BIFFA (WEST SUSSEX) RECYCLING LIMITED
(FORMERLY VIRIDOR WASTE (WEST SUSSEX) LIMITED)
Annual Report and Financial Statements
For the 52 weeks ended 25 March 2022

Company number: 04939078

BIFFA (WEST SUSSEX) RECYCLING LIMITED
COMPANY INFORMATION

Directors
M Topham
R Pike

Company Secretary
S Parsons

Registered number
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BIFFA (WEST SUSSEX) RECYCLING LIMITED

STRATEGIC REPORT

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

s.172 statement

The Directors of the Company are required under section 172 of the Companies Act 2006 ('s.172') to act in a way that promotes the success of the Company for the benefit of its shareholders as a whole, whilst having regard to the following matters (amongst other things): the likely long term consequences; the interests of the Company's employees; the business relationships with suppliers and customers; the impact on the community and the environment; reputation for high standards of business conduct; and acting fairly between shareholders. As the Company forms part of the Biffa Group, the governance framework adopted by Biffa plc has been applied by the Company as a subsidiary and the matters that the Directors of the Company are responsible for considering under s.172 have been considered to an appropriate extent by the Biffa plc Board in relation to both the Biffa Group and the Company. Further details of how the Biffa plc Board has considered the matters set out in s.172 (for the Group and for the Company) are set out in the Biffa plc Annual Report & Accounts for the period ended 25 March 2022 (the ARA 2022), which does not form part of this report. During the year, the Directors have also considered, both individually and together, relevant matters where appropriate.

Accounting reference date

During the current financial period, following the acquisition of the Company by the Biffa Group, the accounting reference dates were updated to align with the 52 week reporting periods reported by other members of the Biffa Group. These financial statements are for the period from 1 April 2021 to 25 March 2022. The comparatives are for the period from 1 April 2020 to 31 March 2021 The financial statements for the subsequent financial period will be prepared for the 53 weeks ending 31 March 2023.

Our strategy

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

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

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

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

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

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

Corporate Governance Statement

For the period ended 25 March 2022, the Company has applied the Wates Corporate Governance Principles for Large Companies (the "Principles"). Application of the Principles by the Company during the period is set out below.

Principle 1 – Purpose and Leadership

The Company is part of the Biffa Group. The Biffa plc Board (the "plc Board") is responsible for setting the Company's purpose and values and ensuring these are aligned with the Group's culture. The Group's purpose is to 'change the way people think about waste', alongside our vision, 'leading the way in UK sustainable waste management'. Our culture is the way that we work together and is fundamental to how we operate. We pride ourselves on our common-sense approach to sustainable waste management, our collaborative working and our ability to get things done. The plc Board has a clear corporate governance framework comprising Board reserved matters, various Committees with their Terms of Reference and the Group delegated authorities matrix ensuring decision making at appropriate levels within the Group. The plc Board is responsible for promoting the long-term success of the Company for the benefit of its members as a whole, taking into accounts other stakeholders as defined by s.172 of the Act and the Articles of Association and including but not limited to setting the Company's strategic aims, monitoring performance of the Company and management against these aims and monitoring the operation of effective controls and monitoring compliance with corporate governance principles.

Principle 2 – Board Composition

The Chairman of the plc Board assesses the composition annually to ensure that the balance of responsibilities, accountabilities and decision-making across the Company is effectively maintained. The Directors have equally voting rights when making decisions, except the Chair who has the casting vote. All Directors have access to the advice and services of the Company Secretary. The role of the plc Board is to promote the long-term success of the Company, generating value for shareholders and contributing to wider society by providing effective leadership and direction to the business as a whole. It sets the Group's strategy, having regard to stakeholders, while maintaining a balanced approach to risk within a framework of effective controls. It has also established the Company's purpose and values and monitors culture to ensure alignment. Its sets the tone and approach to corporate governance and is responsible for the overall financial performance of the Group. During the period, the Board received a corporate governance update on remuneration matters from FIT, our external Remuneration Advisor, and corporate governance updates from an audit and risk perspective from the External Auditor. In addition, the Directors undertake their own training and development which has included during the period topical updates on corporate governance, technology, sustainability, and cyber security matters.

Principle 3 – Director Responsibilities

The Biffa Group has a clear corporate governance framework comprising Board reserved matters, various Committees with their Terms of Reference and the Group delegated authorities matrix ensuring decision making at appropriate levels within the Group. The Board members have separate clearly defined roles and responsibilities and each member of the Board has a range of skills and experience that is relevant to the successful operation of the Group. The Board held a number of meetings throughout the period. The Board's key areas of focus in the period were the Group's acquisition of Viridor's collections business and certain recycling assets, the private placement loans issuance to the Group during the period, and the reinstatement of the Group's dividend. All Board considerations and decision making includes the consideration of a number of factors relating to s.172 and the different interactions with and impacts upon the various stakeholders of the Biffa Group. Further details can be found in the ARA 2022.

