operating Profit Margins at 7.5%. The Group delivered good organic growth and made a series of earnings enhancing acquisitions. Strong cash management and tight capital controls resulted in year-end Net Debt of £310.7m, which was 2.1 times Underlying EBITDA.

As a result, in respect of the 2018/19 annual bonus for Executive Directors, the actual operating profit was between the target and maximum and the free cash flow result exceeded the maximum target. In addition, the majority of the strategic/personal objectives were either partially met or were met in full. As such, bonus awards of 100.6% of salary for Michael Topham and 90.7% of salary for Richard Pike were awarded in cash (there will be no deferral in shares given that both Executive Directors have met the 200% of salary share ownership guidelines). In addition, in accordance with his departure terms, Ian Wakelin was eligible to receive a bonus for the portion of the year for which he was employed and was awarded a bonus of 107.1% of salary. Full details of the bonus targets and performance against the targets are set out in the Annual Report on Remuneration.

The October 2016 PSP award is subject to underlying EPS performance to 29 March 2019 and TSR performance. The estimated overall payout for the award is 68.75% of maximum.

Board Changes

Following the announcement on 13 June 2018, Ian Wakelin stepped down from the Board and Michael Topham was promoted to CEO effective 29 September 2018. Details on the remuneration arrangements for Ian Wakelin can be found on page 103.

Richard Pike joined the Board as an Executive Director on 10 September 2018 and assumed the role of CFO on 29 September 2018.

During the year we also welcomed Carol Chesney and Gab Barbaro as Non-Executive Directors.

Regulatory Changes

During the year, the Committee has reviewed the various changes to the regulatory environment and in particular the new Code and the new legislation requiring companies to make additional pay disclosures.

Notwithstanding that these changes are not technically applicable to Biffa until the financial year ending 27 March 2020, the Committee has sought to align practice and disclosures to the new requirements. This includes:

- ensuring that the annual bonus plan and PSP permit the necessary Committee discretion to override formulaic outcomes (a new Code provision);
- introducing a formal post-vesting holding period, independent of shareholding guidelines;
- the recovery provisions in the annual bonus plan and PSP have been reviewed to ensure that they remain fit for purpose;
- updating the Committee's Terms of Reference to reflect the expanded scope required by the new Code namely the (i) responsibility for setting remuneration for the Board and senior management, and (ii) taking account of Group-wide remuneration and policies when setting executive pay; and
- undertaking a review alignment of pension provision of Executive Directors to the workforce as part of the 2020 Policy review.

We trust that you find this Report to be informative and transparent, and we hope to receive your support for the Directors' Annual Report on Remuneration at our forthcoming AGM.

Michael Averill
Chairman, Remuneration Committee

Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the 2017 AGM. The full policy is not presented here, but can be found in full at https://biffa.co.uk/remuneration_policy. The Policy was developed with reference to the UK Corporate Governance Code in force at the time of approval and is felt to remain appropriate in supporting the long-term success of the Company while ensuring that it does not promote inappropriate risk-taking.

As context for the rest of this report, the main elements of the Policy applying to Executive Directors, as well as how the Policy was implemented during the year, are summarised below:

Executive Directors

Element and Purpose	Key Features	Implementation in 2018/19	Implementation in 2019/20
Base salary The core element of pay, reflecting the individual's position within the Company and experience	Appropriate level of base salary, reviewed annually in the light of factors such as individual/Group performance, scope of role, practice adopted by comparator companies. Salary increases will generally be in line with those awarded to salaried employees.	Michael Topham (appointed CEO in September 2018): £495,000 (increased from £325,000 while CFO) Richard Pike (appointed CFO in September 2018): £325,000 Ian Wakelin (departed the business September 2018): £510,000	Michael Topham: £495,000 (no change) Richard Pike: £325,000 (no change)
Benefits in kind To provide market-competitive benefits valued by recipients	The Executive Directors may receive benefits in kind including car allowance, fuel allowance, private family medical insurance and such other market competitive benefits as the Remuneration Committee considers appropriate.	Executive Directors received benefits including car allowance, fuel card and private family medical insurance to the following total values: Michael Topham: £9,865 Richard Pike: £6,288 Ian Wakelin: £7,304	No changes proposed
Pension To provide retirement benefits	The Executive Directors will receive a defined contribution provision (or cash supplement) of up to 20% of salary.	Michael Topham: 20% of salary Richard Pike: 15% of salary Ian Wakelin: 20% of salary	No changes proposed
Annual Bonus To motivate Executive Directors and incentivise the delivery of business strategy over a one-year operating cycle	Payable subject to the achievement of challenging financial/strategic/personal performance conditions. Malus and clawback provisions apply. Currently one-third of any bonus earned by an Executive Director will be deferred into shares for three years if at the bonus payment date sufficient shares to satisfy the share ownership guidelines are not held.	Maximum opportunities of: CEO: 130% of salary CFO: 110% of salary Based on performance against Underlying Profit Before Tax targets (paying out at 41.4% of maximum), Underlying Free Cash Flow targets (paying out at maximum of 20%) and strategic/personal objectives (paying out at 18% of maximum). Individual awards were: Michael Topham: £412,507 (reflecting part-year salary increase) Richard Pike: £161,451 (includes pro-rating for service) Ian Wakelin: £273,219 (includes pro-rating for service)	Maximum opportunities of: CEO: 130% of salary CFO: 110% of salary 70% of the bonus will be payable by reference to performance against financial targets (50% will be based on Underlying Profit Before Tax and 20% will be based on Underlying Free Cash Flow targets). 30% of the bonus will be payable based on performance against a number of strategic/personal objectives.

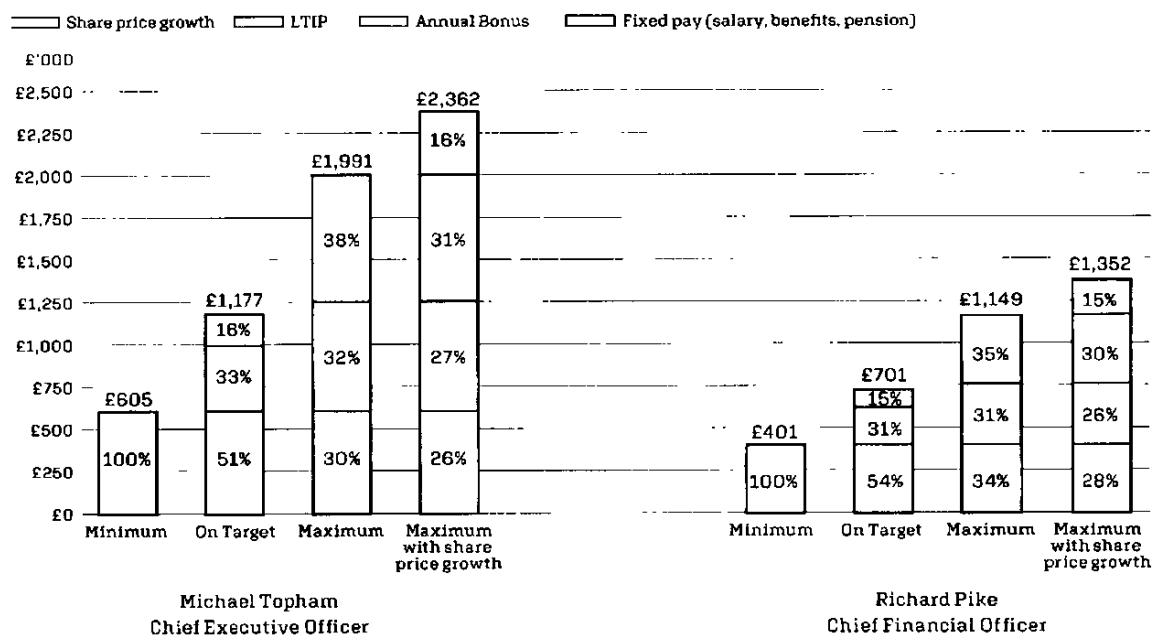
Directors' Remuneration Policy continued

Element and Purpose	Key Features	Implementation in 2018/19	Implementation in 2019/20
Performance Share Plan To motivate Executive Directors and incentivise the delivery of sustained performance over the long term, and to promote alignment with shareholders' interests	Annual awards over shares which vest are subject to stretching performance conditions, generally measured over a three-year period, and continued service. Malus and clawback provisions apply.	The October 2016 PSP award estimated vesting level is 88.75% of maximum with 77.6% vesting for the underlying Earnings per Share (EPS) element and Total Shareholder Return (TSR) element estimated vesting level of 60% 2018 PSP Award were made at below normal levels Michael Topham: 125% of salary Richard Pike: 100% of salary No award made to Ian Wakelin. Vesting dependent on performance against underlying EPS (50%) and TSR (50%) targets.	2019 PSP award expected to be made at normal levels CEO: 150% of salary CFO: 125% of salary Vesting dependent on performance against underlying EPS (50%) and TSR (60%) targets. All awards made to Executive Directors from the 2019 AGM onwards will be subject to a two-year holding period
Share Ownership Guidelines To promote stewardship and to further align the interests of Executive Directors with those of shareholders	If any Executive Director does not meet the guideline, they will be expected to retain up to 50% of the net-of-tax number of shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) until the guideline is met	200% of base salary for all Executive Directors.	No changes proposed.

Illustrations of Application of the Remuneration Policy

The charts below show how the Remuneration Policy set out above is applied for the Executive Directors using the following assumptions:

Minimum	Consists of base salary, benefits and pension.				
	Base salary is the salary to be paid in the 2019/20 financial year.				
	Benefits are based on estimated values for the 2019/20 financial year (rounded to the nearest £1,000).				
	Pension is measured as the defined contribution or cash allowance in lieu of Company contributions of 20% of salary for the CEO and 15% of salary for the CFO				
		Base salary	Benefits	Pension	Total fixed
	Michael Topham	£495,000	£12,000	£99,000	£605,000
	Richard Pike	£325,000	£12,000	£49,000	£401,000
Target	Based on what the Executive Director would receive if performance was on target (excluding share price appreciation and dividends):				
	<ul style="list-style-type: none">Annual bonus consists of the on-target bonus (60% of maximum opportunity used for illustrative purposes)Long-term incentive plan (LTIP): consists of the threshold level of vesting (25% vesting) under the PSP.				
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends):				
	<ul style="list-style-type: none">Annual bonus consists of maximum bonus of 130% of base salary for the CEO and 110% of base salary for the CFO.LTIP: consists of the face value of awards (150% of base salary for the CEO and 125% of base salary for the CFO) under the PSP.				
Maximum with 60% share price growth	As the Maximum scenario plus the value resulting from a share price growth of 50% from the PSP award				



Directors' Annual Report on Remuneration

2018/19 Remuneration

The following section provides details of how the Directors were paid during the financial year to 29 March 2019.

Single Total Figure Table (audited)

The remuneration for the Executive and Non-Executive Directors of the Company who performed qualifying services during the year is detailed below (with prior year comparatives).

Director		Salary/ Fees	Taxable benefits ¹	Bonus ²	Long-term incentives ³	Pension	Total Remuneration
Executive Directors							
Ian Wakelin ⁴	2019	£255,000	£7,304	£273,219	£562,428	£51,000	£1,148,951
	2018	£510,000	£11,082	£597,355	-	£102,000	£1,220,437
Michael Topham ⁵	2019	£410,000	£9,865	£412,507	£484,611	£82,000	£1,398,983
	2018	£326,000	£11,311	£304,228	-	£65,000	£705,539
Richard Pike ⁶	2019	£188,250	£6,288	£161,451	-	£27,187	£383,176
	2018	-	-	-	-	-	-
Non-Executive Directors							
Michael Averill	2019	£57,000	-	-	-	-	£57,000
	2018	£57,000	-	-	-	-	£57,000
Ken Lever ¹⁰	2019	£187,096	-	-	-	-	£187,096
	2018	£64,096	-	-	-	-	£64,096
David Martin ⁷	2019	£57,000	-	-	-	-	£67,000
	2018	£118,500	-	-	-	-	£118,500
Carol Chesney ⁸	2019	£41,069	-	-	-	-	£41,069
	2018	-	-	-	-	-	-
Gab Barbaro ⁹	2019	£12,500	-	-	-	-	£12,500
	2018	-	-	-	-	-	-

1 Taxable benefits received were car allowance, fuel card and private family medical insurance and the intrinsic value of Sharesave options granted during the year

2 The bonus is paid in cash, as sufficient shares to satisfy the share ownership guidelines are held by all the Executive Directors

3 The estimated outturn for the 2016 PSP which vests in 2018 is 68.75% and the vesting share price has been estimated at 195.2 pence, based on the three-month average share price ending 29 March 2018. For further information see page 102. £43,796 of the above figure for Ian Wakelin is attributed to a share price appreciation of 15.2 pence per share, based on an actual award price of 180 pence. £37,736 of the above figure for Michael Topham is attributed to a share price appreciation of 15.2 pence per share, based on an actual award price of 180 pence.

4 Ian Wakelin stepped down from the Board and left the Company on 29 September 2018

5 Michael Topham was promoted to CEO on 29 September 2018

6 Richard Pike joined the Board with effect from 10 September 2018 and assumed the role of CFO on 29 September 2018

7 In addition to his normal fee and included in the table above, David Martin received a further fee of £61,500 in respect of his six-month tenure as acting Chairman (from September 2017 to March 2018).

8 Carol Chesney joined the Board with effect from 12 July 2018.

9 Gab Barbaro joined the Board with effect from 1 January 2018.

10 Chairman annual fees £180,000 pa. Figure includes 2018 fee adjustments.

Salary paid includes 2018 adjustments. The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for year ended 29 March 2019 was £2,238,736 (2018: £2,255,572). Aggregate value of vested long-term incentives of all Directors in the year ended 29 March 2019 was £zero (2018: zero).

2018/19 Annual Bonus (audited)

The Executive Directors' annual bonus targets were set by the Committee at the beginning of the financial year. As a result of strong underlying financial performance, the Group exceeded the threshold profit before tax and free cash flow targets for the purposes of awarding the 2018/19 annual bonuses of the Executive Directors.

More particularly, the profit before tax and cash flow bonus targets (as adjusted appropriately for acquisitions made during the year) were as follows:

	Threshold £m	Target £m	Maximum £m	Actual £m	Maximum Potential Pay-out	Actual Pay-out (out of maximum stated)
Underlying Profit Before Tax	– ¹	60.5	65.0	64.0	50.0%	44.4%
Underlying Free Cash Flow	28.0	30.3	34.2	47.8	20.0%	20.0%
Total				–	70.0%	64.4%

1 No payment was payable for below target performance.

In respect of the personal performance targets set for each Executive Director, these were set against a range of strategic targets at the start of the year. The targets set were aligned to Biffa's corporate objectives having due regard to the five-year strategy.

Details of the measures, to the extent they are not commercially sensitive are shown below.

Measure	Performance	[% of potential]	
		Maximum Potential	Actual Pay-out
Health, Safety & Environment	CAR scores were reduced but target was not met.	6.0%	0%
Demonstrate further progress and improvement in safety and environmental performance KPI. Group 5% LTI improvement and 6% CAR score improvement	Group LTI rate increased year-on-year.		
Employee Engagement	Employee engagement score improved by 5% as measured in the annual employee engagement survey conducted by Aon in February 2019	6.0%	6.0%
Deliver an improvement in the Group employee engagement Score KPI 4% employee engagement score improvement			
Acquisitions	7 acquisitions completed with a total investment of £47m.	6.0%	6.0%
Complete acquisitions with a minimum enterprise value of £25m and an expected EBITDA of £5m. KPI: Target multiple achieved			
Strategy	Strategy was approved by the Board and performance against KPIs including:	6.0%	6.0%
Agree five-year strategy with Board and make progress against key themes of Grow, Develop, Optimise and deliver fully developed proposal and strategy for EfW KPI: Evidenced progress against targets and EfW proposal developed	<ul style="list-style-type: none"> Organic Net Revenue Growth Acquisition Net Revenue Growth Tonnes of Waste Collected Tonnes of Waste Processed Underlying Operating Profit Margin Return on Operating Assets Return on Capital Employed 		
Process Improvement	Whilst progress has been made, key milestones were not met. A revised planned timetable is being developed.	6.0%	0%
Demonstrate sufficient progress on Project Fusion. KPI: Evidence of progress to project plan			
Total		30.0%	18.0%

On the basis of the above performance, the Committee determined that payment of 18% for the CEO and 18% for the CFO out of the maximum of 30% for this part of the bonus was proportionate and reasonable in the circumstances. This performance resulted in the following performance assessment for the year:

	Weightings		Outcomes	
	CEO/CFO	Michael Topham	Richard Pike	Ian Wakelin
Financial performance (% of potential)	70%	64.4%	64.4%	64.4%
Strategic performance (% of potential)	30%	18.0%	18.0%	18.0%
Total performance outcome (% of potential)		82.4%	82.4%	82.4%
Total performance outcome (% of salary)		100.6%	90.7%	107.1%

Directors' Annual Report on Remuneration continued

Vesting of Long-Term Incentive Awards (audited)

The PSP award granted on 20 October 2016 was partly subject to EPS performance to the year ended 29 March 2019 and partly based on TSR performance to the date of the preliminary announcement of results for the year and vests as is reasonably practicable after. The performance conditions attached to this award and performance against these conditions is as follows:

(i) adjusted EPS targets as to 50% of the award, and (ii) relative TSR targets as to the remaining 50% of the award. The details of these targets are shown in the tables below:

Adjusted EPS ¹ for 2018/19 financial year (50% of award)	Portion of award vesting
Below 18.5p	0%
18.5p	25%
18.5p to 21.5p	Pro-rata on straight-line basis between 25% and 100%
Above 21.5p	100%
Actual performance	20.6p
Vesting level	77.5%

1 Adjusted EPS is defined as Underlying Earnings Per Share

Biffa's TSR² ranking vs the FTSE 250 (excluding financial services companies and investment trusts) (50% of award)

	Portion of award vesting
Below median	0%
Median	25%
Between median and upper quartile	Pro-rata on straight-line basis between 25% and 100%
Upper quartile	100%
Actual performance	To be confirmed at end of performance period
Vesting level (estimated)	60%

2 TSR (calculated based on Biffa plc share price movements, plus dividends reinvested into Biffa plc shares on the relevant ex-dividend dates, over the performance period) is measured over the period from the date of grant to the date of the preliminary announcement of results for the 2019/20 financial year

Based on the estimated vesting percentage above, details of the shares under award and their estimated value (based on the three-month average share price at 29 March 2019 of 195.2 pence per share) are as follows:

Executive	Maximum Number of shares	Number of shares to vest	Number of shares to lapse	Estimated value at vesting £ ¹	Face value of awards vesting ²	Impact of share price on vesting ³
Ion Wakelin	419,097*	288,129	130,968	562,428	518,833	43,796
Michael Topham	361,111	248,264	112,847	484,611	446,875	37,736

1 Based on the three-month average share price to 29 March 2019.

2 Based on the number of shares vesting multiplied by the share price at the date of grant (£1.80).

3 Based on the estimated value at vesting, less the face value of awards vesting.

4 Reduced from originally granted 568,666 on a time pro-rata basis.

The awards also receive the value of dividend equivalents.

EVP Awards (audited)

As described in last year's Annual Directors' Report on Remuneration, prior to the Company's admission to the London Stock Exchange certain Directors were granted EVP Return Letters by Wasteholdco 1 Limited (then the parent Company of the Biffa Group of companies) in connection with a dispute with HMRC regarding the payment of Landfill Tax for certain of its operations in the UK (the EVP Dispute). These EVP Return Letters were granted in recompense for the diminution in value of their interests in the Group resulting from the EVP Dispute which was linked to incentive arrangements in existence prior to Admission, full details of which appear below in Note 33, on page 173 of the Financial Statements. As part of the proceedings, the Company was required to pay HMRC approximately £63m shortly following Admission (the EVP Paid Amount).

If the EVP Dispute is irrevocably settled in the Company's favour and the EVP Paid Amount is unconditionally returned to the Company (less any amounts which the Group is required to pay in respect of costs incurred by HMRC or penalties or other associated costs of the EVP Dispute together with the EVP Interest payable (see below)) (the EVP Return), the EVP Return Letters shall be settled and these Directors shall be entitled to a cash payment (less tax and national insurance contributions) under the EVP Return Letters as follows:

Director	% of net EVP Return to which they are entitled
Ian Wakelin	7.355
Michael Topham	2.129
Michael Averill	0.194

In the event the EVP Dispute is irrevocably settled in favour of HMRC, then subject to the Group receiving a net reduction in the tax liability of the Group (after taking into account any increase in the tax liability arising in respect of any profit and loss account credits in Wasteholdco 1 Limited in respect of the EVP preference shares granted to certain shareholders prior to Admission (the Tax Deduction)) the EVP Return Letters shall be cancelled and the Directors shall be entitled to a cash payment equal to a percentage of the Tax Deduction subject to a maximum payment and a payment in respect of EVP Interest (see below) (less tax and social security contributions) as detailed below:

Director	% of Tax Deduction	Maximum Tax Deduction Cash Payment	EVP Interest Payable	Total Max Payment
Ian Wakelin	8.172	£817,204	£639,871	£1,457,075
Michael Topham	2.386	£238,558	£185,226	£421,785
Michael Averill	0.215	£21,505	£16,839	£38,344

The Company was advised by HMRC in November 2017 that the remaining penalty interest of £8.7m, payable on the EVP Paid Amount, was no longer due (EVP Interest). Once the EVP Dispute has been irrevocably settled, the EVP preference shareholders shall be entitled to receive a proportion of the EVP Interest in line with their shareholding, and, the holders of the EVP Return Letters shall be entitled to receive EVP Interest (less tax and social security contributions), as detailed above.

A Board Committee has been established to provide an independent review of the EVP Dispute proceedings and make recommendations to the Board. The independent Non-Executive Directors Ken Lever, David Martin, Carol Chesney and Gab Barbaro, who have no financial interest in the result of the EVP Dispute, are the members of that Committee.

The Company was advised in April 2018 that the First Tier Tax Tribunal had found in favour of HMRC in the EVP Dispute. The Company has lodged an appeal against this decision in the Upper Tax Tribunal, which appeal is currently due to be heard in November 2019.

Directors' Annual Report on Remuneration continued

Statement of Directors' Shareholding and Share Interests (audited)

For each Director, the total number of Directors' interests in shares at 29 March 2019 was as follows:

	Michael Topham ¹	Richard Pike	Ian Wakelin ²	Michael Averill	Ken Lever	David Martin	Carol Chesney	Gab Barboro
Number of Ordinary shares held as at 29 March 2019	661,004	358,046	900,087	71,340	52,777	25,000	6,500	-
Number of Ordinary shares held as at 30 March 2018	660,999	-	1,945,084	71,340	27,777	15,000	-	-

1 Number of shares held includes 150 shares in respect of the Biffa Share Incentive Plans SIP Award for Michael Topham

2 As at date of appointment to the Board.

3 Number of shares held includes 149 shares in respect of the Biffa Share Incentive Plan SIP Award for Ian Wakelin. Ian Wakelin stepped down as CEO and left the Company on 28 September 2018

The shareholdings above include those held by Directors and their respective connected persons. There were no changes in the current Directors' interests in shares between 29 March 2019 and 5 June 2019. Under the share ownership guidelines, the existing Executive Directors are required to build and maintain a shareholding equivalent to at least 200% of salary. At the 2019 year-end, Michael Topham and Richard Pike complied with this requirement.