Principle 4 – Opportunity and Risk

The role of the plc Board is to promote the long-term sustainable success of the Company, generating value for its shareholders within a framework of effective controls, which enable risks to be assessed and managed. Biffa's risk appetite is approved by the plc Board and reviewed annually. The Group dedicates significant resources and focus to manage and monitor risks via our Internal Audit team. The Audit Committee monitors risk management processes and controls on behalf of the plc Board. The Biffa plc Board has overall responsibility for risk management at Biffa. In support of this, risk management is firmly embedded within our everyday business activities and our culture. The plc Board recognises its responsibility to ensure that the Group's internal control systems and risk management framework are effective. The Audit Committee has specific delegated authority to review the effectiveness of the risk management and internal control processes during the period. Day-to-day risk management and control is the responsibility of the Group Executive Team, with plc Board oversight, and is designed to ensure that management provides leadership and direction to employees so that our overall risk-taking activity is kept within our risk appetite.

Corporate Governance Statement (continued)
Principle 5 – Remuneration
The Company's remuneration policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code, being clarity, simplicity, risk, predictability, proportionality and alignment to culture and is approved by the Biffa plc Remuneration Committee, which applies to all employees in entities within the Biffa Group. Our annual bonus schemes are directly linked to the annual Group BBP targets. These include the results of the annual employee engagement survey, the Health & Safety improvement targets, as well as behaviours underpinned by our values. The Biffa Group reports on the pay ration of the Group CEO to UK employees and details of this can be found in the Director's Remuneration Report in the ARA 2022 which is available at https://www.biffa.co.uk/investors. Biffa plc also reports on our gender pay gap and on the steps we are taking in relation to this at https://www.biffa.co.uk/about-us/policies

Principle 6 – Stakeholders Relationships and Engagement
Details about the Company's stakeholders can be found in the ARA 2022 for the period ended 25 March 2022.

Review of the period
The principal activity of the Company during the period was the provision of waste management services under contract with West Sussex County Council. This is a 29 year index linked contract which commenced on 1 April 2004. Upon expiry all assets associated with the contract revert to West Sussex County Council.

On 31 July 2022 ownership of the Company transferred from Viridor Waste Management Limited to Syracuse Waste Management Limited. On 31 August 2022 Syracuse Waste Management Limited was sold from the Viridor Group to the Biffa Group. Following the acquisition, the operations of the Company now form part of the Resources & Energy Division within the Biffa Group.

On 9 September 2022 the Company changed registered address from Viridor House Priory Bridge Road Taunton TA1 1AP to Coronation Road Cressex High Wycombe Buckinghamshire HP12 3TZ. On 10 September 2022 the Company changed name from Viridor Waste (West Sussex) Limited to Biffa (West Sussex) Recycling Limited. Following the acquisition the Company changed from reporting the year end on 31 March, to aligning with the 52 week financial periods reported by the other members of the Biffa Group.

Following the change in ownership, new management reviewed the accounting for the West Sussex County Council contract under the interpretation of IFRIC 12 Service Concession Arrangements. A historical error in accounting presentation was recognised, with the correct interpretation of future cashflows arising from the contract as being contingent upon utilisation of the services provided by the public, as opposed to being certain. As such an intangible asset and provision for the capitalisation of reverting assets should have been recognised upon inception of the contract in April 2004, as opposed to the financial asset recognised. Under the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors the prior period comparatives have been restated in addition to the opening reserves position as at 1 April 2020, as though the correct accounting interpretation had always been in place. The retrospective impact of this adjustment is detailed below:

	Period ended 31 March 2021 £'000	Restatement £'000	**Restated period ended 31 March 2021 £'000**
Revenue	23,467	(66)	**23,401**
Operating profit	2,753	399	**3,152**
Profit before tax	3,898	(2,347)	**1,551**
Profit after tax	3,811	(1,900)	**1,911**
Net current assets/(liabilities)	21,745	(26,961)	**(5,216)**
Net assets/(liabilities)	9,793	(21,315)	**(11,522)**

The closing net assets as at 31 April 2020 were restated from £5,982k to net liabilities of £13,433k. This is as a result of the removal of the financial asset previously presented and its replacement by the correct accounting treatment recognising an intangible asset and provision for capitalisation of reverting assets. The historical retained earnings have been reduced as a result of the replacement of finance income previously recognised on the financial asset being removed and replaced by the amortisation of the intangible asset and finance expense for the unwind of the provision for the capitalisation of reverting assets.

Review of the period (continued)
During the current financial period the Company recorded revenues of £22,577k (2021: £23,401k) and a profit before tax of £460k (2021: £1,551k). The decrease in revenue from the prior period was driven by a reduction in input tonnage to the MRF facility post COVID, which was offset by an increase in recyclate revenues. The decrease in the profit before tax resulted from one-off insurance income in the prior period of £933k following a fire at one of the sites. The net current liabilities of the Company fell from £5,216k to £3,027k due primarily to the £3,206k increase in cash and cash equivalents during the period. The net liabilities of the Company increased from £11,522k to £11,958k due to the continued amortisation on the service concession arrangement intangible and increase in closing payables and provisions balances, which offset the increase in cash and cash equivalents. For a detailed review of the Company's position, refer to the Statement of Financial Position. When reviewing the business the Key Performance Indicators for management are as below:

	Period ended 25 March 2022	Period ended 31 March 2021 (restated)	Movement
	£'000	£'000	£'000
Revenue	**22,577**	23,401	(824)
Profit before tax	**460**	1,551	(1,091)
Current net liabilities	**(3,027)**	(5,216)	(2,189)
Net liabilities	**(11,958)**	(11,522)	(436)

Non-financial key performance indicators in respect of the Biffa Group of companies are shown in the Financial Statements of Biffa plc for the period to 25 March 2022, which do not form part of this report.

Future outlook
The Company will continue to provide waste management services under contract with West Sussex County Council and remains committed to ensuring its key objective of services excellence is maintained.

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

- Improving the efficiency and emissions per tonne of waste in the Collections division.
- Broadening and enhancing our recycling and treatment capabilities.
- Reducing the scale of the landfill business.
- Utilising rail links to transport inert waste.
- Pioneering the transition to electric vehicles and alternative fuels.
- Caring for our people by tackling modern slavery and by promoting diversity and inclusion.
- Supporting our communities by funding biodiversity projects.
- Working with partners and customers to reduce waste. Our actions have enabled us to reduce the carbon intensity of our revenues by 85% over this period. We are breaking the link between the management of waste and carbon. But there is still more to do.

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

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

It includes a commitment to unlock £1.25bn of investment in green economy infrastructure, whilst reducing our CO_2 emission by a further 50% in the coming decade. When combined with what the Group has achieved in the last 15 years, that will amount to a reduction in our CO_2 emissions by over 80%. 'Resourceful, Responsible' is inextricably linked to the Biffa Group's strategic framework and investment in green economy.

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

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

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company primarily uses funding from other group companies. The Company holds borrowings due to Biffa Waste Services Limited, for which a timetable of repayments for interest and principal are agreed and cash balances managed accordingly to ensure these obligations are met.

Health and Safety
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. To mitigate against these risks the Company maintains active and regular engagement by senior management including weekly reporting calls and the inclusion of H&S targets and objectives within the Biffa Group's Balanced Business Plan and as one of the 5 pillars of being 'Safer Together'. Existing H&S standards updated and incorporated into a new Group Integrated Management System. Embedded policies, standards and procedures in place across Biffa for the systematic control of significant H&S risks.

Availability and cost of labour
The inability to source and retain appropriately priced and skilled labour to maintain competitive advantage, could have a material adverse effect on Biffa's business results, operations, financial condition and prospects. To mitigate against these risks the Company has implemented market rates for key to support recruitment and aide retention. Ongoing review of the recruitment and retention of key workers. Benefits appropriate and comparable to market including Performance Share Plan for senior management and Sharesave Scheme for all employees. Talent and management development programmes deployed at senior levels and progressively to other levels going forward. The Company as part of the Biffa Group has also established an apprenticeship programme.

Long-term contracts
The Company is exposed to risks inherent in long-term fixed-price contracts, 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. Protection from change of law or force majeure for unforeseen circumstances is agreed in contracts, where possible. A contract risk framework is in place to identify key commercial/legal risks and confirm through the governance process that these have been considered and mitigated. Improved capacity and capability across our project management and mobilisation facilitating a culture of continuous improvement.

Working together safely
The waste management industry carries inherent Health & Safety (H&S) risks and the group are committed to keeping people, customers and the general public safe and well. Protecting the health, safety and wellbeing of employees has been the top priority throughout the COVID-19 pandemic. Biffa has always been an industry leader, setting extremely high safety standards. The Group were delighted to see the achievement of the planned year-on-year reduction in the Lost Time Injury rate as well as the introduction of a new H&S culture change programme, 'Safer Together'.