PSP Awards Granted in the Year (audited)

The following nil-cost options were granted under the PSP in 2018:

Director	Date of grant	Basis of award (% of salary)	Face value of awards at grant	Number of shares under award ¹	Date of vesting
Michael Topham	02-Jul-18	100%	£325,000	131,048 ¹	01-Jul-21
Michael Topham	01-Oct-18	See Note 3	£243,543	97,029 ²	01-Oct-21
Richard Pike	01-Oct-18	94%	£304,463	121,330 ²	01-Oct-21

1 Based on the three-day average share price of £2.48 to 30 June 2018

2 Based on the three-day average share price of £2.51 to 30 September 2018

3 The Committee approved a top-up award for Michael Topham following his promotion to CEO. The award level was calculated on a pro-rata basis reflecting the increase in base salary and higher award level for the CEO position

These awards vest in 2021 subject to performance relating to (i) adjusted EPS targets as to 50% of the award, and (ii) relative TSR targets as to the remaining 50% of the award. The details of these targets are shown in the tables below:

Adjusted EPS ³ for 2020/21 financial year (50% of award)	Portion of award vesting
Below 21.5p	0%
21.5p	25%
21.5p to 25.5p	Pro-rata on straight-line basis between 25% and 100%
Above 25.5p	100%

3 Adjusted EPS is defined as Underlying Profit after Tax per Share.

Biffa's TSR ⁴ ranking vs the FTSE 250 (excluding financial services companies and investment trusts) (50% of award)	Portion of award vesting
Below Median	0%
Median	25%
Between Median and Upper Quartile	Pro-rata on straight-line basis between 25% and 100%
Upper quartile	100%

4 TSR (calculated based on Biffa plc share price movements, plus dividends reinvested into Biffa plc shares on the relevant ex-dividend dates, over the performance period) is measured over the period from the date of grant to the date of the preliminary announcement of results for the 2020/21 financial year

Outstanding Share Plan Awards (audited)

Details of all outstanding share awards made to Executive Directors are set out below.

Director	Award type	Exercise price (£)	Grant date	Interest at 30/03/2018	Awards granted in the year	Awards lapsed in the year	Awards vested in the year	Interest at 29/03/2019	Date of vesting/Exercise period
Ian Wakelin	PSP ¹	0	20-Oct-16	568,666	-	147,569	-	419,497	See Note 1
	PSP ²	0	03-Jul-17	344,594	-	344,594	-	-	01-Jul-20
	SIP ⁴	0	21-Nov-16	145	3	-	-	148	See Note 4
Michael Topham	PSP ¹	0	20-Oct-16	361,111	-	-	-	361,111	See Note 1
	PSP ²	0	03-Jul-17	182,995	-	-	-	182,995	01-Jul-20
	PSP ³	0	02-Jul-18	-	131,048	-	-	131,048	01-Jul-21
	PSP ³	0	01-Oct-18	-	97,029	-	-	97,029	01-Oct-21
	SIP ⁴	0	21-Nov-16	145	5	-	-	150	See Note 4
	SAYE ⁵	1.58	21-Jul-17	2,278	-	-	-	2,278	01-Sep-20
Richard Pike	PSP ³	0	01-Oct-18	-	121,330	-	-	121,330	01-Jul-21

1 Performance targets for the 2016 PSP awards are presented above. Awards vest as soon as is reasonably practicable after the date of the preliminary announcement of results for the 2018/19 financial year.

2 Performance targets for the 2017 PSP awards are presented in last year's Directors Remuneration Report.

3 Performance targets for the 2018 PSP awards are detailed above.

4 Award of free shares under the Biffa plc SIP 2016. The awards were granted on 21 November 2016 and are subject to the normal terms of an HMRC SIP. Awards granted in the year relate to the award of related dividend shares under the SIP.

5 Awards granted under the Biffa plc 2017 Sharesave Plan. Awards are based on a three-year savings contract.

No awards vested during the year and the aggregate gains by all Directors during 2018/19 from share plan awards was £nil (2017/18: £nil).

Payments to Past Directors (audited)

There were no payments to past Directors in the financial year 2018/19 (2017/18: nil).

Payments for Loss of Office (audited)

No payments were made to any Director in respect of loss of office in the financial year 2018/19 (2017/18: nil).

Remuneration Arrangements for Ian Wakelin

Ian Wakelin stepped down from the Board and ceased to be an employee on 28 September 2018 and he received his salary and benefits up until this date.

A pro-rata bonus under the 2019 bonus scheme has been calculated by reference to the performance targets that apply and will be paid in the normal way in July 2019.

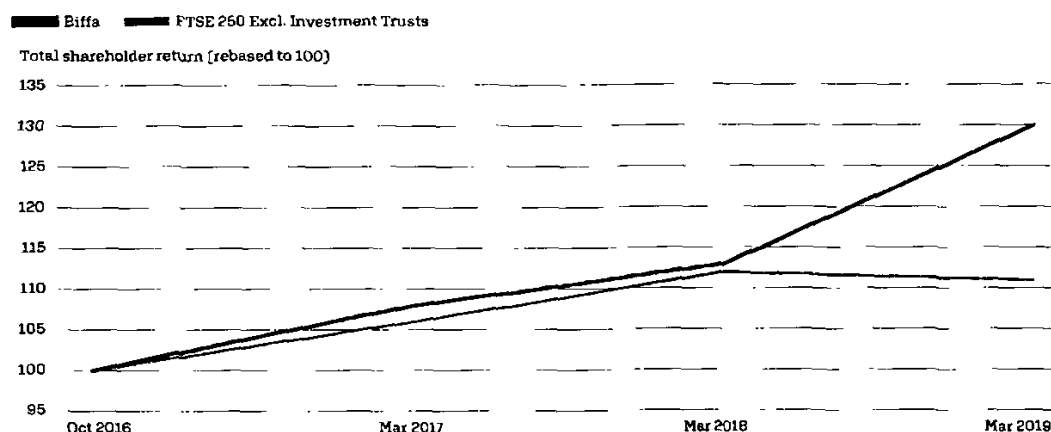
The Committee agreed that a time pro-rated portion of Mr Wakelin's 2016 PSP award remained capable of vesting, subject to the performance conditions at the normal vesting date, and may then be exercised in accordance with the plan rules. The 2017 PSP award lapsed on his leaving employment and no 2018 PSP award was made to Mr Wakelin. The shares Mr Wakelin holds under the SIP will be treated in accordance with the rules of that plan.

Other than the amounts disclosed above, Mr Wakelin was not eligible for any pay in lieu of notice or severance as a result of his departure.

Directors' Annual Report on Remuneration continued

Review of Past Performance and CEO Remuneration Table (unaudited)

The graph below shows the TSR of the Company and the FTSE 250 Index (excluding Investment Trusts) over the period from Admission to 29 March 2019. This is considered an appropriate comparator for Biffa, and this aligns with the use of the FTSE 250 in the TSR performance measure for the PSP.

Biffa TSR vs FTSE 250 since Admission

(Source: Thomson Reuters)

The table below details certain elements of the CEO's remuneration since Admission.

	Single figure of total remuneration	Annual bonus pay-out as % of maximum	Long-term incentive vesting rates as % of maximum
2018/19	£1,958,372	82.4%	67.6%
2017/18	£1,220,437	90.1%	-
2016/17	£10,681,021 ¹	94.6%	-

¹ It should be noted that £9,507,310 of the above amount relates to the bonus paid under the Management Incentive Plan which was in place from 2013 until the Company's Admission, and was therefore 'one-off' in nature.

Percentage Change in Remuneration of the CEO (unaudited)

The table below presents the year-on-year percentage change in remuneration received by the CEO, compared with the change in remuneration received by all Biffa employees.

	CEO ¹	All Biffa employees
Salary	-1.5%	5.2%
Short-term incentives	-11.6%	-16.6%
All taxable benefits	10.4%	16.1%

¹ This percentage change reflects the change in the incumbent over the period

Relative Importance of Spend on Pay (unaudited)

The table below details the change in total employee pay between financial years 2017/18 and 2018/19 as detailed in Note 7 to the Financial Statements, compared with distributions to shareholders by way of dividend, share buy-backs or any other significant distributions or payments. These figures have been calculated in line with those in the audited Financial Statements

	% change	2018/19	2017/18
Total gross employee pay	8.1%	£253.8m	£234.8m
Distributions to shareholders	49.1%	£17.0m	£11.4m

Statement of Shareholder Voting (unaudited)

The table below shows the advisory vote on the 2017/18 Directors' Remuneration Report at the AGM held on 18 July 2018 and the binding vote on the Remuneration Policy at the AGM held on 19 July 2017:

AGM resolution	Votes for	%	Votes against	Votes withheld
Remuneration Policy	192,592,197	99.73	514,821	7,467,112
Remuneration Report	164,286,843	99.91	143,951	1,732,103

Implementation of Policy for 2019/20 (unaudited information)**Base salary**

Base salaries will be as follows (unchanged from the prior year):

Director	1 April 2019	% Increase
Michael Topham	£495,000	0%
Richard Pike	£325,000	0%

Benefits in Kind and Pension Provision

Benefits will be paid in line with the Directors' Remuneration Policy. Details of the benefits received by Executive Directors are set out in the single figure table on page 98. There is no intention to introduce changes to existing benefits in 2019/20.

Pension provision for Michael Topham and for Richard Pike will remain at 20% and 15% of base salary respectively. Contributions may be made as cash supplements in full or in part.

Annual Bonus

Bonus will continue to be of maximum of 130% of salary for the CEO and 110% of salary for the CFO. 33% of any bonus earned will be deferred into shares for three years to the extent that an Executive Director does not satisfy the share ownership guideline on the bonus payment date. 70% of the bonus will be payable by reference to performance against financial targets (up to 50% will be payable based on a sliding scale of challenging Underlying Profit Before Tax targets and up to 20% will be payable based on a sliding scale of challenging Underlying Free Cash Flow targets). 30% of the bonus will be payable based on performance against a number of strategic/personal objectives relating to the delivery of strategy, Health and Safety measures and employee engagement.

In addition, no bonus will be payable unless the Committee is satisfied that the Company's underlying performance warrants it and bonus payments will also be subject to the Committee considering that the proposed bonus amounts, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it may adjust the bonus outturn accordingly.

Due to issues of commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the Company is committed to adhering to principles of transparency and will, therefore, provide appropriate and relevant levels of disclosure of bonus targets and performance against these targets for the 2019/20 bonus in next year's report.

Directors' Annual Report on Remuneration continued

PSP Awards

A PSP award will be made in 2019¹ to Michael Topham as CEO and Richard Pike as CFO, of shares worth 150% of salary and 125% of salary respectively.

Adjusted EPS ² for 2021/22 financial year (50% of award)	Portion of award vesting
Below 24.0p	0%
24.0p	25%
24.0p to 28.0p	Pro-rata on straight-line basis between 25% and 100%
Above 28.0p	100%

Biffa's TSR ³ ranking vs the constituents of the FTSE 250 (excluding financial services companies and investment trusts) (50% of award)	Portion of award vesting
Below Median	0%
Median	25%
Between Median and Upper Quartile	Pro-rata on straight-line basis between 25% and 100%
Upper Quartile	100%

- 1 The 2019 PSP awards may be subject to a formal post vesting holding period as may be agreed by the Committee.
- 2 Adjusted EPS is defined as Underlying Profit after Tax per Share
- 3 TSR (calculated based on Biffa plc share price movements, plus dividends reinvested into Biffa plc shares on the relevant ex-dividend dates, over the performance period) is measured over the 3 year period from the date of grant.

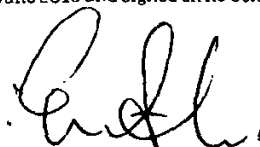
Chairman and Non-Executive Director Fees

Ken Lever receives a fee of £180,000 p.a. following his appointment as Chairman.

The Non-Executive Directors each receive a fee of £50,000 p.a., with an additional fee of £7,000 p.a. for each of the Senior Independent Director, Chair of the Audit Committee and Chair of the Remuneration Committee. These fees are unchanged from the prior year.

In April 2019 the Board agreed the SID would undertake the role of designated Non-Executive Director for the workforce engagement, as required under the new Code, at an additional fee of £10,000 p.a.

This report was reviewed and approved by the Board on 5 June 2019 and signed on its behalf by order of the Board.



Michael Averill
Chairman, Remuneration Committee

Directors' Report

Constitution

Biffa plc is a company incorporated in England and Wales with company number 10336040. The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Principal Activities

Biffa plc is the ultimate parent Company of the Group and trades principally through its subsidiary undertakings. The Group is a leading waste management company in the UK. All subsidiaries of the Company are listed on pages 172-175 of this Annual Report.

Information Incorporated by Reference

The following information is provided in other appropriate sections of the Annual Report and the Financial Statements and is incorporated by the following references:

Information	Reported in	Pages
Corporate Governance	The Corporate Governance Statement and Statement of Directors' Responsibilities	64-110
Directors	Board of Directors	66-67
	Directors' Report on Remuneration	92-106
	Directors' share interests	102
Accounting policies, financial instruments and financial risk management	Financial Statements	121-175
Going Concern	Board Statements	39
Conflicts of Interest	Corporate Governance Report	76
Results	Consolidated Income Statement	121
Greenhouse Gas Emissions	Strategic Report	60
Employee Involvement	Strategic Report	51
Employment of Disabled People	Strategic Report	49

Directors' Report Content

The Strategic Report, the Corporate Governance Report and the Directors' Remuneration Report are all incorporated by reference into this Directors' Report and should be read as part of this Report.

Strategic Report

The Company is required to prepare a fair review of the business of the Group for the 52-week period ended, 29 March 2019. The Strategic Report can be found on pages 1-63 and within that Report are details of the Group's business goals, business strategy and business model which are set out on pages 2-7.

A review of the Group's activities, and the position of the Group at the end of the financial period and its prospects for the future are contained in the Chairman's Statement on pages 8-9. The Business and Financial Reviews and the description of the principal risks and uncertainties facing the Group are contained in the Strategic Report. The purpose of the Strategic Report is to enable shareholders to assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (the Act).

Corporate Governance Reporting

Details of the Company's compliance with the Code and the disclosures required under the Code and the UK Listing Rules (Listing Rules) are contained within the Corporate Governance Report on pages 64-110. The Compliance Statement as required by Rule 7.2.1 of the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (DTR) is set out on page 110.

Management Report

For the purposes of DTR Rule 4.1.5 R(2) and DTR Rule 4.1.8, this Directors' Report and the Strategic Report on pages 1-63 comprise the Management Report.

Directors

The Directors of the Company, including their biographical details, are listed on pages 66-67 of this Annual Report.

The Company's Articles of Association provide that all Directors will stand for re-election every three years but in compliance with the Code all Directors at the AGM will retire and present themselves for election or re-election to the Board.

Each of the Directors is being unanimously recommended by the other members of the Board due to their experience, knowledge and significant management experience, their effective contribution to the businesses and a commitment to their role.

Directors' Report continued

Details of the service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors can be found in the Directors' Remuneration Policy at https://biffa.co.uk/remuneration_policy.

Subject to applicable law and the Articles of Association of the Company and to any directions given by special resolution, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Directors' Indemnities and Insurance

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

In accordance with the Company's Articles of Association, 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.

Dividends

The interim dividend of 2.30 pence per share was paid on 4 January 2019. Directors recommend the payment of a final dividend of 4.90 pence per share for the financial period ended 29 March 2019 subject to approval at the AGM on 10 July 2019, making a total payment for the year of 7.20 pence per share. The final dividend will be payable on 19 July 2019 to shareholders on the register at the close of business on 28 June 2019.

In accordance with Listing Rule 9.8.4R, details of dividends waived by shareholders can be found below under the paragraph headed Share Capital.

Authority to Purchase Shares

The Directors are seeking authority at the forthcoming AGM for the Company to purchase its own shares within certain limits.

Post Balance Sheet Events

There have been no material events from 29 March 2019 to the date of this Report.

Shareholders' Rights

Each Ordinary Share of the Company carries the right of one vote at general meetings of the Company. There are no restrictions on the transfer of Ordinary Shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law. In accordance with applicable law and the Company's share dealing policy, certain employees are required to seek approval before dealing in any Company securities.

Employees who participate in the PSP and SIP and whose shares remain in the Plan's trust give directions to the Trustee to vote on their behalf by way of a Form of Direction.

Share Capital

The Company's issued share capital as at the date of this Report is composed of a single class of 250,000,000 Ordinary Shares of 1 pence each.

On 5 June 2019, the Biffa plc Share Incentive Plan 2016 held 639,062 shares and the Wasteholdco 1 Employee Benefit Trust (EBT) held 269,081 shares, and the Biffa PSP plan held 1,699,776 shares in the Employee Benefit Trust. The right to receive any dividend has been waived by the Trustee of the EBT over the entire holding of the trust and by Wealth Nominees Limited in respect of all Biffa plc shares in their custodian account.

The rights and obligations attached to these shares are governed by English law, the Act and the Company's Articles of Association.

The Company was authorised at the 2018 AGM to allot shares or grant rights to or subscribe for or convert any security into shares in the Company (i) up to a further nominal amount of £833,333.33 and (ii) comprising equity securities up to a further nominal amount of the same figure £833,333.33 in connection with an offer by way of a rights issue. Such authority shall expire at the earlier of the next AGM of the Company or 30 September 2019.

Additionally, the Company was authorised at the 2018 AGM to make market purchases of its own shares subject to the condition that the number of Ordinary Shares re-purchased shall not exceed 10% of the issued share capital of the Company and subject to the price for such re-purchase not to exceed the higher of a) 105% of the average of the closing price of the shares on the five business days prior to the re-purchase and b) the higher of the price of the last independent trade and the highest current bid for the shares. This authority shall expire on the earlier of the next AGM or 30 September 2019.

Substantial Shareholdings

The information provided below was correct at the date of notification; however, the date on which the information was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Information provided to the Company pursuant to the FCA's DTRs is published on a Regulatory Information Service and on the Company's website.

At 29 March 2019, the shareholders with 3% or more of the voting rights in the Company were:

Shareholder	Number of shares held	Holding of issued share capital %
Angelo, Gordon & Co	36,285,388	14.51
Avenue Europe International Management	25,617,962	10.25
Franklin Templeton Investments	22,989,700	9.20
The Goldman Sachs Group, Inc.	13,944,023	5.58
Legal & General Investment Management	12,306,751	4.92
Pelham Capital Management	11,000,000	4.40
ELQ Investors	8,563,950	3.43

Modern Slavery

In compliance with the Modern Slavery Act 2015, the Company's Modern Slavery Statement can be found on the Company's website at www.biffa.co.uk.

Political Donations

No political donations have been made during the financial year.

Charitable Donations

During the year, the Company made a charitable donation of £5,000 to WasteAid. Further details can be found on page 43.

Contracts and Transactions

The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover. The Company is not aware of any contractual or other agreement which is essential to its business that ought to be disclosed in this Directors' Report.

External Auditors

So far as each Director is aware, there is no relevant information of which the Company's External Auditors are unaware. Each Director has taken all steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that Deloitte LLP are aware of that information.

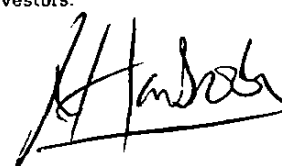
As detailed on page 90, the Audit Committee recommended, and the Board approved, the proposal that the current Auditors, Deloitte LLP, be re-appointed as Auditors of the Company at the AGM. Resolutions to re-appoint Deloitte LLP as the Company's Auditors until the conclusion of the AGM in 2020 and to authorise the Directors to determine their remuneration will be proposed to shareholders at the AGM.

Annual General Meeting

The Company's third AGM will be held at 11:00am on Wednesday 10 July 2019 at the offices of Linklaters LLP, 1 Silk Street, London EC2Y 8HQ. The Notice of the AGM contains a full explanation of the business to be conducted at the AGM and can be found on the Company's website at www.biffa.co.uk/investors.

On behalf of the Board.

Rachael Hambrook
Company Secretary
Biffa plc



Registered in England and Wales No. 10336040

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Annual Report and Accounts

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and Group and parent Company 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 are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the International Accounting Standards Regulation and have elected to prepare the parent company Financial Statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 Group and parent Company and of their profit or loss 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 estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of Group and parent Company Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

Statement of Directors' Responsibility under the Disclosure and Transparency Rules

Pursuant to Rule 4.1.12 of the Disclosure and Transparency Rules (DTRs) each of the Directors, the names and functions of whom are set out on pages 86–87 confirm that to the best of their knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report required by DTR 4.1.8R (contained in the Strategic Report and the Directors' Report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

Statement of Directors' Responsibility under the UK Corporate Governance Code

Each of the Directors as detailed above confirms that to the best of their knowledge the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy in accordance with the Code

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. A copy of the Financial Statements is available on Biffa's website.

The Statement of Directors' Responsibilities was approved by the Board on 5 June 2019.



Ken Lever
Chairman
5 June 2019

Independent Auditor's Report to the members of Biffa plc

Report on the audit of the Financial Statements

In our opinion,

- the financial statements of Biffa Plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 29 March 2019 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

Group:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 37 for the consolidated financial statements;

Parent company:

- the parent company accounting policies;
- the parent company balance sheet;
- the parent company statement of changes in equity; and
- the related notes 1 to 9 of the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the members of Biffa plc Report on the audit of the Financial Statements continued

Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Landfill Accounting • Retirement Benefit Obligations • Asset Impairment in Energy and Municipal Division • Onerous Contract Considerations <p>Within this report, any new key audit matters are identified with † and any key audit matters which are the same as the prior year identified with →.</p>
Materiality	<p>The materiality that we used for the Group financial statements was £4.0 million which was determined on the basis of revenue, underlying EBITDA and profit before tax, exceptional items and re-measurements ('adjusted profit before tax'). This equates to 0.4% of Group revenue.</p>
Scoping	<p>We performed full scope audits on 15 legal entities and specified audit procedures on 1 legal entity located in the United Kingdom and Malta. These entities account for 98% of the Group's revenue, and 98% of net assets.</p>
Significant changes in our approach	<p>One key audit matter identified in the previous year and described in our report for the year ended 30 March 2018 is not included in our report for the year ended 29 March 2019. This was the removal of uncertain tax positions as a key audit matter on the basis that we confirmed with Biffa's advisers that no changes have occurred within this case within the year, and hence no change in the proposed accounting treatment.</p> <p>We have also removed acquisition accounting as a key audit matter as management have utilised external valuation specialists in the current year to support their valuation.</p> <p>This year we have identified onerous contracts considerations as a new key audit matter, due to the significant judgement exercised in determining the amounts and have increased our focus on asset impairment to include the Municipal division in addition to the Energy division as assessed in the previous period, due to adverse trading conditions realised in the period.</p>

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement on page 110 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 34–38 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 70 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 39 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

In the prior year we included Uncertain Tax Positions as a key audit matter. In the current period, this is not considered a key audit matter on the basis that there have been no material changes, legal or otherwise, in the disputes with HMRC. Furthermore we determined that Acquisition Accounting would not be considered a key audit matter in the current year due to management's utilisation of external valuation specialists to support their purchase price allocation exercise. We have also considered that due to the difficult trading positions of the Municipal division in the current year that we increased our focus on asset impairment in the Municipal division, as well as potential onerous contract provisions.