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

R Pike
Director

Date: 16 December 2022

BIFFA (WEST SUSSEX) RECYCLING LIMITED

DIRECTORS' REPORT

Directors

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

Directors:	M Topham	appointed as Director on 31 August 2021
	R Pike	appointed as Director on 31 August 2021
	N Maddock	terminated as Director on 31 August 2021
	K Bradshaw	terminated as Director on 31 August 2021
Secretary:	S Parsons	appointed as Company Secretary on 31 August 2021
	L Hughes	terminated as Company Secretary on 31 August 2021

The Directors present their report and the audited financial statements for Biffa (West Sussex) Recycling Limited for the period ended 25 March 2022.

Principal activity

The principal activity of the Company during the period was the provision of waste management services under contract with West Sussex County Council. This is a 29 year index linked contract which commenced on 1 April 2004. Upon expiry all assets associated with the contract revert to West Sussex County Council.

Business review

The results for the period are set out within the Income Statement and Statement of Financial Position. A full review of the business is presented within the Strategic Report, in addition to future developments and risk management policy

Going Concern

Biffa (West Sussex) Recycling Limited operates within the Resources and Energy division of the Biffa Group.

During the period, the Biffa Group's financial performance largely recovered from the effects of the Covid-19 pandemic and the associated lockdown measures. Revenue and Adjusted EBITDA saw significant growth to surpass FY20 levels despite the significant headwinds faced during the period. These included high inflationary cost pressures, driver shortages and supply chain disruption. This resilient performance gives the Directors confidence in the forecast financial performance for the next 12 months.

The Company will continue to have sufficient funds, through funding from its ultimate parent company, Biffa plc, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on Biffa Waste Services Limited not seeking repayment of the amounts currently due to them, allowing continued use of a Group-wide revolving credit facility and providing any additional financial support if required.

The Biffa Group has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period at least 12 months from the date of these financial statements. The Biffa Group had un-utilised committed bank facilities available of £341.0m as at the FY22 period end and cash and cash equivalents of £40.8m. This gives a closing leverage ratio (Net Debt / Adjusted EBITDA) of 2.9x on a covenant basis, substantially below the covenant limit of 4.5x. The large headroom on both liquidity and leverage puts the Biffa Group in a strong position to manage fluctuations in financial performance over the next 12 months. The going concern assumption for the Biffa Group has been assessed within the ARA 2022, considering a number of the principal risks. Multiple low cases have been tested and the Group could continue to operate for at least the next 12 months in each of these low cases.

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

Results and dividends

During the current financial period the Company recorded revenues of £22,577k (2021: £23,401k) and a profit before tax of £460k (2021: £1,551k).

No ordinary dividends were paid (2021: £nil). The Directors do not recommend payment of a final dividend.

Directors' indemnities
The Company has made qualifying third party provisions (as defined in the Companies Act 2006) for the benefit of all its Directors. These provisions remain in force at the date of this Annual Report. In accordance with the Company's articles, and to the extent permitted by law, the Company may indemnify its Directors out of its own funds to cover liabilities arising as a result of their office. The Group holds Directors' and Officers' Liability Insurance cover for any claim brought against Directors or Officers for wrongful acts in connection with their positions, but the cover does not extend to claims arising from dishonesty or fraud.

Greenhouse gas emissions, energy consumption and energy efficiency action
The Company is a 100% owned subsidiary within the Biffa Group. Consolidated financial statements for Biffa plc can be referenced online at: https://www.biffa.co.uk/investors/reports/results-and-reports. The Group disclosure for greenhouse gas emissions, energy consumption and energy efficiency action can be referenced within these consolidated financial statements.

Statement of corporate governance arrangements
For the period ended 25 March 2022, the Company has applied the Waste Corporate Governance Principles for Large Companies. The application of these principles is set out within the Strategic Report.

Disclosure of information to auditors
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the requirements of section 418 of the Companies Act 2006.

Auditors
Following the change in management as a result of the acquisition of the Company by the Biffa Group, Ernst & Young were not re-appointed as the Company's auditors, with Deloitte LLP, who serve as the Biffa Group's auditor, being appointed.