Landfill Accounting →

Key audit matter description	<p><i>As at 29 March 2019 the Group holds a landfill restoration and aftercare provision of £67.4 million (30 March 2018: £74.2 million).</i></p> <p>The Group operates a number of landfill sites in the UK. A significant cost of owning and operating a landfill site in the UK arises after the land filling operation ceases due to the constructive and legal obligation to restore sites and then to care for them until it can be demonstrated that they present no ongoing risk to the environment. The liabilities extend until the waste is considered to be inert, which is generally assumed to be up to 60 years following closure of the site. The Group makes the provision, within the financial statements, for such long-term obligations through its provisions for restoration. The level of costs expected are uncertain and can vary significantly from site to site.</p> <p>As these provisions arise in connection with an asset, under IAS 16 "Property, Plant and Equipment" the costs are capitalised and depreciated over the remaining life of the associated asset.</p> <p>The key audit matter arises from a number of estimation uncertainties which exist in relation to the level of the provision and depreciation required. These include the appropriateness of the total cost and void data as well as the accuracy of the underlying calculations with the key variables being gross cost assumptions, void assumptions and the discount rate applied to the cash flow assumption.</p> <p>As part of our assessment of risk of material misstatements due to fraud, we evaluated which of the judgements and assumptions in landfill provision might give rise to potential fraud risks. We have focused our audit procedures to detect the inflation of performance through the manipulation of the provision.</p> <p><i>The associated disclosure is included in Note 21. The Audit Committee has included their assessment of this risk on page 89 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 135.</i></p>
How the scope of our audit responded to the key audit matter	<p>Our audit response focused on verifying and challenging the underlying data and key assumptions used by management in calculating the restoration and aftercare provisions.</p> <p>Biffa uses internal and external experts to help determine the total expenditure required to remediate sites. As part of the audit we obtained and inspected experts' reports for consistency with publicly available information and their reflection in the forecasts prepared. We have also assessed the competence, objectivity and independence of the internal and external specialists.</p> <p>We performed procedures to understand the adequacy of the design, implementation and operating effectiveness of controls in place over the completeness and accuracy of accounting for landfill provisions.</p> <p>We assessed and challenged the assumptions and judgements in management's calculations with reference to market and historical data, this included discount rates applied in the forecast cash flows. We have independently calculated an appropriate discount rate range and used this to benchmark management's rate. We have performed a sensitivity analysis of the environmental provision utilising our independently calculated range. We have also tested the mathematical accuracy of the calculations prepared including the reversal or utilisation of provisions in the current period.</p> <p>Furthermore we performed an assessment of the reasonableness of the forecast earnings that underpin the cash flows used in the calculation of the provision, for a sample of sites with comparison to historical financial information and agreement to budget; tested landfill related provisions through substantive analytical reviews; and re-performed the arithmetical accuracy of the cost of the provision.</p>
Key observations	<p>Based on the work performed as outlined above we conclude the assumptions to be appropriate and concur with management that the level of landfill provision is adequate.</p>

Independent Auditor's Report to the members of Biffa plc

Report on the audit of the Financial Statements continued

Retirement Benefit Obligations →

Key audit matter description

The Group operates several defined benefit pension schemes which are accounted for under IAS 19 ("Employee Benefits"). At 29 March 2019, the Group has recognised a net defined benefit surplus arising from the defined benefit schemes of £79.0m (2018: £61.3m). Included within this figure is a gross defined benefit obligation of £523.8m (2018: £472.8m).

Pension accounting is a specialist area requiring the exercise of significant management judgement and the use of technical expertise to determine the surplus or deficit of the scheme in accordance with generally accepted actuarial practices. We have identified a key audit matter specifically in relation to the assumption used in valuing the defined benefit pension liabilities including the use of assumptions on the discount rate, mortality assumption, inflation level, pension increase and measures of longevity. The setting of these assumptions is complex and changes to the assumptions can have a material impact on the value of pension assets and liabilities. These measures can have a material impact in determining the quantum of the retirement benefit liability.

Furthermore, in the current year with the recent requirements for all companies to comply with Guaranteed Minimum Pensions ("GMP") equalisation, we specifically looked at the costs associated with meeting these requirements.

Management also determined to account for certain Local Government pension schemes previously accounted for as defined contribution schemes on the basis of materiality as defined benefit schemes in the current year. There is a key audit matter relating to the correct accounting treatment of these schemes and associated reimbursable assets.

The associated disclosure is included in Note 29. The Audit Committee has included their assessment of this risk on page 89 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 132.

How the scope of our audit responded to the key audit matter

We performed walk through procedures to evaluate the adequacy of the design and implementation controls in place over the accounting of retirement benefit obligation.

We have tested the significant judgements made by Biffa plc third party actuaries and assessed their competence and independence. We also used our internal actuarial experts to assess the key assumptions applied in determining the pension obligation for the schemes, and determined whether the key assumptions are reasonable. The assessment included reviewing and challenging available yield curves, discount rate, inflation, mortality data and the impact of the recent guaranteed minimum pension ruling, to recalculate a reasonable benchmark for the key assumptions. We challenged management to understand the sensitivity of changes in key assumptions and quantify the impact of illustrative benchmark rates that could be used in their calculations.

Additionally we have considered the independence, objectivity and competence of the independent actuaries engaged by management to perform valuations of the relevant schemes. We also tested a sample of the data used in the actuarial valuation, as well as assessing the basis on which pension surpluses were recognised. The latter involved agreeing related terms to the deeds of the relevant Group pension scheme.

With regards to the inclusion of the Local Government pension scheme and associated reimbursable assets, we have assessed the appropriateness of the accounting treatment with comparison to others within the industry, and through consultation with internal specialists. We have also evaluated the valuation of the reimbursable asset with consultation with internal specialists, and reviewed the terms of the contract to confirm the appropriateness of the calculations.

Key observations

Based on the work performed as outlined above, we are satisfied that the methodologies and key assumptions applied in relation to determining the pension valuation, when taken in aggregate, fall within an acceptable range.

Asset Impairment in Energy and Municipal Divisions →

Key audit matter description

As at 29 March 2019 the Group held non-current assets of £856.6m (2018: £808.2m) which could be at risk of impairment, including a goodwill balance of £128.2m (2018: £100.3m) arising as a result of the previous Group restructurings and acquisitions. We focused our impairment of goodwill and other intangible assets testing on the Energy and Municipal divisions based on their low levels of headroom, and high sensitivity to key inputs.

The Group also carries different classes of intangible assets, gas reserves, brand and customer contracts. Additionally, the Group has classes of tangible assets.

Management identified four Cash Generating Units ("CGUs") that are in line with their operating divisions. The recoverable amount of these four CGUs has been calculated on a Value in Use basis ("VIU"). We have identified a key audit matter specifically in relation to the key areas of estimation uncertainty used in the forecasts. These include the discount rate, long term growth rates, forecast tonnage, electricity prices, market prices and gas yield projections and the Group's ability to win certain new Municipal contracts.

The associated disclosure is included in Note 12. The Audit Committee has included their assessment of this risk on page 89 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 130.

Asset Impairment in Energy and Municipal Divisions continued

How the scope of our audit responded to the key audit matter	<p>We held discussions with management to understand the process that the Group followed in its asset impairment assessment. Following these discussions we assessed the design and implementation of the controls that management operates over the process.</p> <p>We have reviewed the forecast reports provided by management's experts for consistency with other third party experts, publicly available information and the reflection in the cash flow forecasts. We have assessed the independence, objectivity, and competency of the internal and external experts used</p> <p>We have evaluated the accuracy of future cash flow forecasts with reference to recent performance, trend analysis and an assessment of historical forecasting accuracy of their forecasts against actual outturn that underpin the cash flows used in the assessment.</p> <p>We have evaluated managements assumptions made over the overheads allocated to the division, and their eventual decline over time as various trading elements of the division cease through comparison against previous forecasts and our understanding of the nature of the continuing business.</p> <p>We further challenged management's sensitivity analysis and performed our own sensitivity analysis on key variables. Having ascertained the extent of change in those assumptions that either were individually or collectively would be required for the goodwill and intangible assets to be impaired, we considered the likelihood of such movement in those key assumptions arising</p> <p>We used our internal valuation specialists to determine an acceptable range of discount rates utilising market comparable information and compared the rate calculated by management. We have challenged management in the long range growth rates in comparison to those used by comparable competitors. We also tested the mathematical accuracy of the calculation as performed</p> <p>We validated the integrity of management's impairment model through testing the mechanical accuracy and verifying the application of the input assumptions. We also evaluated the process management undertook to prepare the cash flow forecasts in its impairment model including agreement with the latest Board approved plans and management approved forecasts.</p> <p>We considered reasonable possible changes in assumptions to challenge the appropriateness of management's assessment of reasonable possible change scenarios. Our challenge was informed by input from certain of our internal valuation specialists, utilising their knowledge and expertise.</p>
Key observations	<p>We conclude that the assumptions applied in the impairment models, when taken in aggregate, are within our acceptable range. We agree that significant estimation uncertainty surrounding the Energy division disclosed Note 12 represents reasonable worst case scenarios.</p>
Onerous contract provisions †	
Key audit matter description	<p>In the period ending 29 March 2019, management have recognised a charge of £10.2m (2018: £5.2m) within the financial statements against onerous contracts, bringing the total provision to £18.2m (2018: £7.7m).</p> <p>Due to the significant increase in the provision in the year, we have recognised this as a key audit matter in the current year. There is a risk that the provision recognised in respect of these contracts does not appropriately cover the unavoidable future losses against the contract as required under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".</p> <p>We have identified a key audit matter in respect of the judgements applied in the assessment of unavoidable future cash flows, particularly in relation to key estimation areas around the Retail Price Index (RPI) rate, commodity prices applied and unavoidable costs under the contracts.</p> <p>The associated disclosure is included in Note 21. The Audit Committee has included their assessment of this risk on page 69 and is included within the key sources of estimation uncertainty in Note 1. For specifics of the Group's accounting policy please see page 135.</p>
How the scope of our audit responded to the key audit matter	<p>We performed procedures to understand the design and implementation of controls in place to identify contracts which may be onerous, and determine whether the potential liability is appropriately accounted and disclosed in the Group's financial statements.</p> <p>We have evaluated the accuracy of future cash flow forecasts with reference to recent performance, trend analysis, an assessment of historical forecasting accuracy and operational improvements against the contracts.</p> <p>Additionally, we assessed the forecast assumptions used by management around RPI, commodity values against external market data and other rates in the model checked against underlying signed contracts and agreements.</p> <p>We have evaluated the models created by management for arithmetical accuracy and the approach taken in relation to the recent draft IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets" amendments published by the Financial Reporting Council ("FRC").</p>
Key observations	<p>Based on the work performed as outlined above, we are satisfied that the level of provision recognised by management is in accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets" against onerous contracts.</p>

Independent Auditor's Report to the members of Biffa plc

Report on the audit of the Financial Statements continued

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£4.0m (2018: £3.5m)	£1.7m (2018: £1.4m)
Basis for determining materiality	<p>Materiality has been determined with reference to revenue, underlying EBITDA and profit before tax, exceptional items and re-measurements ("adjusted profit before tax"). The materiality determined of £4.0m equates to 0.4% (2018: 0.3%) of revenue.</p> <p>In making this determination, we calculated an adjusted profit before tax as follows:</p> <ul style="list-style-type: none"> taking the statutory profit before tax, adding back items classed as exceptional in Note 3; and adjusting the effect of the change in discount rate on aftercare provisions, so that its impact on adjusted profit represents a five year normalised average figure. 	<p>The Company materiality was determined on the basis of net assets and equates to 0.8% (2018: 0.6%) of the Company's net assets.</p>
Rationale for the benchmark applied	<p>The business is currently highly acquisitive, and therefore profit before tax is very low in the overall context of the balances within the financial statements. We believe that using a materiality based on these benchmarks reflects critical underlying measures of the Group which is given substantial prominence throughout the annual report and reflects the key metrics used by analysts in their reports and communications to shareholders and investors, as well as the communications of peer companies. In calculating an adjusted PBT figure, we removed exceptional items as these are not reflective of the underlying performance of the Group. We consider that the impact of the change in discount rate on the aftercare provision is a recurring item and have therefore included it in our calculation; however, because of its volatility, we have taken an average over five years. We consider this measure suitable having considered also other benchmarks: our materiality equates to 2.7% (2018: 2.3%) of Underlying EBITDA, 1.1% (2018: 0.9%) of Net Assets, 8.8% (2018: 5.8%) of operating profit, and 0.5% (2018: 0.4%) of gross non-current assets</p>	<p>As the Company is non-trading and operates as primarily a holding Company for the Group's trading entities, we believe that the net asset position is the most appropriate benchmark to use</p>

Revenue
◆ Group materiality

£1,091.2m

Group materiality
£4.0m

Component materiality range
£3.2m to £1.2m

Audit Committee reporting threshold
£0.20m

Levels of materiality applied to components ranged from £3.2m to £1.2m (2018: £2.8m to £1.4m), depending on the scale of the component's operations and our assessment of risks specific to each entity.

We have also set performance materiality for the Group at £2.8m (2018: £2.45m) which represents 70% of our materiality. We use performance materiality to determine the extent of our testing; it is lower than materiality to reflect our assessment of the risk of errors undetected by our sample testing and uncorrected in the financial statements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.20m (2018: £0.17m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Biffa plc primarily operates in the United Kingdom; the Group has two active overseas entities based in Malta that provide insurance services to the Group.

We consider the statutory reporting structure to reflect the components of the Group as this is how management monitor and control the business. The materiality and scope of work for each entity has been assessed based upon its significance and contributions to the Group. Audit procedures are then performed based upon the level of scope identified.

Based on this assessment, we performed full scope audits on 15 (2018: 15) legal entities and specified audit procedures on 1 (2018: 2) legal entity located in the United Kingdom and Malta. The number of scoped entities have decreased since the prior year following the dissolution of a number of non-trading entities in the Group. The full scope and specified audit procedures entities account for 98% (2018: 99%) of the Group's revenue, 98% (2018: 98%) of profit before taxation and 98% (2018: 99%) of net assets.

In addition to the work performed at a component level the Group audit team also performs audit procedures on the parent company financial statements including but not limited to corporate activities such as treasury and pensions as well as on the consolidated financial statements themselves, including entity level controls, litigation provisions, the consolidation and financial statement disclosures. In addition we carried out review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit or specified audit procedures.

A senior member of the Group audit team oversaw work on the Maltese entity. We sent detailed instructions to the Maltese component audit team, included them in our team briefings, discussed the risk assessment, attended the closing meeting and reviewed their audit working papers.

Revenue	Profit before tax	Net assets
2%	2% 2%	1% 2%
98%	96%	97%

- ◆ Full audit scope
- ◆ Specified audit procedures
- ◊ Review at Group level

Financial Statements

Independent Auditor's Report to the members of Biffa plc Report on the audit of the Financial Statements continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit, legal, the company secretary, site managers and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations. We have identified sufficient controls in place to identify fraud and non-compliance with laws and regulations, including learnings for all members of employees, and a whistleblowing hotline;
- discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, pensions, and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, landfill accounting, asset impairment, acquisition accounting, and onerous contract provisions; and
- obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, and tax legislation. In addition, compliance with terms of the Group's operating licences and environmental regulations were fundamental to the Group's ability to continue as a going concern.

Audit response to risks identified

As a result of performing the above, we identified landfill accounting, asset impairment and onerous contract provisions as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, and FRC and the Environment Agency;
- involvement of specialists and external reports to challenge any key judgements and areas of estimation uncertainty presented by management, specifically in relation to revenue recognition, landfill accounting, asset impairment, acquisition accounting and onerous contract provision discussed above; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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Independent Auditor's Report to the members of Biffa plc Report on the audit of the Financial Statements continued

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

We have nothing to report in respect of these matters.

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure


Following the recommendation of the Audit Committee, we were appointed by the Board on 23 August 2016 to audit the financial statements for the period ending 24 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the periods ending 24 March 2017 to 29 March 2019.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

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



Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 June 2019

Consolidated Income Statement

		52 weeks ended 28 March 2019			53 weeks ended 30 March 2018		
	Notes	Underlying activities £m	Other items £m (Note 3)	Total £m	Underlying activities £m	Other items £m (Note 3)	Total £m
Continuing operations							
Revenue	2	1,081.2	-	1,081.2	1,076.7	-	1,076.7
Cost of sales		(959.0)	(34.5)	(993.5)	(945.0)	(17.9)	(962.9)
Gross profit		132.2	(34.5)	97.7	131.7	(17.9)	113.8
Operating costs		(60.5)	(1.8)	(62.3)	(50.5)	(0.8)	(51.4)
Operating profit		81.7	(38.3)	43.4	81.2	(18.8)	62.4
Finance income	4	1.5	-	1.5	0.6	-	0.6
Finance charges	4	(19.2)	(6.2)	(25.4)	(22.2)	(2.5)	(24.7)
Profit/(loss) before taxation	6	64.0	(42.5)	21.5	59.6	(21.3)	38.3
Taxation	9	(12.5)	8.0	(4.5)	(11.7)	4.5	(7.2)
Profit/(loss) for the period		51.5	(33.5)	18.0	47.9	(16.8)	31.1
Profit/(loss) attributable to shareholders of the parent Company							
		51.5	(33.5)	18.0	47.9	(16.8)	31.1
Basic and diluted earnings/(loss) per share (pence)	10	20.6	(13.4)	7.2	19.2	(6.8)	12.4

Other items includes exceptional items, the impact of real discount rate changes to landfill provisions and amortisation of acquisition intangibles.

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Consolidated Statement of Other Comprehensive Income

	Notes	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Profit for the period from continuing operations		18.0	31.1
Other comprehensive income/(loss)			
Items from continuing operations that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension scheme	29	27.3	32.7
Tax relating to items that will not be reclassified subsequently to profit or loss	9	(4.8)	(4.1)
		22.4	28.6
Items from continuing operations that may be reclassified subsequently to profit or loss:			
Net loss on cash flow hedge		(0.4)	(0.3)
Other comprehensive income for the period, net of income tax		22.0	28.3
Total comprehensive income for the period		40.0	59.4
Attributable to shareholders of the parent Company		40.0	59.4

Consolidated Statement of Financial Position

	Notes	As at 29 March 2019 £m	As at 30 March 2018 £m
Assets			
Non-current assets			
Goodwill	12	128.2	100.3
Other intangible assets	13	213.0	216.9
Property, plant and equipment	14	385.4	349.5
Long-term receivables	16	68.9	73.7
Deferred tax assets	22	2.1	14.5
Retirement benefit surplus	29	79.0	51.3
		866.6	805.2
Current assets			
Inventories	15	14.4	12.7
Trade and other receivables	16	196.2	184.9
Financial assets	19	15.7	9.4
Current tax assets		0.5	0.2
Cash and cash equivalents	17	66.2	40.8
Assets held for sale	18	0.1	0.1
		293.1	248.1
Current liabilities			
Borrowings	19	(31.7)	(31.1)
Derivative financial instruments	19	(0.7)	(0.1)
Trade and other payables	20	(249.6)	(233.9)
Provisions	21	(16.0)	(13.1)
Total current liabilities		(298.0)	(278.2)
Net current liabilities		(4.9)	(30.1)
Non-current liabilities			
Borrowings	19	(387.6)	(328.6)
Trade and other payables	20	(13.7)	(13.0)
Provisions	21	(90.3)	(93.3)
Total non-current liabilities		(491.6)	(434.9)
Net assets		360.2	341.2
Equity			
Called up share capital	24	2.5	2.5
Share premium	24	235.3	235.3
Hedging reserves		(0.4)	-
Merger reserve	24	74.4	74.4
Retained earnings	25	48.4	29.0
Total equity attributable to shareholders		360.2	341.2

The Financial Statements were approved by the Board of Directors and authorised for issue on 5 June 2019. They were signed on its behalf by:



Michael Topham
Director
Company no: 10336040

Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Called up share capital £m	Share premium £m	Merger reserve £m	Hedging and other reserves £m	Retained earnings/ (deficit) £m	Total equity £m
As at 24 March 2017		2.5	235.5	74.4	0.3	(21.1)	291.6
Profit for the period		-	-	-	-	31.1	31.1
Other comprehensive (loss)/income		-	(0.2)	-	(0.3)	28.5	28.0
Total comprehensive (loss)/income		-	(0.2)	-	(0.3)	59.6	59.1
Value of employee service in respect of share option schemes	23	-	-	-	-	1.9	1.9
Dividends paid		-	-	-	-	(11.4)	(11.4)
As at 30 March 2018		2.5	235.3	74.4	-	29.0	341.2
Adjustment in respect of IFRS 15 adoption		-	-	-	-	(6.2)	(6.2)
Restated opening position		2.5	235.3	74.4	-	22.8	335.0
Profit for the period		-	-	-	-	18.0	18.0
Other comprehensive (loss)/income		-	-	-	(0.4)	22.4	22.0
Total comprehensive (loss)/income		-	-	-	(0.4)	40.4	40.0
Value of employee service in respect of share option schemes (net of tax)	23	-	-	-	-	2.2	2.2
Dividends paid		-	-	-	-	(17.0)	(17.0)
As at 29 March 2019		2.5	235.3	74.4	(0.4)	48.4	360.2

Consolidated Statement of Cash Flows

	Notes	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Cash flows from operating activities			
Cash generated from operations	26	133.0	141.7
Restructuring and exceptional costs		(4.5)	(4.3)
Employee share scheme purchase		(1.4)	(1.5)
Net cash from operating activities		127.1	135.9
Income tax paid		(0.2)	(1.7)
Net cash inflow from operating activities		126.9	134.2
Cash flows from investing activities			
Purchases of property, plant and equipment		(42.4)	(36.2)
Purchases of intangible assets		(3.7)	(7.0)
Purchase of business, net of cash acquired	11	(41.5)	(41.0)
Proceeds from the sale of property, plant and equipment		0.9	5.2
Interest received		0.3	0.1
Net cash used in investing activities		(86.4)	(78.9)
Cash flows from financing activities			
Interest paid		(16.3)	(19.7)
(Repayment)/drawdown of borrowings	27	45.1	(4.4)
Finance lease principal payments	27	(33.0)	(35.3)
Receipt of funds held on long term deposit		8.1	-
Deposits made in respect of long-term bonds		-	(0.1)
Dividends paid		(17.0)	(11.4)
Net cash flow used in financing activities		(15.1)	(70.9)
Net increase/(decrease) in cash and cash equivalents		25.4	(15.6)
Cash and cash equivalents at the beginning of the period		40.8	56.4
Cash and cash equivalents at the end of the period	17	66.2	40.8

Notes to the Consolidated Financial Statements

1. Accounting Policies

Basis of preparation

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS regulations and the parts of the Companies Act 2006 applicable to entities reporting under IFRS. The comparative financial information has also been prepared on this basis.

The consolidated Financial Statements have been prepared on a historical cost basis, except for the recording of pensions assets and liabilities and the revaluation of certain derivative financial liabilities instruments.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements are disclosed on page 139

The Group's income statement and segmental analysis separately identify financial results before exceptional and other items. The Directors believe that the presentation of the results in this way is relevant to an understanding of the Group's financial performance. Presenting financial results before exceptional and other items is consistent with the way that the financial performance is measured by management and reported to the Board and aids the comparability of reported results from year to year in this context.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic and political conditions create uncertainty; however, the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the current level of its facilities. Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors consider it appropriate to adopt the going concern basis in preparing the consolidated Financial Statements.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Company and all of its subsidiaries. Subsidiaries are all entities over which the Group has the power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to its ability to govern. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases.

All intra-group transactions are eliminated as part of the consolidation process. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in accounting policies and disclosures

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

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied from 31 March 2018 IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduced new requirements for:

- the classification and measurement of financial assets and financial liabilities;
- impairment of financial assets; and
- general hedge accounting

IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and requires the Group to reassess the classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss (FVTPL), fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. (a) Classification and measurement of financial assets. The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 31 March 2018. Based on the facts and circumstances that existed at that date it has been concluded that the initial application of IFRS 9 has not had a material impact on the Consolidated Financial Statements. There is no adjustment to opening retained earnings arising from the adoption of IFRS 9 and the prior period has not been restated.

The consequential amendments to IFRS 7 have resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated Financial Statements.

Impairment of assets

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The ECL is calculated by considering the probability of default and exposure at default. The probability of default is an estimate of the likelihood of default over the expected lifetime of the debt. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. IFRS 9 requires credit risk to be considered on initial recognition of the financial asset and then subsequently at each balance sheet date. The forward-looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors affect ECLs.

General hedge accounting

The new general hedge accounting requirements retain the three types of hedging which were available under IAS 39; fair value hedges, cash flow hedges and net investment hedges. The Group enters into forward currency contracts to hedge its exposure to foreign currency risk. The effectiveness requirements under IFRS 9 have been simplified compared to those under IAS 39, therefore all existing hedging relationships are eligible, and continued to be effective under IFRS 9.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016). The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and liabilities in terms of the requirements of IFRS 15) is 31 March 2018. IFRS 15 provides a single principles based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or if those performance obligations are satisfied. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The Group has undertaken a comprehensive analysis of the new standard based on a review of the portfolios of contracts reflecting the different revenue streams across the four operating divisions. The Group has adopted the modified retrospective approach whereby the historical cumulative transitional adjustment is reflected through retained earnings with no adjustment to prior year results. As a result of the application of IFRS 15 the below adjustments have been made to the opening statement of financial position which reflects the timing of municipal contract extension discounts.

Intangible assets	£(5.5)m
Prepayments	£(0.7)m
Retained earnings	£6.2m

In addition, there has been a reclassification between cost of sales and revenue with respect to commodity rebates. This has resulted in an immaterial decrease of less than 1% in total revenue recognised, with no impact on gross profit, operating profit or profit before tax which has not been restated in the prior period.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued income' and 'deferred income'; however, the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

The Group's accounting policies for its revenue streams are disclosed in detail below. There have been no material changes to revenue recognition on adoption of IFRS 15. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018.

IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
Annual Improvements to IFRSs 2014-2018 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures

Adoption of the above has not had any material impact on the disclosures or on the amounts reported in these Financial Statements.

Changes in accounting policies and disclosures - future developments

At the date of authorisation of these Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRS 9 (amendments)	Prepayment Features with Negative Compensation
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures
IAS 19 (amendments)	Plan Amendment, Curtailment or Settlement
IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over Income Tax Treatments
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

IFRS 16 Leases

IFRS 16 was issued in January 2018 and will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Board is still in the process of reviewing the impact of IFRS 16 on the Group's accounting policies. The Group currently leases both properties and plant and equipment under operating leases which will be impacted by the new Standard. IFRS 16 removes the distinction between operating leases and finance leases. The result is that the majority of leases will be capitalised on the statement of financial position as a right of use asset within property, plant and equipment, with a corresponding finance lease creditor. The cost of leasing these assets in the income statement is recognised as a depreciation charge and an interest charge, opposed to the operating lease charge previously reflected under IAS 17. The exception to this is the leasing of assets for a period of less than twelve months which do not require the recognition of a right of use asset or corresponding creditor.

The Group has carried out a full review of the leases and determined that the application of IFRS 16 will have a material impact on the reported financial results and the statement of financial position. On transition, IFRS 16 allows for either a full retrospective approach whereby all prior year comparatives are restated or the modified retrospective approach. The Group has adopted the modified retrospective approach. On transition, the Group has made use of the practical expedients to exclude leases where the term ends within 12 months from the date of initial application, and to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 30 March 2019. The Group will also apply a single discount rate to portfolios of assets with similar characteristics.

Based on a detailed assessment of lease arrangements in place, the Group estimates that it will recognise lease liabilities and right of use assets in the region of £135m. It is expected that profit before tax will reduce in the region of £1.5m. Operating profit is expected to increase by £2.3m as the depreciation charge is higher than the original lease payments. Over the life of the lease, the overall impact on profit before tax is £nil but a higher interest charge is reflected in the earlier years of the lease term. The amounts have been calculated using the Group's incremental borrowing rate of between 3.0% and 3.4%. There is no impact on the total Group's cash flows, however there will be a material presentation change. An increase in net cash flows from operations will be offset by an increase in the net cash outflows from financing activities. We do not expect that the application of IFRS 16 will have a material impact on the Group's effective tax rate.

In practical terms, the results for the financial year ended 27 March 2020 will not be comparable to the current financial year as the modified retrospective approach does not require the comparative period to be restated. In addition, the covenant requirements as a result of the refinancing completed in the year were calculated on the basis of the application of IAS 17. This has been grandfathered on application of IFRS 16, so for internal purposes and covenant compliance, management will continue to draw out the differences between the standards in order to aid understanding.

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

Business combinations

The Group accounts for acquisitions of businesses using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- *deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively;*
- *liabilities or equity measurements related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 'Business Combinations' at the acquisition date;*
- *assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets and acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is tested annually for impairment or if there is an indication of impairment. Gains and losses on the disposal of a cash-generating unit include the carrying amount of goodwill relating to that cash-generating unit.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Gains and losses on the disposal of a cash generating unit include the carrying amount of goodwill relating to that cash generating unit.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Team.

The Group's internal reporting structure is aligned on the same basis and segmental information is presented on a basis consistent with this reporting structure. During the financial year ended 29 March 2019, the Leicester business was transferred from the Municipal division to the Energy division. The segmental reporting disclosed in Note 2 has been restated for the 53 week period ended 30 March 2018.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable once performance obligations have been fulfilled. Revenue is reduced for value added taxes and trade discounts and commodity rebates. The methodology and assumptions for the calculations of trade discounts and commodity rebates are monitored and adjusted regularly with reference to contractual and legal obligations, historical trends, past experience and projected market conditions. The nature of the service provided by the Group means that returns or refunds are extremely limited. Landfill Tax is included within both revenue and cost of sales.

Revenue from the sale of goods is recognised when the performance obligation has been met, the goods are delivered and titles have passed.

Revenue from the provision of services is recognised at the point when service has been provided. Collection revenues are recognised at the point of collection from customer sites. For municipal collections, revenue is recognised in accordance with quantities specified in the customer contracts.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue from waste processing, treatment and landfill facilities is recognised when the performance obligation has been met which is deemed to be when waste is physically received at the Group sites.

Energy generation revenue is recognised at the point that power is supplied to the customer based on the quantity of units supplied.

The Group's standard terms for payment offered to customers is typically 30 days.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial information of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are recognised as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated Financial Statements, the Group's foreign currency denominated assets and liabilities are translated into Sterling using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Group presents service costs in operating costs and net interest expense or income is included in finance income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. The Group makes contributions under Admitted Body status to a number of Local Government Pension Schemes (LGPS) for the period to the end of the relevant customer contracts. The Group will only participate in LGPS for a finite period up to the end of the relevant customer contracts. At rebid, any deficit or surplus will be transferred to the next contractor. The Group recognises the defined benefit obligation less the fair value of scheme assets and, an adjustment to only recognise the amount of defined benefit for which it is responsible under the contract. Movements in this adjustment are recognised in the same way as movements in plan assets.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based payment plans

The Group's management awards employee share options, from time to time, on a discretionary basis which are subject to vesting conditions. The economic cost of awarding the share options to its employees is recognised as an employee benefit expense in the income statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to the stochastic pricing model. The charge is recognised over the vesting period of the award.

Exceptional items

Exceptional items are those that in the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's performance.

Taxation

Income tax represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or 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.

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. There are no directly attributable borrowing costs. 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.

In the Financial Statements depreciation was recognised so as to write off the assets on the below basis:

- Buildings – length of lease straight-line method
- Plant, vehicles and equipment – 4 to 15 years straight-line method
- Landfill sites – void consumed

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. Changes to the obligation are recorded as adjustments to the carrying value of the asset. The asset recognised is depreciated based on energy production.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

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 or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following useful lives have been applied to the intangible assets during the period:

- Brand – Indefinite life
- Customer contracts – 3 to 20 years
- IT development – 3 to 5 years
- Landfill gas rights – length of projected profitable gas extraction based on landfill site content degradation

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the criteria listed above. When no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Pre-contract costs

Pre-contract costs are expensed as incurred until the Group is appointed preferred bidder. Preferred bidder status provides sufficient confidence that the conclusion of the contract is probable, the outcome can be measured reliably and is expected to generate sufficient net cash inflows to enable recovery.

Pre-contract costs incurred subsequent to appointment as preferred bidder are capitalised onto the balance sheet under prepayments and accrued income. The prepayment is expensed to the income statement over the period of the contract. Costs which have been expensed are not subsequently reinstated when a contract award is achieved.

Impairment of tangible and intangible assets other than goodwill

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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 represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale. Full provision is made for obsolete or defective stock.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 finance charge.

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.

Provisions for the cost of restoring landfill sites and aftercare costs are made as the obligation to restore the site arises. Costs are charged to the profit or loss over the operational life on the basis of the usage of void space for each landfill site. The restoration obligation is typically fulfilled within two years of the landfill site being closed to waste.

Provisions for aftercare costs are made as the aftercare liability arises. Costs are charged to the profit or 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. Changes in the provision arising from revised estimates that relate to the asset are recorded as adjustments to the carrying value of the asset. The asset is depreciated over the period of gas generation which commences during the active phase of landfill and extends beyond the closure date, producing commercial volumes of gas for up to 16 years. Aftercare costs are provided for based on the Directors' expectation that the obligation will have been fulfilled 60 years post closure of the site.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Service concession arrangements

Where the Group has constructed infrastructure on behalf of a third party as part of an integrated waste management contract which grants the Group unconditional, contractual rights to future revenues, the right to consideration is recorded as a financial asset. This financial asset accrues finance income and is reduced as the financial payments are received.

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the entity becomes party to the contractual provisions of the instrument and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

The Group designates certain derivatives as either a) fair value hedge (hedges of the fair value of recognised assets or liabilities), or b) cash flow hedge (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction); or c) net investment hedge (hedges of net investments in foreign operations). The Group documents the transaction relationship between the hedging instruments and hedged items at inception. At inception and at each reporting date the Group assesses whether the derivatives used have been effective in offsetting changes in the fair value of hedged items.

The fair values of derivative instruments used for hedging are shown in Note 19. Movements in the hedging reserve are shown in the statement of changes in equity.

At the reporting date the Group has no fair value hedges or net investment hedges.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in equity. The Group's cash flow hedges in respect of forward foreign exchange contracts result in recognition in either profit and loss or in the hedging reserve.

When a hedging instrument expires or is sold, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity will be transferred to the income statement.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets with the timeframe established by regulation or convention in the marketplace.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL) and loans and receivables.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial asset.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost and at FVTOCI.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Group recognises a loss allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast future conditions at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Impairment of financial instruments

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All customers are subject to credit scoring on a quarterly basis. The Group considers a financial asset to have low credit risk when the external credit rating of the counterparty exceeds the Group's minimum required score, and when the counterparty has a strong financial position and payments are being made within the contractual terms.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due

The Group considers the below as constituting an event of default as historical experience indicates that financial assets that meet the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Financial assets may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Commitment and borrowing fees are capitalised as part of the loan and amortised over the life of the relevant agreement. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Borrowings are classified as non-current liabilities where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share capital

Ordinary Shares are classified as equity and recorded at par value of proceeds received. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account net of direct issue costs.

Dividend distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved. Interim dividends are recognised when paid.

Areas of judgement and key sources of estimation uncertainty

The preparation of IFRS compliant Financial Statements requires the use of accounting estimates and assumptions and also requires management to exercise its judgement in the process of applying Group accounting policies. The Group continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The Group does not have any critical judgements in the process of applying the Group's accounting policies.

The Group has the following key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period;

- Goodwill, see Note 12
- Environmental and aftercare commitments, see Note 21
- Pension obligations, see Note 29
- Uncertain tax provisions, see Notes 32 and 33

In order to illustrate the impact that changes in assumptions could have on the Group's results and financial position, sensitivity analysis has been included within the Notes

The Board believes that the potential impact of Brexit on the Group will be relatively limited given that it operates primarily within the UK. Principal risks include foreign exchange movements, imposition of tariffs and potential constraint of labour supplies. The Board 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.

Notes to the Consolidated Financial Statements continued

2. Segmental Information

The Group is managed by type of business and is organised into four operating divisions. These divisions represent the business segments in which the Group reports its primary segment information and are consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Team. The activities of the divisions are detailed on pages 26–29. The Group's segmental results are as follows:

Revenue within segments is eliminated on consolidation.

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m restated
Revenue – continuing operations		
Industrial & Commercial	508.3	574.0
Municipal	164.6	174.8
Resource Recovery & Treatment	215.4	220.3
Energy	102.9	107.6
	1,091.2	1,076.7
	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Revenue reconciliation		
Statutory revenue	1,091.2	1,076.7
Landfill Tax	(80.4)	(70.6)
Net Revenue	1,030.8	1,006.1
	£m	Growth factor
FY18 Net Revenue	1,006.1	
Acquisition revenue growth	28.1	2.9%
Organic revenue growth	(4.4)	(0.4)%
FY19 Net Revenue	1,030.8	

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The Municipal division revenue reflects a reduction of £19.9m with a corresponding increase in the Energy division.

Sales between operating divisions are carried out at arm's length.

All trading activity and operations are in the United Kingdom and there is therefore no secondary reporting format by geographical segment. There is no single customer that accounts for more than 10% of Group revenue (2018: none).

The growth rates above are based on actual reported revenue for period ended 30 March 2018 which was a 53 week period.

	52 weeks ended 29 March 2018 £m	53 weeks ended 30 March 2018 £m restated
Underlying EBITDA		
Industrial & Commercial	87.4	77.2
Municipal	16.8	24.5
Resource Recovery & Treatment	28.7	32.1
Energy	32.9	32.3
Group costs	(14.9)	(18.1)
Underlying EBITDA	150.7	150.0
Depreciation and amortisation	(69.0)	(68.8)
Underlying Operating Profit	81.7	81.2
Exceptional items (Note 3)	(18.2)	(7.7)
Amortisation of acquisition intangibles	(16.5)	(16.8)
Impact of real discount rate changes to landfill provisions	(1.8)	5.7
Operating Profit	46.4	62.4
Finance income	1.6	0.6
Finance charges	(25.4)	(24.7)
Profit before taxation	21.6	38.3

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The Municipal division EBITDA reflects a reduction of £1.1m with a corresponding increase in the Energy division.

Group costs represent those components of shared services and corporate costs (including inter alia, board and corporate costs, finance, HR, IT, legal and insurance, external affairs and SHEQ) that cannot be meaningfully allocated to the operating segments.

	52 weeks ended 29 March 2018 £m	53 weeks ended 30 March 2018 £m restated
Underlying Operating Profit		
Industrial & Commercial	55.6	48.1
Municipal	4.7	11.2
Resource Recovery & Treatment	11.1	13.7
Energy	27.2	25.6
Group costs	(16.9)	(17.4)
	81.7	81.2

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The Municipal division Underlying Operating Profit reflects an increase of £2.5m with a corresponding reduction in the Energy division.

Underlying EBITDA represents the underlying profit earned by each segment without allocation of the share of depreciation and amortisation, exceptional items, finance costs, material impacts of changes in real discount rate applied to the Group's long-term landfill provisions and income tax expense. Underlying Operating Profit recognises the impact of depreciation and amortisation excluding the amortisation of acquisition intangibles. These measures are both reported to the Group Executive Team for the purpose of resource allocation and assessment of segment performance.

The exceptional costs of £18.2m (2018: £7.7m) are disclosed in Note 3.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Segmental Information continued

	Net book value as at 29 March 2019 £m	Net book value as at 30 March 2018 £m restated
Tangible and intangible assets		
Industrial & Commercial	192.0	171.0
Municipal	48.1	82.6
Resource Recovery & Treatment	96.3	94.8
Energy	169.1	164.0
Shared services and corporate	74.9	54.0
	578.4	566.4

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The Municipal division tangible and intangible assets reflects a reduction of £5.6m with a corresponding increase in the Energy division.

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m restated
Capital expenditure		
Industrial & Commercial	71.3	51.2
Municipal	5.8	16.7
Resource Recovery & Treatment	17.8	23.8
Energy	4.4	3.3
Shared services and corporate	7.1	12.5
	106.4	107.5

Capital expenditure comprises additions to intangible assets and property, plant and equipment including leased assets.

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The Municipal division capital expenditure reflects a reduction of £1.4m with a corresponding increase in the Energy division. The Industrial & Commercial division expenditure includes £25.3m of acquired assets as detailed in Note 11.

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m restated
Depreciation and amortisation		
Industrial & Commercial	31.8	29.1
Municipal	11.8	13.3
Resource Recovery & Treatment	17.8	18.4
Energy	6.7	6.7
Shared services and corporate	2.0	1.3
	69.0	68.8
Amortisation of acquisition intangibles	16.6	16.8
Total	85.6	85.6

Depreciation and amortisation relates to the write down of both intangible and tangible fixed assets over their estimated useful economic lives. Amortisation of acquisition intangibles is disclosed separately in line with the segmental Underlying Operating Profit

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The Municipal division depreciation and amortisation reflects a reduction of £1.4m with a corresponding increase in the Energy division.

3. Other Items

The Group's financial performance is analysed into two components, underlying performance (which excludes other items) and other items. Underlying performance is used by management to monitor financial performance as it is considered it aids comparability of the reported financial performance year to year.

Other items includes exceptional items, amortisation of acquisition intangibles and the impact of real discount rate changes in landfill provisions.

Management utilises an exceptional item framework that has been approved by the Board. This follows a three step process which considers the nature of the event, the financial materiality involved and the particular facts and circumstances. Items of income and expense that are considered by management for designation as exceptional items include items such as significant corporate restructuring costs, acquisition-related costs, write downs or impairments of non-current assets, movements on onerous contract provisions and strategy-related costs, including the implementation of Project Fusion

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Included within operating profit		
Exceptional items:		
Acquisition related costs	2.8	1.6
Corporate restructuring costs	0.2	(0.1)
Onerous contracts	10.2	5.2
Strategy related costs	1.8	1.0
Pensions GMP equalisation	3.1	-
	18.2	7.7
Amortisation of acquisition intangibles	18.5	18.8
Impact of real discount rate changes to landfill provisions	1.6	(5.7)
	36.3	18.8
Corporate restructuring costs included within finance costs:		
Finance charges	(8.2)	(2.5)
Taxation impact of other items	9.0	4.6
	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Segmental exceptional items:		
Industrial & Commercial	2.8	1.5
Municipal	8.6	6.2
Resource Recovery & Treatment	(1.0)	(1.0)
Energy	4.8	0.1
Group costs	6.1	0.9
	18.2	7.7

Included in the results for the 52 week period ended 29 March 2019 are £19.0m of costs which management consider to be non-recurring and specific to certain circumstances that arose in the period. These include £3.1m in relation to the pensions GMP equalisation, £10.2m in relation to onerous contracts and £3.8m of unamortised transaction costs recognised as a finance charge as a result of the Group refinancing completed in the period. All of these items are non-cash items.

Notes to the Consolidated Financial Statements continued

3. Other Items continued

Acquisition-related costs

The £2.8m of acquisition-related expenditure in the 52 weeks ended 29 March 2019 relates to professional fees and other costs which are directly attributable to acquisitions. This includes £0.7m in relation to the acquisition of 100% of the issued share capital of Specialist Waste Recycling Limited and £0.9m in relation to the acquisition of Weir Waste Services Limited.

The £1.6m of acquisition-related expenditure in the 53 weeks ended 30 March 2018 relates to professional fees and other costs which are directly attributable to acquisitions. This includes £0.9m in relation to the acquisition of 100% of the issued share capital of O'Brien Waste Recycling Solutions Holdings Limited, £0.2m in relation to the acquisition of 100% of the issued share capital of Amber Engineering Limited and £0.2m in relation to the acquisition of the trade and assets of Blakeley's Recycling Limited in the prior year.

Corporate restructuring costs

Corporate restructuring costs mostly relate to professional fees.

Onerous contracts

Onerous contract costs reflect all movement on onerous service contract provisions. The Group has identified two contracts in the year which have been historically loss making. In previous periods it was expected that a number of operational measures and economic factors would result in these contracts returning to profitability. The Directors have reassessed these contracts and future forecasts and determined that a return to profitability is no longer expected and have accordingly provided for these. These were considered as one-off charges due to the creation of non-recurring provisions. Onerous contract costs also include the unwinding of provisions recognised on other loss making contracts in prior periods.

Going forward, any additional provisions required against these contracts, or unwinds of these provisions, will also be reflected within exceptional items on the basis that they do not represent the underlying year-on-year trading of each of these contracts.

Strategy-related costs

Strategy-related costs arise from Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business. These costs are substantial in scope and impact, and do not form part of recurring operational or management activities that the Directors would consider part of our underlying performance. Adjusting for these charges provides a measure of operating profitability that is comparable over time. Strategy-related costs primarily relate to the Group's system replacement programme Project Fusion.

Amortisation of acquisition intangibles

Amortisation of acquisition intangibles represents the amount amortised by the Group in each period in respect of intangibles from prior acquisitions, which amounts are reported separately from the Group's depreciation and amortisation charges. The charges are reported separately and performance of the acquired business is assessed through the underlying operational results. The Group uses this Alternative Performance Measure (APM) to improve the comparability of information between reporting periods and its divisions to aid the user of the Annual Report in understanding the activities taking place across the Group's portfolio.

GMP pensions equalisation

As a result of the 2018 High Court ruling that Lloyds Banking Group must amend its pension schemes in order to equalise benefits for men and women. This has resulted in an additional past service cost of £3.1m being recognised. This has been reported separately to aid the understanding of the Group's performance as it is a non-operational item.

Impact of real discount rate changes to landfill provisions

Impact of real discount rate changes to landfill provisions reflects the impact on provisions which arises wholly due to the change in discount rate on landfill provisions as this is not reflective of operational performance.

In addition to the Other items disclosed above, The Group uses Return on Operating Assets and return on capital employed as performance measures. These are aligned to the strategy and are reported internally to the Board and Operating Committees to aid their decision making. These are calculated as below:

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Return on Operating Assets		
Underlying Operating Profit ¹	81.7	81.2
Average of property, plant and equipment ²	357.5	338.7
Net working capital ³	(37.6)	(40.1)
Total average of property, plant and equipment plus net working capital	319.9	298.6
Return on Operating Assets⁴	25.5%	27.2%

- 1 Profit before exceptional items, amortisation of acquired intangibles, impact of real discount rate changes to landfill provisions, finance costs and taxation.
- 2 Average of opening and closing property, plant and equipment
- 3 Average balance in 2019 and 2018 of the net of inventories, trade and other receivables and trade and other payables.
- 4 Return on Operating Assets is determined by Underlying Operating Profit divided by the average of opening and closing PP&E plus net working capital.