Deloitte LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

R Pike
Director

Date: 16 December 2022

BIFFA (WEST SUSSEX) RECYCLING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

BIFFA (WEST SUSSEX) RECYCLING LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE COMPANY

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Biffa (West Sussex) Recycling Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 25th March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows, and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 company and its 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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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Peter Gallimore FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

16 December 2022

BIFFA (WEST SUSSEX) RECYCLING LIMITED
INCOME STATEMENT FOR THE PERIOD ENDED 25 MARCH 2022

	Notes	Period ended 25 March 2022	Period ended 31 March 2021 (restated)
Continuing operations		**£'000**	£'000
Turnover	4	**22,577**	23,401
Other income	5	**-**	933
Cost of sales		**(1,895)**	(1,895)
Recharge of waste management services		**(18,766)**	(19,287)
Operating profit	6	**1,916**	3,152
Finance costs	7	**(1,456)**	(1,601)
Profit before tax		**460**	1,551
Taxation	8	**(896)**	360
(Loss) / Profit for the period		**(436)**	1,911

The income statement has been prepared on the basis that all operations are continuing operations.

The Company has no recognised gains or losses in either the current or prior period other than the results above and therefore no separate Statement of Other Comprehensive Income has been presented.

The prior period comparatives have been restated following the historical error in the accounting treatment of the long-term contract with West Sussex Council under the interpretation of IFRIC 12 Service Concession Arrangements.

The accompanying notes to the financial statements are an integral part of the Company's financial statements.

BIFFA (WEST SUSSEX) RECYCLING LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 25 MARCH 2022

	Notes	As at 25 March 2022 £'000	As at 31 March 2021 £'000 (restated)	As at 31 March 2020 £'000 (restated)
Fixed assets				
Intangible assets	9	**20,845**	22,740	24,635
		20,845	22,740	24,635
Current assets				
Debtors	10	**8,464**	7,134	5,434
Cash at bank and in hand		**4,203**	997	663
		12,667	8,131	6,097
Creditors: amounts falling due within one year	11	**(15,694)**	(13,347)	(7,488)
Net current liabilities		**(3,027)**	(5,216)	(1,391)
Total assets less current liabilities		**17,818**	17,524	23,244
Creditors: falling due after more than one year	12	**(14,211)**	(13,928)	(19,867)
Provisions for liabilities	13	**(15,565)**	(15,118)	(16,810)
Net liabilities		**(11,958)**	(11,522)	(13,433)
Capital and reserves				
Called up share capital	14	**1**	1	1
Share premium	15	**149**	149	149
Profit and loss account		**(12,108)**	(11,672)	(13,583)
Total equity		**(11,958)**	(11,522)	(13,433)

The prior period comparatives have been restated following the historical error in the accounting treatment of the long-term contract with West Sussex Council under the interpretation of IFRIC 12 Service Concession Arrangements.

The Financial Statements of Biffa West Sussex (Recycling) Limited, registered number 04939078 were approved by the Board of Directors and authorised for issue. They were signed on its behalf by

R Pike
Director

Date: 16 December 2022

BIFFA (WEST SUSSEX) RECYCLING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 25 MARCH 2022

	Called up share capital	Share premium	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
	(note 14)	(note 15)		
As at 31 March 2020	1	149	5,832	5,982
Restatement of opening reserves for correction of error (note 3)	-	-	(19,415)	(19,415)
As at 1 April 2020 (restated)	**1**	**149**	**(13,583)**	**(13,433)**
Profit and total comprehensive income for the period (restated)	-	-	1,911	1,911
At 31 March 2021	1	149	(11,672)	(11,522)
Loss and total comprehensive expense	**-**	**-**	**(436)**	**(436)**
At 25 March 2022	**1**	**149**	**(12,108)**	**(11,958)**

The opening prior period comparatives have been restated following the historical error in the accounting treatment of the long-term contract with West Sussex Council under the interpretation of IFRIC 12 Service Concession Arrangements, in addition to the loss and total comprehensive income for the period.

BIFFA (WEST SUSSEX) RECYCLING LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 25 MARCH 2022

	Notes	Period ended 25 March 2022	Period ended 31 March 2021 (restated)
		£'000	£'000
Cash flows from operating activities			
(Loss)/Profit for the year		**(436)**	1,911
Finance costs		**1,456**	1,601
Amortisation		**1,895**	1,895
Taxation		**896**	(360)
(Increase)/decrease in debtors		**(1,330)**	(1,424)
(Decrease)/increase in creditors		**892**	5,498
(Decrease)/increase in provisions		**(167)**	(2,306)
Cash from operating activities		**3,206**	6,815
Tax paid		**-**	(3,016)
Net cash flow from operating activities		**3,206**	3,799
Net cash flows from investing activities			
Net cash flows from investing activities		**-**	-
Net cash flows from financing activities			
Interest paid		**-**	(90)
Repayment of borrowings		**-**	(3,375)
Net cash flows from financing activities		**-**	(3,465)
Net increase in cash and cash equivalents		**3,206**	334
Cash and cash equivalents at the start of the period		**997**	663
Cash and cash equivalents at the end of the period		**4,203**	997

The prior period comparatives have been restated following the historical error in the accounting treatment of the long-term contract with West Sussex Council under the interpretation of IFRIC 12 Service Concession Arrangements.

1. General information

Biffa (West Sussex) Recycling Limited (formerly Viridor Waste (West Sussex) Limited) is private Company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

On 31 July 2021 ownership of the Company transferred from Viridor Waste Management Limited to Syracuse Waste Management Limited. On 31 August 2021 Syracuse Waste Management Limited was sold from the Viridor Group to the Biffa Group. Following the acquisition, the operations of the Company now form part of the Resources & Energy Division within the Biffa Group.

On 9 September 2021 the Company changed its registered address from Viridor House Priory Bridge Road Taunton TA1 1AP to Coronation Road Cressex High Wycombe Buckinghamshire HP12 3TZ. On 10 September 2021 the Company changed its name from Viridor Waste (West Sussex) Limited to Biffa (West Sussex) Recycling Limited. Following the acquisition, the Company changed from reporting the year end on 31 March, to aligning with the 52 week financial periods reported by the other members of the Biffa Group.

The principal activity of the Company during the period was the provision of waste management services under contract with West Sussex County Council. This is a 29 year index linked contract which commenced on 1 April 2004. Upon expiry all assets associated with the contract revert to West Sussex County Council.

2. Accounting policies

(a) Accounting convention

The Financial Statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework issued by the Financial Reporting Council. The Company adopted FRS 101 Reduced Disclosure Framework in the current period to take advantage of the reduced disclosures available as the Company meets the definition of a qualifying entity. The Company previously prepared financial statements in accordance with the International Financial Reporting Standards (IFRS) and as such the presentation of prior period comparatives has been updated to align with FRS 101 presentation requirements.

As permitted by FRS 101, exemptions from applying the following requirements have been adopted:

a) IFRS 7 'Financial Instruments: Disclosures';

b) IAS 1 'Presentation of Financial Statements paragraphs 10(d), 10(f), 16, 38 (requirement to present comparative information), 39(c), 111 and 134-136;

c) IAS 16 'Property, Plant and Equipment' paragraph 73(e)

d) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;

e) IAS 24 'Related Party Disclosures' paragraph 17, and the Company has also taken advantage of the exemption from the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Biffa Group

f) IAS 36 'Impairment of Assets' paragraphs 134(d)-(f) and 135(c)-(e).

Where required, equivalent disclosures are given in the Group accounts of Biffa plc. The Group accounts of Biffa plc are available to the public and can be obtained as set out in note 17.

During the current financial period, following the acquisition of the Company by the Biffa Group, the accounting reference dates were updated to align with the 52 week reporting periods reported by other members of the Biffa Group. These financial statements are for the period from 1 April 2021 to 25 March 2022. The comparatives are for the period from 1 April 2020 to 31 March 2021 The financial statements for the subsequent financial period will be prepared for the 53 weeks ending 31 March 2023.

2. Accounting policies (continued)

(b) Adoption of new and revised standards

New and amended IFRS Standards that are effective for the current period

At the date of authorisation of these Financial Statements, the below Standards and amendments are effective for reporting periods beginning after 1 January 2021, but have not impacted on the Company's reporting:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16 Leases: Amendment to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification

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

New standards and interpretations not yet adopted

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

- IFRS 17 (including the June 2020 amendments to IFRS 17: Insurance Contracts)
- Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standard 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

(c) Going concern

Biffa (West Sussex) Recycling Limited operates within the Resources and Energy division of the Biffa Group.

During the period, the Biffa Group's financial performance largely recovered from the effects of the Covid-19 pandemic and the associated lockdown measures. Revenue and Adjusted EBITDA saw significant growth to surpass FY20 levels despite the significant headwinds faced during the period. These included high inflationary cost pressures, driver shortages and supply chain disruption. This resilient performance gives the Directors confidence in the forecast financial performance for the next 12 months.

The Company will continue to have sufficient funds, through funding from its ultimate parent company, Biffa plc, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on Biffa Waste Services Limited not seeking repayment of the amounts currently due to them, allowing continued use of a Group-wide revolving credit facility and providing any additional financial support if required.