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Return on Capital Employed		
Operating profit	45.4	62.4
Exceptional items [Note 3]	18.2	7.7
Impact of real discount rate changes to landfill provisions [Note 3]	1.6	(5.7)
Adjusted operating profit	65.2	64.4
Average of shareholders' equity ¹	350.7	316.4
Net debt ²	336.0	304.5
Retirement benefits	(85.2)	(33.4)
Environmental provisions	70.8	77.6
	692.3	665.1
Return on Capital Employed³	9.4%	9.7%

- 1 Average of opening and closing shareholders' equity
- 2 Net debt comprises of the average net debt in 2019 and 2018 [Note 27].
- 3 Return on Capital Employed is determined by adjusted operating profit divided by the average of opening and closing shareholders equity, plus the average of net debt, pensions and environmental provisions.

Notes to the Consolidated Financial Statements continued

4. Finance Income and Charges

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Finance charges		
Interest on bank overdrafts, bonds and loans	(17.9)	(16.0)
Interest on obligations under finance leases	(6.0)	(6.3)
Interest unwind on discounted provisions	(2.0)	(2.1)
Interest on forward contracts	(0.5)	(0.3)
Total finance charges	(26.4)	(24.7)
Interest income	1.5	0.6
Finance income	1.5	0.6
Net finance charges	(23.9)	(24.1)

Recognised in other items (Note 3)

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Finance charges		
Interest on bank overdrafts, bonds and loans	(3.8)	-
Fair value discount unwind on EVP preference instrument	(2.4)	(2.5)
Total finance charges	(6.2)	(2.5)

The £3.8m of interest on bank loans recognised in other items is the write off of previously capitalised borrowing costs which arose as a result of the completion of the Group refinancing in the year.

5. Financial Instrument Gains and Losses

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Loans and receivables		
Interest income at amortised cost	1.5	0.6
Other financial liabilities		
Interest expense at amortised cost	(25.4)	(24.7)

6. Profit/(Loss) Before Taxation

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
The following items have been included in arriving at the pre-tax profit/(loss):		
Employee costs (Note 7)	276.9	272.5
Depreciation of property, plant and equipment		
• owned assets	38.0	40.5
• assets held under finance leases	29.7	26.0
Amortisation of intangible assets		
• acquisition intangibles (Note 2)	16.5	16.8
• other intangibles	1.3	2.2
Operating lease charges		
• plant and machinery	1.8	2.0
• other	12.9	11.9
Exceptional items (Note 3)	18.2	7.7
Profit on disposal of property, plant and equipment	2.2	2.7

Underlying operating costs have been split into administration and distribution costs as detailed below:

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Operating costs		
Distribution costs	21.7	20.3
Administrative expenses	28.8	30.2
	50.5	50.5

7. Employees and Directors

The average monthly number of persons (including Executive Directors) employed by reporting segment, by the Group during the period was:

	52 weeks ended 29 March 2019 Number	53 weeks ended 30 March 2018 Number restated
By segment		
Industrial & Commercial	3,097	2,924
Municipal	3,404	3,533
Resource Recovery & Treatment	638	639
Energy	331	304
Shared services and corporate	354	373
	7,822	7,773

The 53 week period ended 30 March 2018 has been restated to reflect the transfer of the Leicester business from the Municipal division to the Energy division. The transfer resulted in 162 employees moving from the Municipal division to the Energy division.

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Their aggregate remuneration comprised:		
Wages and salaries	248.6	244.0
Social security costs	18.4	19.5
Other pension costs	9.2	8.2
Redundancy and termination payments	1.8	0.9
	278.0	272.6

The remuneration of the Directors is set out on pages 92-106 within the Directors' Report on Remuneration described as being audited and forms part of these Financial Statements.

Key management compensation

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Their aggregate remuneration comprised:		
Wages and salaries	2.4	1.9
Social security costs	0.6	0.4
Other pension costs	0.3	0.2
Short-term incentives	1.5	0.8
	4.8	3.3

Key management personnel have been defined as the Group Executive Team.

Notes to the Consolidated Financial Statements continued

8. Auditor's Remuneration

The analysis of the Company and Biffa Group's auditor's remuneration is as follows:

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Fees payable to the Company's auditor for the audit of the Company's consolidated annual Financial Statements	0.6	0.5
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	0.3	0.3
Total audit fees	0.9	0.8
Audit-related assurance services	0.1	0.1
Total audit and non-audit fees	1.0	0.9

The other assurance services provided by the auditor related to agreed upon procedures and other assurance services outside of statutory requirements.

9. Income Tax Recognised in Profit or Loss

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Current tax		
In respect of the current year	0.2	0.1
Adjustment in respect of prior years	(0.1)	(0.6)
	0.1	(0.5)
Deferred tax		
Origination and reversal of temporary differences	5.0	8.5
Adjustment in respect of prior years	(1.1)	0.1
Adjustment attributable to changes in tax rates and laws	(0.5)	(0.9)
	3.4	7.7
Total tax charge	3.6	7.2

Corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the period. The charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	52 weeks ended 29 March 2019		
	Underlying activities £m	Other items £m	Total £m
Profit before tax	64.0	(42.5)	21.5
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 19% (2018: 19%)	12.2	(8.1)	4.1
Effects of:			
Over provision in respect of prior years	-	(1.2)	(1.2)
Expenses not deductible for tax purposes	0.5	0.8	1.3
Non-taxable income	(0.2)	-	(0.2)
Effect of change in tax rate	-	(0.5)	(0.5)
Total taxation	12.5	(9.0)	3.5

53 weeks ended 30 March 2018			
	Underlying activities £m	Other items £m	Total £m
Profit before tax	59.6	(21.3)	38.3
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 19% (2018: 20%)	11.4	(4.0)	7.4
Effects of:			
Over provision in respect of prior years	-	(0.5)	(0.5)
Expenses not deductible for tax purposes	0.4	0.9	1.3
Non-taxable income	(0.1)	-	(0.1)
Effect of change in tax rate	-	(0.9)	(0.9)
Total taxation	11.7	(4.5)	7.2

In addition to the amount credited to the consolidated income statement, the following amounts have been credited/ [charged] directly to equity:

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Deferred tax (charge)/credit arising on actuarial (gains)/losses	(4.0)	(5.5)
Deferred tax (charge)/credit arising on share based payments	(0.9)	1.4
Total deferred tax charged directly to equity	(5.8)	(4.1)

The Finance Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2018 and to 17% effective from 1 April 2020, was enacted on 15 September 2016. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at the balance sheet date have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

The calculation of the Group's taxation charge involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be fully determined until resolution has been reached with the relevant authority as detailed in Note 32 and 33.

Whilst the UK remains part of the EU the evolution of the application of EU tax competition regulations continues to create uncertainty over tax legislations and at this stage it is not possible to quantify the impact on the Financial Statements.

As the Group's presence is mainly in the UK we do not envisage a significant impact on the Group following the decision of the UK Government to invoke Article 50 to leave the EU.

Notes to the Consolidated Financial Statements continued

10. Earnings per Share

Basic Earnings per Ordinary Share are based on the Group profit for the year and a weighted average of 250,000,000 (2018: 250,000,000) Ordinary Shares in issue during the year.

An adjusted Earnings per Ordinary Share figure has been presented to eliminate the effects of exceptional items, amortisation of acquisition intangibles and the impact of the change in the real discount rate to long-term provisions. The presentation shows the trend in Earnings per Ordinary Share that is attributable to the underlying trading activities of the Group.

The reconciliation between the basic and adjusted figures for the Group is as follows.

	52 weeks to 29 March 2019		53 weeks to 30 March 2018	
	£m	Earnings per Share pence	£m	Earnings per Share pence
Profit attributable to owners of parent Company for basic and diluted Earnings per Share calculation	18.0	7.2	31.1	12.4
Other items (Note 3)	33.5	13.4	16.8	6.8
Adjusted earnings	51.5	20.6	47.9	19.2

At 29 March 2019 the Company had a weighted average 2,607,919 Ordinary Shares in the Company which underlie the Company's share option awards and may dilute Earnings per Share in the future. Any potential dilution would be immaterial.

11. Acquisitions**52 weeks ended 29 March 2019**

On 16 August 2018, the Group acquired 100% of the issued share capital of Weir Waste Services Limited, a leading provider of waste and recycling solution in the Birmingham and West Midlands region. It was acquired in order to extend the Group's commercial customer base and market presence in the region, and is highly complementary to the Group's existing business. Weir Waste Services Limited contributed £11.5m revenue and £0.1m loss to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial period, Group revenues would have increased by £17.3m and Group profit would have reduced by £0.2m.

On 31 August 2018, the Group acquired the trade and assets of H&A Recycling Limited, a commercial waste collection and recycling business in Cornwall. It was acquired in order to extend the Group's commercial customer base and market presence in the region, and is highly complementary to the Group's existing business. H&A Recycling Limited contributed £1.8m revenue and £0.1m loss to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial period, Group revenues would have increased by £2.7m and Group profit would have reduced by £0.2m.

On 11 March 2019, the Group acquired 100% of the issued share capital of Specialist Waste Recycling Limited. It was acquired in order to extend the Group's commercial customer base and is highly complementary to the Group's existing business. Specialist Waste Recycling Limited contributed £1.8m revenue and £0.1m profit to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial period, Group revenues would have increased by £36.5m and Group profit would have increased by £2.5m.

During the year, the Group acquired certain trade and assets of:

- London Recycling Services Limited on 30 April 2018
- Bisset Waste Management Limited on 30 April 2018
- The Kier Group on 31 October 2018
- Saving British Business Money Limited on 30 November 2018

Total net assets of £0.5m were acquired for cash consideration of £1.5m resulting in goodwill of £1.0m being recognised. If these acquisitions had been completed on the first day of the financial period, Group revenues for the period would have increased by £2.4m and Group profit would have increased by £0.6m.

11. Acquisitions continued

The preliminary amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below

	Specialist Waste Recycling Limited £m	H&A Recycling £m	Wair Waste Services Limited £m	Other acquisitions £m	Total preliminary £m
Property, plant and equipment	0.2	1.1	8.1	-	9.4
Intangible assets	13.5	0.7	1.1	0.6	15.9
Debtors	7.2	-	3.7	-	10.9
Cash and cash equivalents	5.3	-	0.1	-	5.4
Deferred tax (liability)/asset	(2.1)	(0.1)	(0.9)	(0.1)	(3.2)
Creditors	(9.2)	-	(3.9)	-	(13.1)
Borrowings	-	(0.5)	(5.6)	-	(6.1)
Total net assets	14.8	1.2	2.6	0.5	19.2
Goodwill	16.0	1.8	8.9	1.0	27.7
Total consideration	30.9	3.0	11.5	1.5	46.9
Satisfied by:					
Cash	30.9	3.0	11.5	1.5	46.9
Total consideration transferred	30.9	3.0	11.5	1.5	46.9
Net cash outflow arising on acquisition:					
Cash consideration	30.9	3.0	11.5	1.5	46.9
Less: cash and cash equivalent balances acquired	(5.3)	-	(0.1)	-	(5.4)
	25.6	3.0	11.4	1.5	41.5

The fair value of the debtors includes receivables due from trade debtors with a fair value of £3.1m which the Group expects to collect in full.

No contingent liabilities were identified at the acquisition date.

Acquisition-related costs included in exceptional costs amount to £2.8m.

The preliminary total goodwill of £27.7m arising from these acquisitions represents an increase in Industrial & Commercial businesses and the Group's strategy to become the leading UK based integrated waste management business. None of the goodwill is expected to be deductible for income tax purposes.

53 weeks ended 30 March 2018

On 5 July 2017, the Group acquired 100% of the issued share capital of O'Brien Waste Recycling Solutions Holdings Limited, a leading provider of waste and recycling solutions in the North East of England. O'Brien Waste Recycling Solutions Holdings Limited was acquired in order to extend the Group's commercial customer base and market presence in the region, and is highly complementary to the Group's existing business.

On 27 October 2017, the Group acquired 100% of the issued share capital of Amber Engineering Limited, an integrated waste and recycling solutions provider in South Wales. Amber Engineering Limited was acquired to enhance the Group's network and service offering in South Wales.

During the prior year, the Group acquired certain trade and assets of:

- G&S Waste Management Limited on 29 March 2017
- HWS Waste Limited on 31 October 2017
- Eco Food Recycling Limited on 17 November 2017
- Enterprise Managed Services Limited on 22 December 2017
- Cleansing Services Group Limited on 23 January 2018

Notes to the Consolidated Financial Statements continued

11. Acquisitions continued

Total net assets of £0.1m were acquired for cash consideration of £3.9m resulting in goodwill of £3.8m being recognised. If these acquisitions had been completed on the first day of the financial period, Group revenues for the period would have increased by £6.7m and Group profit would have increased by £0.1m.

12. Goodwill

	Total £m
Cost:	
As at 24 March 2017	70.9
Additions	29.9
Disposals	
As at 30 March 2018	100.8
Additions	27.9
As at 29 March 2019	128.7
Amortisation:	
As at 24 March 2017	[0.5]
As at 30 March 2018	[0.6]
As at 29 March 2019	[0.5]
Net book amount:	
As at 29 March 2019	128.2
As at 30 March 2018	100.3

	As at 29 March 2019 £m	As at 30 March 2018 £m
By segment		
Industrial & Commercial	66.8	38.9
Municipal	16.7	16.7
Resource Recovery & Treatment	13.3	13.3
Energy	31.4	31.4
	128.2	100.3

The Group reviews at each reporting period whether there are any indicators of impairment in accordance with IAS 36 Impairment of Assets. An annual impairment review is completed by comparing the carrying amount of the goodwill for each operating segment to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the assets of the cash-generating unit. In the current year all cash-generating units have been valued on the basis of value in use, rather than fair value less costs of disposal on the basis that it is the higher of the two valuations.

The key assumptions when calculating the value in use are forecast revenue and costs. Management's calculation of value in use has been developed from forecast five year cash flows which are prepared on the basis of past performance, expectation of future performance and market information and a consistent growth rate thereafter, based on the underlying assets of each division. The final year growth rate assumption used beyond the five year plan period based on market trends, after adjusted for assumed inflation is 3.0% (2018: 3.0%) for the Energy division and 2.0% (2018: 2.0%) for the other operating divisions. These assumptions are considered appropriate based on the long term nature of the business. A pre-tax discount rate of 8.26% (2018: 7.47%) was applied across all cash-generating units as the inherent risks have been included in the segmental cash flow forecasts. No reasonably foreseeable change in the assumptions used in the value in use calculations would cause an impairment to any of the Industrial & Commercial, Municipal or Resource, Recovery & Treatment cash-generating units.

The valuation of goodwill allocated to the Energy cash-generating unit is noted to be most sensitive to any changes in assumptions due to the limited headroom of £0.3m. The valuation is considered to be most sensitive to changes in the assumptions on future ROC Recycle price, market prices for food waste, export energy prices, the growth rate and discount rates.

The assumptions have been calculated based on external market reports within the 5 year plan period. Beyond the 5 year plan period the assumptions have been inflated using the cash-generating units assumed growth rate of 3.0%. The Group's reasonable worst case scenario represents a decline in the assumed growth rate to 1.8%, this would reduce the value in use by £4.3m, an increase in the pre-tax discount rate from 8.26% to 8.67% would reduce the value in use by £3.5m. Based on third party reports, the Group has assumed the market price for food waste at the end of FY24 to be c£38. The reasonable worst case scenario would be a reduction of the price by in excess of 30% to c£25, this would result in a reduction to the value in use of £9.4m. The export energy prices have been assumed to be c£59 at the end of FY24, the reasonable worst case scenario based on external reports would be c£49, resulting in a £15.1m reduction to the value in use. The ROC recycle rate has been assumed to be c£61 at the end of FY24, a reduction in the value in use of £2.9m would be recognised if managements assessment of the reasonable worst case scenario of c£57 was realised.

The above sensitivity analysis considers each assumption and related reasonable worst case scenario in isolation. The commercial reality is that typically there will be mitigating operating factors that would offset the above impact in instances where the reasonable worst case scenario is realised. The division is also expected to benefit from the addition of two new EfW facilities as outlined in the Strategic Report. The future benefit expected to be derived from these new facilities has not been included in the valuation of goodwill at 30 March 2019

13. Other Intangible Assets

	Landfill Gas Rights £m	IT development £m	Brand £m	Customer contracts £m	Total £m
Cost:					
As at 24 March 2017	190.2	11.1	33.3	48.9	283.5
Additions	-	5.8	-	-	5.8
Acquired through business combination	-	-	1.3	8.7	10.0
Disposals	-	(1.0)	-	-	(1.0)
Reclassification	-	0.2	-	-	0.2
As at 30 March 2018	190.2	16.1	34.6	57.6	298.5
Opening IFRS 15 adjustment	-	-	-	(6.9)	(6.9)
Additions	-	3.7	-	-	3.7
Acquired through business combination	-	0.3	2.1	13.5	15.9
Disposals	-	(0.7)	-	-	(0.7)
As at 29 March 2019	190.2	19.4	36.7	64.2	310.5
Accumulated amortisation:					
As at 24 March 2017	(37.7)	(1.2)	-	(24.7)	(63.6)
Charge for the period	(10.2)	(1.0)	(0.8)	(7.0)	(19.0)
Disposals	-	1.0	-	-	1.0
As at 30 March 2018	(47.9)	(1.2)	(0.8)	(31.7)	(81.6)
Opening IFRS 15 adjustment	-	-	-	1.4	1.4
Charge for the period	(10.2)	(1.3)	(0.4)	(5.9)	(17.8)
Disposals	-	0.5	-	-	0.5
Reclassification	-	-	-	-	-
As at 29 March 2019	(68.1)	(2.0)	(1.2)	(38.2)	(97.5)
Net book amount:					
As at 29 March 2019	132.1	17.4	35.5	28.0	213.0
As at 30 March 2018	142.3	14.9	33.8	25.9	216.9
As at 24 March 2017	162.5	9.9	33.3	24.2	219.9

All amortisation charges are recognised in profit or loss. Included within IT development costs are internally generated assets with a net book value of £5.4m (2018: £4.4m). The amortisation charge in relation to these assets was £0.4m (2018: £0.3m).

Notes to the Consolidated Financial Statements continued

13. Other Intangible Assets

IFRS 3 requires that on acquisition, intangible assets are recorded at fair value. The Biffa brand was first created in the early 20th century and has been used throughout the Group since then. It remains a highly recognisable brand. Given the longevity of the brand, the Directors consider the asset to have an indefinite life. The Directors reconsider the valuation of the brand at each reporting date. The recognition of brand and landfill gas rights as intangible assets initially arose during the fair value exercise undertaken following the acquisition of the Biffa Group by Wasteshareholderco 1 in 2008. The values were subsequently remeasured following the restructuring of the Group in 2013.

14. Property, Plant and Equipment

	Land and buildings £m	Landfill sites £m	Plant and equipment £m	Total £m
Cost:				
As at 24 March 2017	69.8	73.1	271.7	414.4
Additions	3.4	4.4	74.0	81.8
Acquired through business combination	-	-	9.9	9.9
Disposals	(4.1)	-	(45.7)	(49.8)
Reclassifications ¹	1.7	0.3	(1.9)	0.1
As at 30 March 2018	70.8	77.8	308.0	456.4
Additions	1.8	8.8	69.6	78.0
Acquired through business combination	3.5	-	5.9	9.4
Disposals	(0.4)	-	(45.0)	(45.4)
Reclassifications ¹	0.2	(0.5)	(2.9)	(3.2)
As at 29 March 2019	75.7	83.0	335.6	495.2
Accumulated depreciation:				
As at 24 March 2017	(14.0)	(33.5)	(39.1)	(86.6)
Charge for the period	(3.9)	(7.0)	(55.6)	(66.5)
Disposals	2.3	-	44.4	46.7
Reclassifications	-	(0.5)	-	(0.5)
As at 30 March 2018	(15.6)	(41.0)	(50.3)	(106.9)
Charge for the period	(4.0)	(8.1)	(57.6)	(69.7)
Impairment of assets	-	-	(0.8)	(0.8)
Disposals	0.4	-	44.7	45.1
Reclassifications ¹	-	-	0.5	0.5
As at 29 March 2019	(18.2)	(47.1)	(63.6)	(128.9)
Net book amount:				
As at 29 March 2019	58.5	36.8	272.1	365.4
As at 30 March 2018	55.0	36.8	257.7	348.5
As at 24 March 2017	55.8	39.6	232.6	327.8

Landfill assets includes £7.7m (2018: £7.8m) in relation to future economic benefit to be derived as a result of actively fulfilling aftercare obligations that results in gas generation. Landfill asset additions include £0.7m (2018: £0.3m) in relation to the future economic benefit to be derived as a result of actively fulfilling aftercare obligations that results in gas generation.

The carrying amount of the Group's property, plant and equipment includes £134.3m (2018: £126.7m) in respect of assets held under finance leases, analysed as follows:

	As at 29 March 2019 £m	As at 30 March 2018 £m
Land and buildings	2.1	2.1
Landfill sites	-	2.3
Plant, vehicles and equipment	132.2	122.3
	134.3	126.7

No other assets have been pledged to secure borrowings.

Land and buildings and landfill sites at net book amount comprise:

	As at 29 March 2019		As at 30 March 2018	
	Land and buildings £m	Landfill sites £m	Land and buildings £m	Landfill sites £m
Freehold	37.0	15.5	30.7	16.6
Long leasehold	13.0	14.0	10.2	14.6
Short leasehold	6.5	7.3	14.2	5.7
	56.5	36.8	55.1	36.8

As at 29 March 2019 the Group had entered into contractual commitments for the acquisition of plant, property and equipment amounting to £6.5 (2018: £3.5m).

15. Inventories

	As at 29 March 2019 £m	As at 30 March 2018 £m
Raw materials and consumables	2.5	0.7
Finished goods	11.9	12.0
	14.4	12.7

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

Inventories consumed in the period ended 29 March 2019 were £45.8m (2018: £42.1m). Inventory written down in the period totalled £nil (2018: £nil). Reversals of inventory previously written down in the period were £nil (2018: £nil).

16. Trade and Other Receivables

	As at 29 March 2019 £m	As at 30 March 2018 £m
Amounts falling due within one year		
Trade receivables	125.8	123.5
Less expected credit loss allowance	(2.1)	(1.7)
Trade receivables – net	123.7	121.8
Other debtors	5.0	8.0
Prepayments	11.9	8.1
Contract assets	54.2	45.2
Prepaid landfill provision expenditure	1.4	1.8
	196.2	184.9

All amounts included within other debtors, prepayments and accrued income are due within one year. Trade receivables are non-interest bearing. Due to their short maturities, the fair value of trade and other receivables approximates to their book value. The average credit period taken on invoices was 36.1 days (2018: 38.0 days). Trade receivables includes £6.4m in relation to SWR which was acquired on 11 March 2019. This increase has been offset by improved cash collection efforts.

Credit limits for new customers are assigned based on the potential customer's credit quality. An external credit scoring system is used before assigning any credit limit over £500. Management monitors the utilisation of credit limits regularly. The trade receivables balance consists of a large number of customer balances, represented largely by local account customers, and there is no significant concentration of credit risk.

Included in the Group's trade receivables balances are debts with a carrying amount of £19.1m (2018: £24.5m) which are past due at the reporting date for which the Group has not recorded an ECL allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements continued

16. Trade and Other Receivables continued

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivable that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not distinguished between the Group's type of customer.

	Expected credit loss rate %	Lifetime expected credit loss
As at 29 March 2019		
Trade receivables - days past due		
1 to 30 days	1%	0.2
31 to 60 days	1%	-
61 to 90 days	1%	-
91 to 120 days	50%	0.8
Over 120 days	50%	1.3
	Expected credit loss rate %	Lifetime ECL
As at 30 March 2018		
Trade receivables - days past due		
1 to 30 days	1%	-
31 to 60 days	1%	-
61 to 90 days	1%	-
91 to 120 days	50%	-
Over 120 days	50%	1.7

The allowance for ECL includes individually impaired trade receivables which are in excess of 120 days overdue, in liquidation or are the subject of legal action. The ECL recognised represents the difference between the carrying amount of these trade receivables and the present value of any expected recoveries.

The following table shows the movement in ECL that has been recognised in trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	As at 29 March 2019 £m	As at 30 March 2018 £m
Movement in the allowance for doubtful debts		
Balance at the beginning of the period	1.7	1.7
Impairment losses recognised	0.7	0.1
Amounts recovered during the period	0.7	1.5
Amounts written off as uncollectable	(1.0)	(1.6)
	2.1	1.7

The Directors consider that the carrying amount of trade receivables approximates their fair value

Long-term receivables

	As at 29 March 2019 £m	As at 30 March 2018 £m
Amounts falling due after more than one year		
Funds on long-term deposit	2.4	8.3
Prepayment in respect of EVP Dispute (Note 33)	63.6	63.6
Loans to Employee Benefit Trust	2.9	1.8
	68.9	73.7

The Group is engaged in a dispute with HMRC in relation to the Landfill Tax treatment of certain materials used in the engineering of landfill sites from September 2009 to May 2012. Prior to the IPO, the Group had hardship relief which meant payment was not required to be made to HMRC. Subsequent to the IPO the Group pre-paid the disputed amount to HMRC as disclosed in Note 33.

17. Cash and Cash Equivalents

	As at 30 March 2019 £m	As at 24 March 2018 £m
Cash at bank and in hand	24.4	14.0
Short term deposits	41.8	26.8
Balance at the end of the period	66.2	40.8

Deposits comprise £36.2m (2018: £19.1m) of funds on overnight deposit via a Group cash pooling facility and an insurance deposit of £5.7m (2018: £7.7m) which represents cash held as security for self-insurance obligations. Included within the total cash balance is £6.6m (2018: £9.6m) which cannot be accessed by the Group as it is held as collateral against insurance liabilities by Bray Insurance Company Limited, which is the Group's captive insurance company.

18. Assets Classified as Held for Sale

	As at 29 March 2019 £m	As at 30 March 2018 £m
Freehold land held for sale	0.1	0.1

The Group holds a freehold property that it no longer requires and intends to dispose of it within the next 12 months. A search is currently under way for a buyer and the Directors expect that the fair value less costs to sell will be higher than the carrying amount.

19. Financial Instruments

	As at 29 March 2019 £m	As at 30 March 2018 £m
At fair value through profit and loss:		
Loans and receivables:		
Liquidity fund ¹	13.1	9.4
Service concession arrangement	2.6	-
	15.7	9.4

1 Current investments held by Bray Insurance Company Limited, the Group's captive insurance company

Derivative financial instruments

The derivatives that the Group has entered into qualify for hedge designation as a cash flow hedge under IFRS 9. The Group has entered into forward foreign exchange rate contracts which all mature within one year

The forward foreign exchange contracts have resulted in the recognition of a derivative liability of £0.7m. During the year a loss of £0.4m has been recognised in the statement of other comprehensive income.

The fair value of forward foreign exchange contracts are calculated by discounting the contracted forward values and translating at the balance sheet rates. The fair value measurements are classified as Level 2 in the fair value hierarchy as defined by IFRS 13 Fair Value Measurement, as the inputs are from observable quoted exchanges.

Notes to the Consolidated Financial Statements continued

19. Financial Instruments continued

The fair value and the notional amounts are as follows:

	As at 29 March 2019		As at 30 March 2018	
	Fair value £m	Notional £m	Fair value £m	Notional £m
Forward foreign exchange contracts	(0.7)	16.0	(0.1)	18.0

Borrowings

	As at 29 March 2019		As at 30 March 2018	
	Book value £m	Average interest rate %	Book value £m	Average interest rate %
Current				
Obligations under finance leases	31.7	5.8%	31.1	5.8%
Non-current				
Obligations under finance leases	90.9	5.8%	87.7	5.8%
Bank loans	248.0	3.2%	194.7	3.3%
EVP preference instrument	48.6	5.5%	46.2	5.5%
	387.5		359.7	
	418.2		369.7	

	As at 29 March 2019 £m	As at 30 March 2018 £m
Bank borrowings including finance leases	370.8	313.5
EVP preference instrument	48.6	46.2
	418.2	359.7

At 29 March 2019 the Group has an undrawn revolving credit facility (RCF) of £99.0m.

In the year ended 29 March 2019, the Group settled its £200m term facility and entered into a £350.0m RCF. The costs of £3.0m attributed to obtaining the facility have been capitalised and are being amortised over the existing life of the facility. The unamortised costs of £3.8m in relation to the historic £200m term facility have been written off as a finance charge in Other items (Note 3). Due to the nature of the RCF and continued repayments and drawdowns, the cash flows have been presented on a net basis in the Statement of Cash Flows.

In the year ended 24 March 2017 certain pre-IPO lenders were issued with preference share capital in Wasteholdco 1 Limited in exchange for settlement of amounts due to them. In the event that the Group is successful in its EVP case (see Note 33) with HMRC, the EVP preference shareholders will be entitled to certain funds recovered from HMRC by the Company. The Directors consider it likely that the Group will be successful in the case and accordingly have recognised a liability in respect of the EVP preference shares. In the event that the Group is unsuccessful in the EVP proceedings and does not recover the amount prepaid to HMRC, the Group expects to release the majority of the associated EVP liability as disclosed in Note 33.

Borrowings are measured at amortised cost with the exception of the EVP preference instrument which is measured at fair value. All financial assets and financial liabilities have been categorised as Level 2. Level 2 financial instruments have been valued using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Interest rates on borrowings

	As at 29 March 2019		As at 30 March 2018	
	Principal £m	Average interest rate %	Principal £m	Average interest rate %
Term facility	–	3.2%	200.0	3.8%

Transaction costs of £3.0m (2018: £6.4m) incurred in the origination of these facilities have been netted against the carrying value of the loans. The EVP preference instrument is non-interest bearing, however, in accordance with IFRS 9 Financial Instruments, an imputed interest charge of 5.5% is being recognised.

Fair value of financial assets and liabilities

	As at 29 March 2018		As at 30 March 2018	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Borrowings	(370.6)	(370.6)	(313.5)	(318.0)
EVP preference instrument	(48.6)	(48.6)	(46.2)	(46.2)
Trade and other payables ¹ (Note 20)	(189.1)	(189.1)	(165.2)	(165.2)
Derivative financial instrument	(0.7)	(0.7)	(0.1)	(0.1)
Trade and other receivables ² (Note 16)	123.7	123.7	121.8	121.8
Liquidity fund	13.1	13.1	9.4	9.4
Funds on long term deposit	2.4	1.4	8.3	5.2
Prepayment in respect of EVP Dispute	63.6	62.9	63.6	59.6
Other long-term debtors	2.9	2.9	1.8	1.8
Cash and cash equivalents (Note 17)	66.2	66.2	40.8	40.8
	(337.1)	(338.8)	(279.3)	(290.9)

1 Trade and other payables excludes deferred income, taxation and social security and other non-financial liabilities.

2 Trade and other receivables excludes prepayments, other debtors and accrued income.

The fair values of financial assets and liabilities are determined as follows:

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The fair values of non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments

Financial risk management

The Group's activities expose it to a variety of financial risks, market risk (including capital risk management, cash flow interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Financial risk management in the above areas is carried out under a policy approved by the Board of Directors.

Capital risk management

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include its net interest cover, liquidity and leverage ratios. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus Net Debt. Net Debt is calculated as total borrowings (including 'current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. The Directors are satisfied that the current risk management strategy is appropriate and effective.

Cash flow interest rate risk

The Group's interest-bearing assets include cash and cash equivalents which earn interest at floating rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group policy is to maintain an appropriate proportion of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.

Notes to the Consolidated Financial Statements continued

19. Financial Instruments continued

The interest rate risk profile of the Group's financial assets and liabilities was as follows:

	As at 29 March 2019 £m	As at 30 March 2018 £m
Financial liabilities		
Floating rate financial liabilities (excluding derivatives)	248.0	194.7
Fixed rate financial liabilities	122.5	118.8
Non-interest bearing financial liabilities	188.1	163.8
Non-interest bearing EVP preference instrument	48.6	46.2
Total financial liabilities	608.3	523.5

Fixed rate financial liabilities relate to obligations under finance leases.

Non-interest bearing financial liabilities comprise trade payables.

	As at 29 March 2019 £m	As at 30 March 2018 £m
Financial assets		
Floating rate financial assets (excluding derivatives)	88.5	73.7
Floating rate financial assets (cash and cash equivalents)	88.2	40.8
	134.8	114.5
Non-interest bearing assets		
Liquidity fund	13.1	8.4
Non-interest bearing financial assets	123.7	121.6
	136.8	130.9
Total financial assets	271.6	245.4

The interest on fixed rate financial instruments is fixed until the maturity of the investment. The interest on floating rate financial instruments is re-set at intervals of less than one year. The other financial assets and liabilities of the Group that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

Fixed rate and non-interest bearing financial assets and liabilities are exposed to fair value interest rate risk and floating rate financial assets and liabilities to cash flow interest rate risk.

The minimum lease payments under finance leases fall due as follows:

	As at 29 March 2019 £m	As at 30 March 2018 £m
No later than one year	35.8	35.9
Later than one year but not more than five years	84.1	79.7
More than five years	23.3	22.3
	143.0	137.8
Future finance charges on leases	(20.4)	(19.1)
Present value of finance lease liabilities	122.6	118.8

Currency risk

The Group is exposed to currency risk arising from currency exposures primarily related to the disposal of RDF via export to Europe. The Group enters into forward contracts to purchase Euros based upon expected costs. These derivatives are classified as cash flow hedges.

Price risk

The Group is not materially exposed to any equity securities price risk. All four divisions are exposed to commodity price risks to a greater or lesser degree on their outputs. The commodities that the Group is exposed to commodity price risks on are fuel, electricity, paper, glass, cardboard, steel, aluminium and plastics (including HDPE and PET). The price risk associated with commodities is considered to be in the ordinary course of business for the Group.

Credit risk

Credit risk is managed on a Group basis as appropriate. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Management does not expect any significant losses of receivables that have not been provided for as shown in Note 16.

The carrying amount of financial assets recorded in the financial information, which is net of impairment losses, represents the Group's maximum exposure to credit risk. These amounts include receivable balances from local authority clients, hence are not exposed to significant credit risk. Given the above factors, the Board does not consider it necessary to present a detailed analysis of credit risk.

Liquidity risk

The Group ensures that there are sufficient committed loan facilities in order to meet short-term business requirements, after taking into account the cash flows from operations and its holding of cash and cash equivalents. The expected undiscounted cash flow of the Group's financial liabilities (including derivatives), by remaining contractual maturity, at the balance sheet date is shown below.

As at 29 March 2019					
	Due within one year £m	Due between one and two years £m	Due between two and five years £m	Due five years and beyond £m	Total £m
Non-derivative financial liabilities					
Borrowings, excluding finance lease	(370.5)	-	(251.0)	-	(251.0)
Finance lease liabilities	(35.6)	(28.3)	(55.7)	(23.3)	(142.9)
Interest payments on borrowings	-	-	-	-	-
Other non-interest bearing liabilities	(189.1)	-	-	-	(189.1)
Non-derivative financial assets					
Cash and cash equivalents	66.2	-	-	-	66.2
Liquidity fund	13.1	-	-	-	13.1
Non-interest bearing financial assets	123.7	68.9	-	-	192.6
	(21.7)	40.6	(306.7)	(23.3)	(311.1)
As at 30 March 2018					
	Due within one year £m	Due between one and two years £m	Due between two and five years £m	Due five years and beyond £m	Total £m
Non-derivative financial liabilities					
Borrowings, excluding finance lease	-	-	(200.0)	-	(200.0)
Finance lease liabilities	(35.9)	(29.8)	(49.8)	(22.2)	(137.8)
Interest payments on borrowings	(7.4)	(7.7)	(12.4)	-	(27.5)
Other non-interest bearing liabilities	(163.8)	-	-	-	(163.8)
Non-derivative financial assets					
Cash and cash equivalents	40.8	-	-	-	40.8
Liquidity fund	9.4	-	-	-	9.4
Non-interest bearing financial assets	121.5	73.7	-	-	195.2
	(35.4)	36.1	(262.2)	(22.2)	(283.7)

Notes to the Consolidated Financial Statements continued

19. Financial Instruments continued**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared taking an average of the liability outstanding over the period.

If interest rates had been 2% higher/1% lower and all other variables were held constant, the Group's result for the 52 weeks ended 29 March 2019 would increase/(decrease) by the amounts shown in the table below. This analysis assumes that, where interest rates are currently less than 1%, any reduction is capped at zero.

	52 weeks ended 29 March 2019		53 weeks ended 30 March 2018	
	2% increase in interest rates £m	1% decrease in interest rates £m	2% increase in interest rates £m	1% decrease in interest rates £m
Gain/(loss) – variable rate financial instruments	6.0	(2.6)	(4.0)	2.0

20. Trade and Other Payables

	As at 29 March 2019 £m	As at 30 March 2018 £m
Current		
Trade payables	166.9	135.4
Taxation and social security	42.9	50.8
Interest payable	–	0.8
Accruals	32.6	28.4
Contract liability	17.8	17.9
Other payables	0.8	0.8
	249.8	233.9
Non-current		
Trade and other payables	13.7	13.0

Contract liability is what was previously referred to as deferred income under IAS 18. Included within contract liability is £0.1m (2018: £0.1m) in relation to Government grants which will be recognised in more than one year. £13.0m has also been recognised in relation to the EVP Dispute as disclosed in Note 33. Trade payables includes £8.4m of balances related to SWR which was acquired on 11 March 2019.

21. Provisions

	Landfill restoration & aftercare £m	Insurance £m	Other £m	Total £m
As at 24 March 2017	80.9	11.8	16.6	109.1
Utilised	(7.9)	0.8	(2.7)	(10.0)
Charged/(credited) to profit and loss account	4.7	0.4	5.7	10.8
Impact of real discount rate changes to profit and loss account	(5.7)	–	–	(5.7)
Unwinding of discount	2.2	–	–	2.2
As at 30 March 2018	74.2	12.8	19.8	106.4
Utilised	(9.3)	–	(1.1)	(10.4)
Charged/(credited) to profit and loss account	(0.8)	(1.1)	8.9	7.0
Impact of real discount rate changes to profit and loss account	1.6	–	–	1.6
Unwinding of discount	2.0	–	–	2.0
Transfers from fixed/other assets	(0.3)	–	–	(0.3)
As at 29 March 2019	67.4	11.6	27.4	106.3

Provisions have been analysed between current and non-current as follows:

	As at 29 March 2019 £m	As at 30 March 2018 £m
Current	16.0	13.1
Non-current	90.3	93.8
	106.3	106.4

Landfill restoration and aftercare

As part of its normal activities, the Group undertakes to restore its landfill sites and to maintain the sites and control leachate and methane emissions from the sites. Provision is made for these anticipated costs. A number of estimate uncertainties affect the calculation, including the impact of regulation, accuracy of site surveys, transportation costs and changes in the real discount rate. The provisions incorporate our best estimates of the financial effects of these uncertainties, but future changes in any of these estimates could materially impact the calculation of the provision. Restoration costs are incurred as each site is filled, and in the period immediately after its closure. The provision incorporates the best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could materially impact the calculation of the provision.

Maintenance and leachate and methane control costs are incurred as each site is filled and for a number of years post closure.

Aftercare 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 the speed at which it decomposes, the way the site is engineered and the regulatory requirements specific to the site.

Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining useful economic lives; otherwise such changes are recognised within the income statement.

The associated outflows are estimated to arise over a period of up to 60 years depending on the date of each site closure. In determining the provision, the estimates for future expenditure required to settle the obligation are inflated using longer term inflation rates, and discounted using the nominal discount rate. The rates utilised reflect the period of the obligation on a site by site basis which varies between 10 and 60 years

Long-term aftercare provisions included in landfill restoration and aftercare provisions have been inflated and discounted using the below nominal rates:

	Inflation rate		Discount rate	
	As at 29 March 2019	As at 30 March 2018	As at 29 March 2019	As at 30 March 2018
Period of obligation				
5 years	3.4%	3.0%	1.4%	1.7%
10 years	3.4%	3.2%	1.9%	2.2%
20 years	3.7%	3.5%	2.5%	2.7%
30 years	3.5%	3.4%	2.5%	2.6%
60 years	3.1%	3.0%	2.4%	2.3%

An increase of 1% in the real discount rate (at current cost) would result in a decrease of environmental provisions of approximately £11.7m.

A 10% increase in cash outflows would result in an increased environmental provision of £6.9m.

Long-term aftercare provisions included in landfill restoration and aftercare provisions have been inflated at a rate of 3.2% (2018: 3.4%). An increase of 1% in the rate of inflation would result in an increase of environmental provisions of approximately £16.7m.

Notes to the Consolidated Financial Statements continued

21. Provisions continued**Insurance**

The associated outflows are estimated to arise over a period of up to five years from the balance sheet date.

Other

Other provisions include a provision for dilapidations of £8.0m (2018: £8.7m) and £17.1m (2018: £7.7m) relating to onerous contracts. The associated outflows are estimated to arise over a period of up to 20 years from the balance sheet date.

22. Deferred Taxation

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period:

	Temporary difference arising on property, plant and equipment £m	Share-based payments £m	Provisions £m	Retirement benefit obligation £m	Goodwill £m	Intangible assets £m	Recognised tax losses carried forward £m	Total £m
As at 24 March 2017	42.1	0.1	1.9	(2.7)	9.5	(34.8)	12.4	28.6
Acquired	(0.5)	-	-	-	-	(1.6)	-	(2.1)
Credit/(charge) to income	(9.2)	0.3	-	(0.3)	(0.9)	2.9	(0.6)	(7.8)
Credit/(charge) to SOCI	-	1.4	-	(5.5)	-	-	-	(4.1)
As at 30 March 2018	32.4	1.8	1.9	(8.5)	8.6	(33.5)	11.8	14.5
Acquired	(0.5)	-	-	-	-	(2.7)	-	(3.2)
Credit/(charge) to Income statement	(2.4)	0.5	(1.0)	-	(0.9)	3.0	(2.6)	(3.4)
Credit/(charge) to SOCI	-	-	-	(4.9)	-	-	-	(4.9)
Credit/(charge) to retained earnings	-	(0.9)	-	-	-	-	-	(0.9)
As at 29 March 2019	29.5	1.4	0.9	(13.4)	7.7	(33.2)	9.2	2.1

Deferred tax has been recognised in the current year using the tax rate of 17% (2018: 17%). Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The deferred tax asset of £2.1m (2018: £14.5m) has been recognised in the Financial Statements because the Group considers, based upon its financial projections, that it is probable that future taxable profits will arise against which the asset can be utilised.

As at 29 March 2019 the Group had unused tax losses of £71.9m (2018: £73.6m) available for offset against future profits. A deferred tax asset has been recognised in respect of £54.7m (2018: £70.0m) of these losses. No deferred tax asset has been recognised in respect of the remaining £17.2m (2018: £3.6m) as it is not considered probable that there will be future taxable profits available in the statutory entity in which these losses are being carried forward.

23. Share-Based Payments

The following conditional share awards granted to Directors and employees are outstanding:

Date of grant	As at 29 March 2019 Number	As at 30 March 2018 Number
20 October 2016	2,262,240	2,434,819
24 January 2017	59,088	59,088
3 July 2017	1,622,420	2,120,433
1 September 2017	26,230	26,230
2 July 2018	936,125	-
1 October 2018	219,359	-
11 December 2018	18,819	-

The following share-based expenses charged in the year are included within administration expenses:

	As at 29 March 2019 £m	As at 30 March 2018 £m
Performance Share Plan	3.8	1.9

During the year the Group had three conditional share-based payment arrangements granted to Directors and employees. The schemes are equity settled

Performance Share Plan

Date of grant	Number of options originally granted	Contractual life (years)	Share price at date of grant (pence)	Number of employees at grant	Expected volatility	Expected life (years)	Risk free rate	Fair value per option (pence)
20 October 2016	2,635,794	2.65	179.5	13	27%	2.65	0.25%	105.2
24 January 2017	84,189	2.4	186.8	4	27%	2.4	0.23%	109.3
3 July 2017	2,198,313	3	221.8	78	26%	3	0.36%	154.6
1 September 2017	26,230	2.8	228.8	1	26%	2.83	0.22%	161.8
2 July 2018	1,014,880	2.9	251.0	36	24%	2.93	0.71%	173.2
1 October 2018	218,359	2.9	253.0	2	24%	2.93	0.89%	173.8
11 December 2018	18,819	2.8	192.2	1	24%	2.93	0.90%	114.1

The Group has used the stochastic model to value its share awards.

The expected volatility is a measure of the amount by which a share price is expected to fluctuate during the period. It is typically calculated based on statistical analysis of daily share prices over the length of the award period. Due to the recent listing of Biffa plc this information is not available. Instead it has been based on the volatility of another company of a similar size which operates in the same market.

A reconciliation of movements in the number of share awards can be summarised as follows:

Date of grant	Granted	Vested	Lapsed	29 March 2019
At 25 March 2018	-	-	-	-
20 October 2018	2,635,794	-	(353,554)	2,282,240
24 January 2017	84,189	-	(25,101)	59,088
3 July 2017	2,198,313	-	(575,893)	1,622,420
1 September 2017	26,230	-	-	26,230
2 July 2018	1,014,880	-	(78,755)	936,125
1 October 2018	218,359	-	-	218,359
11 December 2018	18,819	-	-	18,819
At 29 March 2019	6,196,584	-	(1,033,303)	5,163,281

The Performance Share Plan (PSP) provides for the grant of awards in the form of conditional free shares or nil costs options. Shares in relation to the award will be released to participants subsequent to the date of the preliminary announcement of results for the 2018/19 financial year dependent upon the extent to which the performance conditions of achievement of adjusted EPS targets for the fiscal year ending March 2019 and performance of the Company's relative total shareholder growth have been satisfied. The EPS fair value is equivalent to the share price at grant date on the basis that it is a non-market based measure.