2. Accounting policies (continued)
(c) Going concern (continued)

The Biffa Group has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period at least 12 months from the date of these financial statements. The Biffa Group had un-utilised committed bank facilities available of £341.0m as at the FY22 year end and cash and cash equivalents of £40.8m. This gives a closing leverage ratio (Net Debt / Adjusted EBITDA) of 2.9x on a covenant basis, substantially below the covenant limit of 4.5x. The large headroom on both liquidity and leverage puts the Biffa Group in a strong position to manage fluctuations in financial performance over the next 12 months. The going concern assumption for the Biffa Group has been assessed within the ARA 2022, considering a number of the principal risks. Multiple low cases have been tested and the Group could continue to operate for at least the next 12 months in each of these low cases.

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

(d) Presentational and functional currency
The presentational currency of the Financial Statements and the functional currency is pound sterling, which is the currency of the primary economic environment in which the Company operates.

(e) Measurement
The Financial Statements have been prepared on the historical cost basis except for the recording of pensions assets and liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement purposes in these financial statements is determined on such a basis, , leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

(f) Impairment
The carrying amounts of the Company's assets, other than deferred tax assets, are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. Non-depreciable assets and goods are assessed annually for impairment. In assessing an asset for impairment, the recoverable amount of the asset or its cash generating unit is estimated. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount
The recoverable amount of such assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Accounting policies (continued)

(g) Revenue recognition

Revenue represents the fair value of goods and services delivered to customers in the normal course of business, net of trade discounts and VAT. The five-step model is used in determining when services are deemed to have been delivered when, and to the extent that, the Company has met its obligations under its service contracts. Payments received in advance of performance are deferred and recognised as revenue when the related service is delivered.

Waste Management Services

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for the value added tax and trade discounts. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed. Revenue from the provision of services is recognised at the point when the service has been provided. The contract with the Council is billed based on a calendar month therefore timing differences with the Company's period end occur. Income is accrued and is included with accrued income balances within the Statement of Financial Position.

Revenue from sale of recyclate materials

The Company collects various waste materials, some of which are general waste and some of which are recyclable materials. The recyclable materials are generally co-mingled and as such then have to be separated into individual recyclate streams ready for resale. Recyclate revenues are measured at the agreed transaction price per tonne of recyclate under the contract with the customer. Revenue recognition occurs when control over the recyclate assets has been transferred and therefore the performance obligation is satisfied at the point in time of collection by the customer.

(h) Interest payable and receivable

Interest payable and receivable comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and gains that are recognised in the profit and loss and the unwinding of discounts on provisions. Interest payable on borrowings is shown as an operating activity in the consolidated statement of cash flows.

Interest receivable is recognised in profit or loss as it accrues, taking into account the effective yield on the asset. Interest payable is shown as an operating activity in the consolidated statement of cash flows. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

(i) Government grants

Government grants are not recognised until there is reasonable assurance that the Company 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 Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2. Accounting policies (continued)

(j) 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 period. Taxable profit differs from 'profit before tax' as reported in the Profit and Loss Account because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company'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 not 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 Company 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.

(k) 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.

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 of 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.

2. Accounting policies (continued)

(k) Intangible assets (continued)

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.

The following useful lives have been applied to the intangible assets during the period:

Service concession arrangement	29 years

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 expense.

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

(m) Financial instruments

Non-derivative financial instruments

Non derivative financial instruments comprise investments in subsidiary undertakings, trade and other receivables and trade and other Payables. Non derivatives are recognised initially at fair value plus any directly attributable transaction expenses, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual rights to the cash flows from the financial assets expire, are extinguished or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contracts expire or are discharged or cancelled.

(i) Trade and other payables
Trade and other payables are stated at their amortised cost.

(ii) Trade and other receivables
Trade and other receivables are stated at their amortised cost.

2. Accounting policies (continued)

(m) Financial instruments (continued)

Classification of financial instruments issued by the Company

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

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

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

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

Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss (FVTPL) are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

For the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

Financial assets are derecognised only 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 to another entity.

2. Accounting policies (continued)

(m) Financial instruments (continued)

Financial liabilities

The Company recognises financial debt when the Company becomes party to the contractual provisions of the instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

(n) Service concession arrangements

Service concession arrangements typically involve a private sector entity constructing infrastructure and using that infrastructure to provide a public service on behalf of a government or local authority for a limited period of time before handing ownership of the infrastructure back to the government or local authority. The Company applies the intangible asset model as it has a right or a licence to charge users or the local authority based on usage of the public service.

This leads to the recognition of an intangible asset calculated from the net present value of all forecast capex expenditure as at the date of inception of the West Sussex Council contract, which is amortised on a straight line basis over the contact period (29 years). In addition, a provision for the expenditure on the capitalisation of reverting assets was recognised as at the date of inception of the West Sussex Council contact, based on the net present value of forecast capex expenditure. This provision is unwound on an annual basis and utilised against capital expenditure on reverting assets. Any additional capex not included as part of the original forecast is included as a charge to the income statement to increase the provision and then utilised when incurred.