In the prior period the Group launched the Biffa Sharesave Plan 2017 (the Scheme) to all employees with six months or more continuous employment at the date of the Scheme launch. The Scheme is subject to HMRC rules which limit monthly contributions to £500 and the option price for this award was £1.58 being a 20% discount to the average market price over the three consecutive days preceding the offer date. The Scheme term is for three years and options may be exercised during the six months after completion of the Save as You Earn contract.

During the period 513,741 options were granted at a fair value of 46.2 pence, and as at 29 March 2019 450,409 were outstanding under the Scheme. The share price at award was £2.35 and the option price is £1.98.

Notes to the Consolidated Financial Statements continued

24. Share Capital

	Number of shares Number	Called up share capital £
As at 30 March 2018	250,000,000	2,500,000
As at 29 March 2019	250,000,000	2,500,000

Share premium

The share premium represents amounts received in excess of the nominal value of shares issued upon IPO, net of the direct costs associated with issuing those shares.

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Opening balance	235.3	235.5
Expenses on issue of equity shares	-	(0.2)
Closing balance	235.3	235.3

Merger reserve

The merger reserve of £74.4m arose on the acquisition of Wasteholdco 1 Limited and is the difference between the carrying value of the net assets acquired and the nominal value of the share capital

25. Retained Earnings/(Deficit)

	As at 29 March 2019 £m	As at 30 March 2018 £m
Retained earnings/(deficit) at the end of the period	29.0	(21.1)
Adjustment in respect of adoption of IFRS 15	(6.2)	-
Profit for the period	18.0	31.1
Other comprehensive income for the period	22.4	28.5
Employee service in respect of share option schemes (Note 23)	2.2	1.9
Dividends paid	(17.0)	(11.4)
Retained surplus at the end of the period	48.4	29.0

26. Cash Flows from Operations

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Profit/(loss) for the period	18.0	31.1
Adjustments for:		
Finance income	(1.5)	(0.6)
Finance charges	25.4	24.7
Taxation	3.5	7.2
Operating profit	45.4	62.4
Exceptional items (Note 3)	18.2	7.7
Amortisation of intangibles (Note 6)	17.8	19.0
Depreciation of property, plant and equipment (Note 6)	87.7	68.5
Profit on disposal of fixed assets	(2.2)	(2.7)
(Increase) in inventories	(1.7)	(3.0)
(Increase)/decrease in debtors	(0.8)	6.0
Increase/(decrease) in creditors	4.1	(6.1)
Increase/(decrease) in financial asset	(4.4)	1.2
(Decrease) in provisions	(11.0)	(9.3)
Total cash generated from operations	133.0	141.7

27. Reconciliation of Net Cash Flow to movement in Debt

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Net (decrease)/increase in cash and cash equivalents	25.4	(15.6)
Net decrease/(increase) in borrowings	(59.6)	(13.4)
Movement in Net Debt in the period	(34.1)	(29.0)
Net Debt at beginning of period	(318.9)	(289.9)
Net Debt at end of period	(353.0)	(318.9)

Analysis of Net Debt

	As at 29 March 2019 £m	As at 30 March 2018 £m
Cash and cash equivalents	68.2	40.8
Finance leases	(122.6)	(118.8)
Bank loans	(248.0)	(194.7)
EVP preference liability	(6.3)	(6.3)
Reported Net Debt	(310.7)	(279.0)
EVP preference liability	(42.3)	(39.9)
	(353.0)	(318.9)

Of the EVP preference liability, £6.3m has been included within Reported Net Debt as it will be payable to EVP preference shareholders irrespective of the outcome of the EVP Dispute. The remainder £42.3m has been excluded on the basis that it will only become payable subject to the outcome of the EVP Dispute and will be funded by recovery of funds from HMRC.

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	At 30 March 2018	Financing cash flows	Fair value movements	Non-cash changes			As at 29 March 2019
				Acquisition of subsidiary	New finance leases	Other changes	
Obligations under finance leases	(118.8)	33.0	-	(1.9)	(38.5)	1.6	(122.6)
Bank loans	(194.7)	(45.1)	-	-	-	(8.2)	(248.0)
EVP preference liability	(46.2)	-	(2.4)	-	-	-	(48.6)
	(359.7)	(12.1)	(2.4)	(1.9)	(38.5)	(6.6)	(419.2)

The cash flows in respect of the Group's bank loans includes repayments of £686.9m and drawdowns of £732.0m.

	At 24 March 2017	Financing cash flows	Fair value movements	Non-cash changes			As at 30 March 2018
				Acquisition of subsidiary	New finance leases	Other changes	
Obligations under finance leases	(108.9)	35.3	-	(2.8)	(42.8)	0.4	(118.8)
Bank loans	(193.6)	4.4	-	-	-	(5.5)	(194.7)
EVP preference liability	(43.8)	-	(2.4)	-	-	-	(46.2)
	(346.3)	39.7	(2.4)	(2.8)	(42.8)	(5.1)	(359.7)

Notes to the Consolidated Financial Statements continued

28. Operating lease commitments

As at the balance sheet date the Group has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 29 March 2019		As at 30 March 2018	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Within one year	14.4	2.4	13.5	1.7
Between one and five years	51.0	3.1	43.6	2.4
After five years	102.5	-	88.3	-
	167.9	5.5	145.4	4.1

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

29. Pension and Post-Retirement Benefits**Defined contribution schemes**

	52 weeks ended 29 March 2019 £m	53 weeks ended 30 March 2018 £m
Defined contribution expense	3.4	3.5

Defined benefit schemes

The Group operates a number of defined benefit schemes: Biffa Pension Scheme (BPS), the Cornwall Pension Fund (the Cornwall Fund), an Unfunded Unapproved Retirement Benefits Scheme (UURBS), the Federated Pension Plan (the FPP) and Prudential Platinum (Platinum), the Kent County Council Pension Fund (the Kent Fund), the Staffordshire Pension Fund (the Staffordshire Fund) and the Greater Manchester Pension Fund (GMPF) (collectively, the Schemes). The Schemes offer both pensions in retirement and death benefits to members. All the Schemes are closed to new members. The BPS, Platinum, the Cornwall Fund, the Kent Fund and the Staffordshire Fund are open to accrual although the BPS is closed for the majority of members and only a few employees with statutory protections remain in active service. The BPS makes up around 95% of the total liability across the Schemes.

The Group has in the current period accounted for The Kent Fund, Staffordshire Fund and the GMPF as defined benefit schemes for the first time. The prior year has not been restated as not material.

The Schemes expose the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. Contributions to the Schemes for the year ended 27 March 2020 are expected to be £4.1m.

The Schemes are administered by Trustees and the assets are held separately to the legal entity that is the Group. The Trustees board of the Schemes is composed of an independent Trustee, and other employer and member nominated Trustees (where the legal minimum proportion of member nominated Trustees has been upheld). The Trustees are required by law to act in the best interests of the members of the Scheme. The Trustees are responsible for the investment policy with regard to the assets of the Schemes.

The Group considers two measures of the Schemes surplus or deficit. The accounting position is shown on the Group balance sheet. The funding position, calculated at the triennial actuarial assessment, is used to agree contributions to the Schemes. The two measures will vary because they are for different purposes, and are calculated at different rates and in different ways. The key calculation difference is that the funding position considers the expected returns of Scheme assets when calculating the Schemes liability, whereas the accounting position under IAS 19 discounts liabilities based on corporate bond yields.

The Schemes have an accounting surplus that is fully recognised on the basis that future economic benefits are unconditionally available in the form of a reduction in the future cash contributions or as a cash refund. Where a surplus of a defined benefit scheme arises or there is potential for a surplus to arise from committed future contributions the rights of the Trustees to prevent the Group obtaining a refund of that surplus is considered in determining whether it is necessary to restrict the amount of the surplus that is recognised.

A full actuarial valuation of the Schemes was carried out as at 31 March 2015 which revealed a funding shortfall of £66.7m. The Group committed to deficit payments of £3.85m each year to 31 March 2017 and escalating with RPI inflation each year from 31 March 2018 to 31 March 2024.

The Group is an admitted body in one other scheme that is part of the Local Government Pension Scheme. The contractual terms of the commercial agreements that admit the Group to the schemes limit the actuarial risk that the Group is exposed to, consequently the scheme has been accounted for as a defined contribution scheme.

Investment risk

The present values of the Schemes' liabilities are calculated using a discount rate determined by reference to yields available on high quality AA rated corporate bond yields; in other words, from the position of being fully funded then if the return on the Schemes' assets were below this rate, it would create a deficit in the Schemes.

In addition to the natural interest rate hedging provided by its investment in bonds the Trustee also purchases derivatives to ensure that the funding position of the Schemes are, overall, hedged against 60% of movements in long term risk free interest rates and 60% of movements in inflation expectations. No annuities or specific mortality hedging products have been purchased by the scheme.

Interest risk

A decrease in the corporate bond yield will increase the Schemes' liabilities; however, this will be partially offset by an increase in the value on the Schemes' corporate bond assets.

Longevity risk

The present value of the Schemes' liabilities are calculated by reference to the best estimate of the mortality of the Schemes' members both during and after their employment. An increase in the life expectancy of the Schemes' members will increase the Schemes' liabilities.

Inflation risk

The present value of the Schemes' liabilities are calculated by reference to the future expected pension indexation (both indexation in deferment and pension increases in payment), which will depend on future inflation expectations. As such, an increase in the expectation of future inflation will increase the Schemes' liabilities.

The lump sum death benefits paid to the dependants of the Schemes' members are insured with an external insurance company.

The present value of the obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

A full actuarial valuation of the Schemes was carried out as at 31 March 2015 and has been updated to 30 March 2018 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	As at 29 March 2019	As at 30 March 2018
Discount rate	2.5%	2.7%
Rate of salary increase	3.3%	3.2%
Rate of inflation – RPI	3.3%	3.2%
Rate of inflation – CPI	2.3%	2.2%
Rate of pension increases ¹ – RPI with floor of 0% cap of 2.5% p.a.	2.2%	2.2%
Rate of pension increases ¹ – RPI with floor of 0% cap of 5.0% p.a.	3.2%	3.1%
Rate of pension increases ¹ – RPI with floor of 0% cap of 6.0% p.a.	3.3%	3.2%
Rate of pension increases ¹ – CPI with floor of 0% cap of 3.0% p.a.	2.2%	2.1%
Longevity (years)		
Expected future lifetime of a male pensioner currently aged 65	21.0	21.1
Expected future lifetime of a female pensioner currently aged 65	23.3	23.6
Expected future lifetime from age 65 of a male member currently aged 50	22.0	22.2
Expected future lifetime from age 65 of a female member currently aged 50	24.1	25.0

1 In excess of any Guaranteed Minimum Pension (GMP).

Notes to the Consolidated Financial Statements continued

29. Pension and Post Retirement Benefits continued

The assets in the Schemes were:

Asset category	As at 29 March 2019		As at 30 March 2018	
	£m	%	£m	%
Equities	128.2	21.4	128.3	24.4
Bonds	301.9	51.4	235.0	44.7
Properties and infrastructure	82.8	15.8	86.4	16.5
Hedge funds	49.8	8.5	62.8	12.0
Other	18.8	2.9	12.4	2.4
	587.8		524.9	
Actual return on plan assets	48.8		33.6	

The fair value of all of the above asset classes are determined based on quoted (bid) market prices. Virtually all equity and debt instruments have quoted prices in active markets. Derivatives are classified as Level 2 instruments and hedge funds and property as Level 3 instruments. It is the policy of the Schemes to use hedge funds and liability driven investments to hedge some of their exposure to interest rate and inflation risks. This policy has been implemented during the current and prior years.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at 29 March 2019 £m	As at 30 March 2018 £m
Benefit obligation at beginning of period	472.8	488.7
Newly recognised obligations	42.8	5.0
Service cost	3.2	1.4
Past service cost	3.1	-
Interest cost	13.7	14.0
Contributions by Scheme participants	0.6	0.2
Net remeasurement (gains)/losses - financial	29.2	3.5
Net remeasurement (gains)/losses - demographic	(7.8)	(17.5)
Net remeasurement (gains)/losses - experience	(14.5)	(0.2)
Benefits paid	(18.9)	(22.3)
Benefit obligation at end of period	523.8	472.8

The past service cost of £3.1m relates to the GMP equalisation and has been recognised as an exceptional cost as detailed in Note 3.

Reconciliation of opening and closing balances of the fair value of Schemes' assets

	As at 29 March 2019 £m	As at 30 March 2018 £m
Fair value of Schemes' assets at beginning of period	524.9	504.2
Newly recognised GMPF asset	29.2	5.2
Interest income on Schemes' assets	14.8	14.5
Return on assets, excluding interest income	32.3	19.1
Contributions by employers	5.8	4.7
Contributions by Schemes' participants	0.6	0.2
Benefits paid	(18.9)	(22.3)
Scheme administrative cost	(0.8)	(0.7)
Fair value of plan assets at end of period	587.8	524.9

Amounts recognised in comprehensive income in respect of defined benefit Schemes

	As at 29 March 2019 £m	As at 30 March 2018 £m
Current service cost	3.2	1.4
Past service cost	3.1	-
Administrative cost	0.8	0.7
Net interest on the net defined benefit liability	(2.1)	(0.6)
Components of defined benefit cost recognised in profit or loss	5.0	1.5
Remeasurement on the net defined benefit liability		
Return on Schemes' assets (excluding amounts in net interest expense)	32.3	19.1
Actuarial gains and losses from changes in financial assumptions	(29.2)	(3.5)
Actuarial gain from changes in demographic assumptions	7.9	17.5
Actuarial gain from changes in experience assumptions	14.6	0.2
Movement in asset ceiling	1.8	(0.6)
Components of defined benefit cost recognised in other comprehensive income	27.3	32.7

The current service cost is included in operating costs in profit or loss. The net interest expense is included within finance charges in the consolidated statement of profit or loss. The past service cost of £3.1m relates to the GMP equalisation as disclosed in Note 3.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit Schemes is as follows:

	As at 29 March 2019 £m	As at 30 March 2018 £m
Present value of funded defined benefit obligation	(523.8)	(472.8)
Fair value of funded Schemes' assets	587.6	524.9
Adjustment for the restriction in asset benefit	(0.3)	(0.8)
Adjustment in respect of GMPF agreement	15.5	-
Net asset/(liabilities) arising from defined benefit obligation	79.0	51.3

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, expected future inflation and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 0.5% lower the defined benefit asset would decrease by £56.6m.

If the inflation assumption increases by 0.5% the defined benefit asset would decrease by £44.2m.

If the life expectancy increases by one year for both men and women, the defined benefit asset would decrease by £21.8m.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Notes to the Consolidated Financial Statements continued

29. Pension and Post Retirement Benefits continued

The Schemes' participating employers are Biffa Waste Services Limited, Biffa Leicester Limited and Biffa West Sussex Limited. These subsidiaries fund the cost of any protected members' future accrual (to the extent that any protected members remain working for each of these companies) earned on a yearly basis.

Protected members pay a range of fixed contributions of pensionable salary depending on what section of the Schemes they are in. These contributions range from 3% to 6% of pensionable salary. The residual contribution (including past service augmentations) is paid by the above entities of the Group. These contributions, required to fund accrual, are agreed between Biffa Corporate Holdings Limited (the Principal Employer) and the Trustees of the Schemes following each triennial valuation of the Schemes.

In accordance with the Pensions Act 2004, the Schemes' liabilities are measured using a prudent discount rate at the triennial valuation, but some asset outperformance is allowed for when calculating the deficit recovery contributions paid for by the participating employers. Additional liabilities stemming from past service due to augmentation of benefits are added to the Schemes' deficit.

The average duration of the benefit obligation at 29 March 2019 is approximately 21 years (2018: 23 years).

The Group expects to make a contribution of £4.1m (2018: £4.8m) to the Schemes during the financial year to 27 March 2020.

30. Related Party Transactions

There have been no material related party transactions in the 52 weeks ended 29 March 2019 (2018: nil) except for key management compensation as set out in the Directors Remuneration Report.

Details of the Directors remuneration are set out in the Directors Remuneration Report on pages 92-106.

There have been no related party transactions with any directors in the year or in the subsequent period.

No Directors held any material interest in any contract with the Company or the Group in the year or subsequent period to 29 March 2019.

The Group has made £9.2m (2018: £8.2m) contributions to the pension schemes.

31. Subsidiary undertakings

All subsidiary undertakings have a financial year ended coterminous with Biffa plc unless otherwise noted.

The Companies disclosed below are deemed to be the principal subsidiaries of the Group.

Principal Subsidiary	Place of incorporation	Activity	Shareholding
Biffa Polymers Limited ¹	England and Wales	Waste management	100%
Biffa Municipal Limited ¹	England and Wales	Waste management	100%
UK Waste Management Limited ¹	England and Wales	Waste management	100%
Biffa Waste Management Limited ¹	England and Wales	Waste management	100%
Biffa West Sussex Limited ¹	England and Wales	Waste management	100%
Bray Insurance Company Limited ²	Malta	Insurance services	100%
Barge Waste Management Limited ¹	England and Wales	Waste management	100%
Island Waste Services Limited ¹	England and Wales	Waste management	100%
Poplars Resource Management Company Limited ¹	England and Wales	Waste management	100%
Biffa Waste Services Limited ¹	England and Wales	Waste management	100%
Biffa Leicester Limited ¹	England and Wales	Waste management	100%
Biffa Environmental Municipal Services Limited ¹	England and Wales	Waste management	100%
Weir Waste Services Limited ¹	England and Wales	Waste management	100%
Weir Recycling Services Limited ¹	England and Wales	Waste management	100%
Specialist Waste Recycling Limited ^{3*}	England and Wales	Waste management	100%

¹ Registered at Coronation Road, Cressex, High Wycombe, Buckinghamshire HP12 3TZ.

² Registered at Development House, St Anne Street, Floriana, Malta.

³ Registered at Annan Suite, 10 York Place, Edinburgh, Scotland EH1 3EP.

* Financial year ended 31 December 2018

32. Contingent Liabilities

The Group must satisfy the financial security requirements of environmental agencies in order to ensure that it is able to discharge the obligations in the licences or permits that the Group holds for its landfill sites. The Group satisfies these financial security requirements by providing financial security bonds. The amount of financial security which is required is determined in conjunction with the regulatory agencies, as is the method by which assurance is provided. The Group has existing bond arrangements in England and Wales of approximately £84.9m outstanding at 29 March 2019 (2018: £85.3m) in respect of the Group's permitted waste activities where the Group has obligations under the Environment Agency's fit and proper person test to make adequate financial provision in order to undertake those activities. Additionally the Group has bonds to a value of £19.8m (2018: £21.6m) in connection with security for performance of local authority and other contracts. No liability is expected to arise in respect of these bonds.

The Group is engaged in a dispute with HMRC in relation to the landfill tax treatment of certain materials used in the engineering of landfill sites from September 2009 to May 2012, which is fully explained in Note 33.

The Group is also engaged in a dispute with HMRC in relation to the landfill tax treatment of sub-soils with low levels of contamination from asbestos. At the date of signing of the accounts the outcome is not certain, however the Group has received a protective assessment of £8.6m that the Group is disputing. Having taken independent professional advice, the Directors do not reasonably expect a liability of this order to crystallise. Discussions with HMRC are on-going and management are not able reliably to estimate the amount of any potential liability, and accordingly no provision has been made in these financial statements.

33. EVP Related Items

The Group is engaged in a dispute with HMRC concerning historical Landfill Tax.

HMRC claims that the Group is liable for £61.9m of Landfill Tax in respect of certain waste materials deposited in Biffa's landfill sites from 2009 to 2012 (EVP). Biffa contests that the material was used in the sites for an engineering purpose and is not therefore subject to Landfill tax. Notwithstanding the Group's opinion on the tax treatment of this material, since 2012 all materials of this nature have been subjected to Landfill Tax. The matter was heard by the First tier Tax Tribunal which found in HMRC's favour. Having taken appropriate advice the Directors have decided to appeal this judgement, this hearing is scheduled to take place in November 2019.

The contested amount was originally unpaid under a hardship agreement with HMRC but was paid to HMRC following the refinancing of the Group upon its IPO in October 2018. In addition to the payment of £61.9m, the Group paid £1.7m in interest in the prior year.

The Directors, having taken appropriate advice, do not believe that a liability to tax exists, and accordingly have treated the payment of the tax and associated interest as a prepayment.

As part of the IPO of the Group, arrangements were put in place to make certain payments to the shareholders and certain members of employee incentive schemes of the Group immediately prior to its Listing, subject to and in respect of the outcome of the dispute. A liability of £48.6m has been recognised in borrowings, an accrual of £13m has been recognised in non-current liabilities, and a non-underlying non-cash interest charge of £2.4m has been recognised in finance charges in respect of these obligations. Of the liability of £48.6m, £6.3m has been included within Reported Net Debt as it will be payable irrespective of the outcome of the dispute. The remaining balance of £42.3m has been excluded from Reported Net Debt.

34. Service Concession Arrangements

The Group has two integrated waste management contracts with Leicester City Council (25 years – awarded in 2003) and West Sussex County Council (25 years – awarded in October 2010). The concessions vary as to the extent of their obligations, but typically require the construction and operation of an asset during the concession period including scheduled maintenance and capital expenditure. The operation of the assets includes the provision of waste management services such as collection, recycling and disposal. Typically at the end of concession periods the assets are returned to the concession owner. There have not been any significant changes to these arrangements in the period. The construction of the infrastructure for West Sussex County Council was funded by the Council and therefore falls outside of the scope of IFRIC 12 and no financial asset or intangible has been recognised. A financial asset of £2.7m has been recognised in relation to the Leicester City Council contract (note 19)

These contracts generated revenue of £49.6m in the 52 weeks ended 29 March 2019 (2018: £54.2m). The contract with Leicester City Council is loss making and a return to profitability is not expected and as such an onerous contract provision has been recognised. An increase to the provision of £4.75m has been recognised as an Exceptional item (note 3) in the 52 weeks ended 29 March 2019.

Notes to the Consolidated Financial Statements continued

35. Non-principal Subsidiary Undertakings

The following entities complete the full list of the Company's subsidiary undertakings.

All subsidiaries are 100% owned and consolidated unless otherwise stated.

Name	Country of incorporation	Activity	Shareholding
Wasteholddco 1 Limited***	Jersey	Holding company	100%
Wasteholddco 2 Limited**	Jersey	Holding company	100%
Biffa Group Holdings Limited**	Jersey	Holding company	100%
Biffa Group Limited**	England and Wales	Holding company	100%
GS Equity Co ¹	Cayman Islands	Holding company	100%
GS Acquisitions Limited**	England and Wales	Holding company	100%
Biffa GS Holdings Limited**	England and Wales	Holding company	100%
Material Recovery Nominees Limited**	England and Wales	Dormant	100%
Biffa GS UK Holdings Limited**	England and Wales	Holding company	100%
Wastelink Services Limited** ^{1A}	England and Wales	Dormant	100%
Biffa GS (LPP) Limited**	England and Wales	Waste management	100%
Biffa GS Environmental Limited**	England and Wales	Waste management	100%
Biffa GS (RUR) Limited**	England and Wales	Dormant	100%
Biffa GS Environmental Recycling Limited**	England and Wales	Waste management	100%
Wespack Limited** ^{1A}	England and Wales	Dormant	100%
Biffa GS (M&B) Limited**	England and Wales	Waste management	100%
Biffa GS (FC) Limited**	England and Wales	Waste management	100%
The Fosse Group Limited** ^{1A}	England and Wales	Dormant	100%
Ecovort Limited** ^{1A}	England and Wales	Dormant	100%
Biffa Group Holdings (UK) Limited**	England and Wales	Holding company	100%
Biffa Corporate Services Limited**	England and Wales	Dormant	100%
Biffa Corporate Holdings Limited**	England and Wales	Holding company	100%
Biffa Netherlands B.V.**	Netherlands	Holding company	100%
Biffa Servicios de Energia Mexico SA de CV**	Mexico	Waste management	100%
Empresa de Servicios Especializados en Generación de Energia, S.A. de C.V.**	Mexico	Waste management	100%
Biffa Waste Limited**	England and Wales	Waste management	100%
Biffa Holdings (Jersey) Limited**	Jersey	Holding company	100%
Biffa UK Group Limited**	England and Wales	Dormant	100%
Biffa UK Limited**	England and Wales	Dormant	100%
Biffa (UK) Holdings Limited**	England and Wales	Waste management	100%
UK Waste Management Holdings Limited**	England and Wales	Waste management	100%
S.C.S Contractors Limited** ^{1A}	England and Wales	Dormant	100%
RA Johnson (Haulage) Limited** ^{1A}	England and Wales	Dormant	100%
A Smith & Sons (Waste Disposal) Limited**	England and Wales	Dormant	100%
Biffa (Land) Limited**	Guernsey	Waste management	100%
Pilmuir Waste Disposal Limited**	England and Wales	Dormant	100%
Biffa (Roxby) Limited**	England and Wales	Dormant	100%
Norwaste Limited**	England and Wales	Dormant	100%
Waste Clearance (Holdings) Limited** ^{1A}	England and Wales	Dormant	100%
Verdant Municipal Limited** ^{1A}	England and Wales	Dormant	100%
Biffa West Sussex Holdco Limited**	England and Wales	Dormant	100%
Bray 2008 (Malta) Limited**	Malta	Holding company	100%
Reclamation & Disposal Limited**	England and Wales	Dormant	100%
Biffa Holdings Limited**	England and Wales	Holding company	100%
Biffa (Jersey) Limited**	Jersey	Holding company	100%
Richard Biffa (Reclamation) Limited**	England and Wales	Dormant	100%
M Joseph & Son (Birmingham) Limited**	England and Wales	Dormant	100%
Biogeneration Limited** ^{1A}	England and Wales	Dormant	100%

Name	Country of incorporation	Activity	Shareholding
Biffa Pension Scheme Trustees Limited ^{*A}	England and Wales	Dormant	100%
Hales Waste Control Limited ^{**B}	England and Wales	Dormant	100%
Cressex Insurance Services Limited ^{**}	England and Wales	Dormant	100%
White Cross Limited ^{**}	England and Wales	Dormant	100%
Wastedrive Limited ^{**}	England and Wales	Dormant	100%
Wastedrive (Manchester) Limited ^A	England and Wales	Waste management	100%
The Withnell Brick & Terra Cotta Company (1912) Limited ^{**A}	England and Wales	Dormant	100%
Amber Engineering Limited ^{**}	England and Wales	Waste management	100%
O'Brien Waste Recycling Solutions Holdings Limited ^{**}	England and Wales	Holding company	100%
O'Brien Waste Recycling Solutions Limited ^{**}	England and Wales	Waste management	100%
SWR Plastics Limited ^{**}	England and Wales	Dormant	100%
SWR Waste Management Limited ^{**}	England and Wales	Dormant	100%
Smash & Grab Glass Recycling Limited ^{**}	England and Wales	Dormant	100%
Wastecutter Limited ^{**}	England and Wales	Dormant	100%
NewStar Environmental Limited ^{**}	England and Wales	Waste management	100%
SWR Equipment Limited ^{**}	England and Wales	Dormant	100%
SWR Smash & Grab Limited ^{**}	England and Wales	Waste management	100%
RUR3 Environmental Limited ^{**}	England and Wales	Waste management	100%
National Waste Collection Limited ^{**}	England and Wales	Dormant	100%
SWR Just Bins Limited ^{**}	England and Wales	Dormant	100%
SWRNewstar Limited ^{**}	England and Wales	Dormant	100%
Biffa Chemical Waste Limited ^{**A}	England and Wales	Waste management	100%
Commercial Waste Limited ^{**A}	England and Wales	Waste management	100%

* Financial year ended 28 March 2019.

** Financial year ended 31 December 2019.

*** Directly held by Biffa plc.

A Dissolved 2 April 2019.

B Dissolved 16 April 2019.

1 Registered at Coronation Road, Cressex, High Wycombe, Buckinghamshire HP12 3TZ.

2 Registered at 44 Esplanade, St Helier, Jersey, JE4 9WG.

3 Registered at East Lothian Depot, Barbachlaw, Wallyford, East Lothian, EH21 8QQ.

4 Registered at Strawinskylaan 3127, 8e verdieping, 1077ZX Amsterdam.

5 Registered at Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY19005.

6 Registered at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3H.

7 Registered at Development House, St Anne Street, Floriana, Malta.

36. Dividends

The Board has adopted a progressive dividend policy, aiming to distribute circa 35% of underlying profit after tax split approximately one-third (interim) and two-thirds (final). The Directors recommend a final dividend of 4.90 pence per share, bringing the total dividend payable in respect of the year to 7.20 pence per share (prior year 6.70 pence per share). The year-end dividend is expected to total £12.3m and, if approved, be paid on 19 July 2019 to those shareholders on the register as at 28 June 2019.

37. Post balance sheets

There have been no post balance sheet events.

Financial Statements


Parent Company Balance Sheet

The parent company statements are prepared under FRS 101 and relate to the Company and not to the Group. The accounting policies which have been applied to these accounts can be found on page 178 and a separate independent auditors' report on page 111.

	Notes	As at 29 March 2019 £m	As at 30 March 2018 £m
Assets			
Non-current assets			
Investments	2	255.7	252.9
Trade and other receivables	3	2.9	1.5
		258.6	254.4
Current assets			
Other receivables	3	34.0	24.0
Cash and cash equivalents	4	0.1	0.1
Current liabilities			
Derivatives financial instruments	5	(0.7)	(0.1)
Trade and other payables	6	(29.3)	(29.1)
Net current assets/(liabilities)		4.1	(5.2)
Net assets		262.7	249.2
Equity			
Called up share capital	7	2.5	2.5
Share premium		235.3	235.3
Retained earnings		20.2	9.8
Hedging and other reserves		4.7	1.8
Total surplus/(deficit) attributable to shareholders		262.7	249.2

Retained profit for the year was £27.6m (2018: £0.4m).

The Financial Statements on pages 176 to 182 were approved by the Board and signed on its behalf by:



Michael Topham
Director
Biffa plc
Registered no: 10338040

Parent Company Statement of Changes in Equity

	Called up share capital £m	Share premium £m	Hedging and other reserves £m	Retained earnings/ (deficit) £m	Total equity £m
At 24 March 2017	2.5	235.5	0.3	21.2	259.5
Profit for the period	-	(0.2)	-	0.4	0.2
Cash flow hedges	-	-	(0.3)	(0.1)	(0.4)
Value of employee service in respect of share option schemes and share awards	-	-	1.8	(0.5)	1.3
Dividends paid	-	-	-	(11.4)	(11.4)
As at 30 March 2018	2.5	235.3	1.8	9.6	249.2
Profit for the period	-	-	-	27.6	27.6
Cashflow hedges	-	-	(0.4)	-	(0.4)
Value of employee service in respect of share option schemes and share awards	-	-	3.3	-	3.3
Dividends paid	-	-	-	(17.0)	(17.0)
As at 29 March 2019	2.5	235.3	4.7	20.2	262.7

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The profit of the Company for the year attributable to shareholders was £27.6m.

Accounting Policies to the Parent Company Financial Statements

Basis of Preparation

These Financial Statements relate to Biffa plc, a publicly traded company incorporated and domiciled in England and Wales. The registered address is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

These Financial Statements present the results of the Company as an individual entity and are prepared on the going concern basis, in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The Company is part of a larger group and participates in the Group's centralised treasury and banking arrangements. The Company is expected to generate positive cash flows to continue to operate in the foreseeable future.

The Company has not presented its own income statement or statement of comprehensive income as permitted by section 408 of the Companies Act 2006.

The Financial Statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented except where the Company has elected to take the following exemptions under FRS 101:

- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' in respect of key management personnel.
- Requirements of IAS 24 'Related Party Disclosures' to disclose transactions between wholly owned members of the Group.
- The requirements of IFRS 7 'Financial Instruments: Disclosures', as equivalent disclosures are provided in the consolidated Financial Statements of the Group to which the Company belongs.
- The requirements of IFRS 2 'Share-based Payments'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurements', as equivalent disclosures are presented in the consolidated Financial Statements.

Areas of Judgement and Key Sources of Estimation Uncertainty

The Company does not have any key assumptions concerning the future, or other key areas of estimation uncertainty in the reporting period that may have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

Investments

Investments are initially stated at cost. Investments are tested for impairment when an event that might affect asset value has occurred. An impairment loss is recognised to the extent that the carrying amounts cannot be recovered either by selling the asset or by the discounted future cash flows from the investment.

Dividend Distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Other Receivables

Other receivables are recognised initially at fair value less any provision for expected credit loss. They are subsequently held at amortised cost less any provision for expected credit loss.

Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates certain derivatives as either a) fair value hedge (hedges of the fair value of recognised assets or liabilities); or b) cash flow hedge (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction); or c) net investment hedge (hedges of net investments in foreign operations).

The Company documents the transaction relationship between the hedging instruments and hedged items at inception. At inception and at each reporting date the Company assesses whether the derivatives used have been highly effective in offsetting changes in the fair value of hedged items.

The fair values of derivative instruments used for hedging are shown in Note 5. Movements in the hedging reserve are shown in the statement of changes in equity.

At the reporting date the Company has no fair value hedges or net investment hedges.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in equity. The Company's cash flow hedges in respect of forward foreign exchange contracts result in recognition in either profit and loss or in the hedging reserve.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity will be transferred to the income statement.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Other Payables

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Share Capital

Ordinary shares are classified as equity and are recorded at par value of proceeds received. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account net of direct issue costs.

Notes to the Parent Company Financial Statements

1. Employees and Directors

Details of the remuneration received by Directors of Biffa plc are included in the Directors' Remuneration Report on pages 98-108. Biffa plc has two employees (2018: two).

2. Investments

	As at 29 March 2019 £m	As at 30 March 2018 £m
Interests in Group undertakings	266.7	262.9

There have been no indicators of impairment during the year and no requirement for impairment. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Disclosure of the Company's subsidiaries is given in Notes 31 and 35 of the Group Financial Statements.

3. Trade and Other Receivables

	As at 29 March 2019 £m	As at 30 March 2018 £m
Amounts falling due within one year		
Amounts due from subsidiary undertaking	34.0	24.0
Amounts falling after more than one year		
Other receivables	2.9	1.5

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

4. Cash and Cash Equivalents

	As at 29 March 2019 £m	As at 30 March 2018 £m
Cash at bank and in hand	0.1	-

5. Fair Value of Financial Assets and Liabilities

	As at 29 March 2019		As at 30 March 2018	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial assets and liabilities				
Derivative asset	(0.7)	(0.7)	-	-
Trade and other receivables	36.9	36.9	25.5	25.5
Cash and cash equivalents	0.1	0.1	-	-
Trade and other payables	(29.3)	(29.3)	(29.1)	(29.1)
Total financial assets and liabilities	7.0	7.0	(3.6)	(3.6)

Derivative financial instruments

Full details of the derivative financial instruments are disclosed in Note 19 of the Group Consolidated Statements.

The fair value and the notional amounts are as follow:

	As at 29 March 2019		As at 30 March 2018	
	Fair value £m	Notional £m	Fair value £m	Notional £m
Forward foreign exchange contracts	(0.7)	16.0	(0.1)	19.0

6. Trade and Other Payables

	As at 29 March 2019 £m	As at 30 March 2018 £m
Non-current		
Amounts payable to subsidiary undertakings	(29.3)	(29.0)
Other	-	(0.1)
Total trade and other payables	(29.3)	(29.1)

All creditors are unsecured.

The fair value of non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments.

7. Called up share capital

	Number of shares No	Called up share capital £
As at 29 March 2019 and 30 March 2018	250,000,000	2,500,000

8. Related Party Transactions

There have been no material related party transactions in the 52 weeks ended 29 March 2019 (2018: nil) except for key management compensation as set out in the report of the remuneration committee.

9. UK Registered Subsidiaries Exempt from Audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 29 March 2019. Unless otherwise stated, the undertakings listed below are 100% owned, either directly or indirectly, by Biffa plc.

Name	Proportion of shares held by subsidiary (%)	Company number
GS Acquisitions Limited	100%	07255980
Biffa GS Holdings Limited	100%	04602885
Materials Recovery Nominees Limited	100%	05186581
Biffa GS UK Holdings Limited	100%	04631832
Biffa GS (LPP) Limited	100%	02276396
Biffa GS Environmental Limited	100%	03446693
Biffa GS (RUR) Limited	100%	04594882
Biffa GS Environmental Recycling Limited	100%	04786413
Biffa GS (MSB) Limited	100%	01173507
Biffa GS (FC) Limited	100%	04800628
Biffa Group Holdings (UK) Limited	100%	04081901
Reclamation and Disposal Limited	100%	00879316
Biffa Waste Limited	100%	04084432
Biffa UK Group Limited	100%	03650457
Biffa UK Limited	100%	03650459
Biffa (UK) Holdings Limited	100%	03249158
UK Waste Management Limited	100%	01362615
A. Smith & Sons (Waste Disposal) Limited	100%	01346573
Pilmuir Waste Disposal Limited	100%	01829739
Biffa Waste Management Limited	100%	01138022
Biffa (Roxby) Limited	100%	02031961
Norwaste Limited	100%	01041912
White Cross Limited	100%	01537610
Wastedrive Limited	100%	01396771
Wastedrive (Manchester) Limited	100%	01617244

Financial Statements

Notes to the Parent Company Financial Statements continued

Name	Proportion of shares held by subsidiary [%]	Company number
Biffa Holdings Limited	100%	01032104
Richard Biffa (Reclamation) Limited	100%	00929000
Barge Waste Management Limited	100%	02848409
Island Waste Services Limited	100%	01552791
M. Joseph & Son (Birmingham) Limited	100%	00440100
Amber Engineering Limited	100%	01067283
O'Brien Waste Recycling Solutions Limited	100%	09362887
O'Brien Waste Recycling Solutions Holdings Limited	100%	09560589
Weir Recycling Services Limited	100%	9390664
Weir Waste Services Limited	100%	03777183
SWR Equipment Limited	100%	06974078
SWR Plastics Limited	100%	07800637
SWR Waste Management Limited	100%	07800679
Smash & Grab Glass Recycling Limited	100%	07800734
Wastecutter Limited	100%	08212454
National Waste Collection Limited	100%	09700337
SWR Just Bins Limited	100%	10060304
SWRNewstar Limited	100%	11098385

In accordance with section 479C of the Companies Act 2006, the Company will guarantee the debts and liabilities of the above UK subsidiary undertakings. As at 29 March 2019 the total sum of these debts and liabilities is £37.1 million.

Glossary

Acquisition Net Revenue Growth

Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from (i) acquisitions completed in the relevant period and (ii) acquisitions completed in the 12 months ended to the start of the relevant period up to the 12 month anniversary of the relevant acquisition date (to the extent such Net Revenue falls in the current period). Acquisition Revenue Growth is calculated on the same basis, using revenue in place of Net Revenue

Acquisition Net Revenue Growth Rate

Acquisition Net Revenue Growth Rate in any period represents the Acquisition Net Revenue Growth for the period expressed as a percentage of the prior period's Net Revenue. Acquisition Revenue Growth Rate is calculated on the same basis, using revenue in place of Net Revenue

AD

Anaerobic digestion, a process that generates renewable electricity using biogas created from biodegradable waste material (primarily food waste) in the absence of oxygen

Admission

The Company's admission of its shares to the UK Listing Authority's Official List and listing on the Main Market of the London Stock Exchange on 20 October 2016

AFR

Accident Frequency Rate

CAR Score

Compliance Assessment Report score

CRC

Carbon Reduction Commitment

EfW

Energy from waste, typically from the incineration of RDF

Energy Generation

Energy Generation is total energy generated by Biffa's Energy division. Excludes generation by third parties

Environment Agency

Non-departmental public body, with responsibilities relating to the protection and enhancement of the environment in England and Wales

ERF

Energy recovery facility

ESA

Environmental Services Association

ESOS

Energy Savings Opportunity Scheme

EVP

Engineered into the void permanently, related to the use of certain material at a landfill site, placed at specified depths immediately below the geomembrane layer at the top of a landfill cell, for use in capping the site

GHG

Greenhouse gas

HDPE

High-density polyethylene

I&C

Industrial and commercial waste producers in the UK

Inactive Waste

Waste materials listed in the Landfill Tax (Qualifying Material) Order 2011, as amended, namely: (i) wastes which are not 'hazard' within the meaning of the revised Waste Framework Directive (2008/98/EC); (ii) wastes which are not biodegradable, have a low organic content or do not break down under the anaerobic conditions that prevail in landfill sites to produce methane; (iii) waste with little or no organic content, such as inorganic residues or completely combusted residues from the incineration of biodegradable/organic wastes; and (iv) waste with low polluting potential in the landfill environment

IPO

Initial Public Offering

ktns

Thousand tonnes

ktpa

Thousand tonnes per annum

Leverage Ratio

Ratio of Reported Net Debt to Underlying EBITDA

Loader-to-LGV

Loader-to-Large Goods Vehicles

LTI

Lost Time Injury Frequency Rate, a safety benchmarking measure calculated as the number of lost time injuries occurring in a workplace per 100,000 hours worked

M&A

Mergers & acquisitions

MBT

Mechanical and biological treatment

Additional information

Glossary continued

MRF

Materials recycling facility

MW

Megawatt

MWh

Megawatt hour

National Grid

High-voltage electric power transmission network in the UK

Net Capex

Cash capex less proceeds from disposal of tangible assets

Net Revenue

Statutory Revenue excluding landfill tax, unless stated otherwise, 'revenue' refers to Statutory Revenue

Organic Net Revenue Growth

The increase/(decrease) in net revenue in the period excluding net revenue from acquisitions completed in the period and net revenue from acquisitions completed in the prior period up to the anniversary of the relevant acquisition date, to the extent such net revenue falls in the current period. Organic net revenue growth can be expressed both as an absolute financial value and as a percentage of prior period revenue

PSP

Performance Share Plan

RDF

Refuse-derived fuel, produced by processing solid waste to segregate largely combustible components for incineration

Recyclate

Raw material sent to, and processed in, a waste recycling plant or materials recycling facility

Reported Net Debt

Net Debt excluding the EVP preference instrument

Return on Capital Employed (ROCE)

Operating Profit excluding exceptional items and impact of real discount rate changes to landfill provisions divided by the average of opening and closing shareholder's equity plus net debt (including finance leases), pensions and environmental provisions

Return on Operating Assets (ROOA)

Underlying Operating Profit divided by the average of opening and closing Tangible Fixed Assets plus net working capital

rHDPE

Recycled high-density polyethylene

ROC

Renewable Obligations Certificate

SECR

Streamlined Energy and Carbon Reporting

SHEQ

Safety, health, environment and quality

SIP

Share Incentive Plan

SWaRF

Secure Waste and Recycling Facility

T&A

Trade and Assets

Tonnes Collected

Tonnes Collected is calculated as total waste tonnages collected from customers by Biffa operations. Excludes sub-contracted services and haulage/internal movements

Tonnes Landfilled

Tonnes Landfilled is calculated as total waste tonnages accepted for disposal at a Biffa operated landfill site. Excludes sites managed by third parties. Excludes non-waste materials (e.g. restoration soils) that are not subject to Landfill Tax. Tonnes Processed is calculated as the tonnages received in the period subjected to processing activities at Biffa operated sites. Processing activities includes (i) sorting, baling and transfer; (ii) RDF preparation; (iii) soils and aggregates processing; (iv) composting; (v) plastics recycling; (vi) hazardous waste processing; (vii) anaerobic digestion; and (viii) mechanical and biological treatment. Where materials are subjected to more than one processing activity the tonnes are counted in respect of each process to which the material is subjected. Tonnages that have not been subjected to any processing activity and are disposed of in landfill and soils received at landfill sites for restoration are excluded. Excludes any processing activity carried out by third parties on Biffa's behalf. Where waste is not weighed (e.g. some hazardous wastes), tonnages are estimated

Underlying Earnings per Share

Underlying Earnings per Share is expressed as underlying profit after tax dividend by the weighted average number of shares in the year

Underlying EBITDA

Profit before depreciation and amortisation, exceptional items, impact of real discount rate changes to landfill provisions, finance costs and taxation. Divisional underlying EBITDA is stated after allocation of shared services costs

Underlying Free Cash Flow

The net increase/(decrease) in cash and cash equivalents excluding dividends, restructuring and exceptional items, acquisitions, movement in financial assets and movements in borrowings or share capital (but including finance lease principal payments)

Underlying Operating Profit

Profit before exceptional items, amortisation of acquisition intangibles, impact of real discount rate changes to landfill provisions, finance costs and taxation. Divisional underlying operating profit is stated after allocation of shared service costs

Underlying Operating Profit Margin

Underlying Operating Profit margin is expressed as Underlying Operating Profit as a percentage of Statutory Revenue

Underlying Profit after Tax

Underlying Profit after tax is the profit or loss for the period as adjusted for non-underlying operating items (exceptional items, amortisation of acquisition intangibles and impact of real discount rate changes to landfill provisions), non-underlying net interest items and non-underlying taxation

Void

Measure of potential capacity of a landfill site in cubic metres

Waste Hierarchy

The hierarchy of waste management options established by the Waste (England and Wales) Regulations 2011 (as amended)

Working Capital Movement

Working Capital Movement represents the movement from the previous period in relation to inventories, trade and other receivables, trade and other payables, provisions and adjusted for the impact of acquisitions on these balances

Additional information

Corporate Information

Registered Office

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Forward-looking statements

Certain statements made in this Annual Report are forward-looking and are based on current expectations. The statements are subject to assumptions, inherent risks and uncertainties, many of which are beyond the Company's control and which could cause actual results to differ significantly from those expected. Unless required by law, regulations or accounting standards, the Company does not undertake to update or revise any forward-looking statement, whether as a result of new information or future developments. Any forward-looking statements made by or on behalf of the Group speak only as of the date that they are made and are based on knowledge and information available to the Directors on the date of this Annual Report. Nothing in this Annual Report should be regarded as a profit forecast or constitute an offer to sell or an invitation to buy any shares in Biffa plc.

Website

The Company's website www.biffa.co.uk gives additional information on the business. Notwithstanding the references made in the Annual Report to the website, none of the information made on the website constitutes part of this Annual Report or is deemed to be incorporated by reference herein.

A little bit about the production of your Annual Report:

The printer:

The printer is an Eco-Management and Audit Scheme ("EMAS") certified company. EMAS is designed to improve environmental performance of companies. Its environmental management system is certified to ISO14001.

The material:

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