Following the change in management and review of the West Sussex Contract following the acquisition of the Company by the Biffa Group, an error was noted in the historic accounting treatment for the West Sussex Council contract. This has been corrected in the current period and applied retrospectively as though the correct accounting policy had always been in place. This is detailed further in note 3.

(o) Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2. Accounting policies (continued)

(o) Critical accounting judgements and key sources of estimation uncertainty (continued)

The Company has the following critical accounting judgements for the period ending 25 March 2022.

Service Concession Arrangements

Following the change in management after the acquisition of the Company by the Biffa Group, the accounting treatment for the West Sussex Council contract was reviewed by management and an historical error noted. The error was corrected retrospectively as though the accounting policy had always been applied correctly since the initial inception of the contract. This required the recalculation of the initial opening intangible asset recognised under the interpretation of IFRIC 12 for the licence to operate public services. This calculation was derived from the original IFRIC 12 plan including historical forecast capex expenditure, which was discounted to the net present value as at 1 April 2004 using a discount rate of 4.88%, recognising an intangible asset of £54,954k with annual amortisation of £1,895k. Had the discount rate been 1% lower the intangible would have increased in value by £4,059k and amortisation would have been £140k greater per financial period. Had the discount rate been 1% higher the intangible would have fallen in value by £3,504k and annual amortisation would be £121k lower. See note 3 for further details.

The Company considers there to be no key sources of estimation uncertainty.

3. Restatement for historic error in accounting for West Sussex Council contract

The Company acts to provide waste management services under contract with West Sussex County Council and as such falls within the scope of IFRIC 12 Service Concession Arrangements. Following the change in management as a result of the acquisition of this entity by the Biffa Group on 31 August 2021, there was a review of the contract held for the operation of public resources on behalf of West Sussex County Council. There has been no change in the substance or form of the underlying agreement between Biffa as operator and West Sussex County Council, nor in the nature of interactions with the public who use these facilities.

Previous management interpreted IFRIC 12 as giving rise to a financial asset and associated finance income within the financial statements of the Company in error. Upon appraisal of this policy, new management have recognised that there has never been an unconditional right to receive cash or economic benefits under the terms of the contract. The contract conveys the Company the right to receive cash based on public utilisation of the services and facilities operated by the Company, which is contingent in nature. This should have lead to the recognition of an intangible asset at the inception of the contract, in addition to a provision for the capitalisation of reverting assets as per IFRIC 12:17.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the recognition of an error requires retrospective correction to the financial statements, with the prior period comparatives and opening reserves restated in order to show the corrected financial position of the Company. The recognition of an intangible asset and provision for the capitalisation of reverting assets is recognised as being the correct accounting treatment which should have been followed from the inception of the contact. This aligns with the interpretation of IFRIC 12 Service Concession Arrangements, with specific focus on the contingent nature of the future economic benefits due to flow to the Company through its operation of the public service facilities. A third comparative statement of financial position has been presented as the retrospective impact on the FY20 comparatives is recognised as a material figure.

As such, the previous accounting policy involving the recognition of a financial asset and associated finance income has been reversed out of the restated comparatives and replaced with the new accounting policy involving the recognition of an intangible asset, a provision for the capitalisation of reverting assets and the associated amortisation and discount unwind through the income statement.

Under the previous interpretation of IFRIC 12, a financial asset was recognised, in addition to interest income, the elimination of an element of revenue arising from the servicing of assets and the elimination of reverting fixed assets. This accounting treatment has been retrospectively removed from the FY21 comparatives. The main impact of this is an increase to profit before tax of £0.2m due to reduced recharged waste management costs (£2.4m), partially offset by a reduction in revenue (£0.1m) and removal of interest income (£2.1m). Net assets were reduced by £30.4m due to the removal of the financial asset of £30.4m.

3. Restatement for historic error in accounting for West Sussex Council contract (continued)
The FY20 comparatives have also been restated, with profit before tax increasing by £2.5m. This was driven by an increase in revenue (£4.3m) and a reduction on recharged waste management services (£0.4m), partially offset by the removal of finance income on the financial asset (£2.2m). Net assets were reduced by £28.2m, being equal to the financial asset no longer being recognised.

Under the new interpretation of IFRIC 12 an intangible asset is recognised, in addition to a provision for the capitalisation of reverting assets and the associated amortisation and unwind of discounting through the income statement. The main impact on the FY21 comparatives is a reduction to profit before tax of £2.5m due to £1.9m of amortisation and £0.6m for the unwind of discounting on the capex provision. Net assets are increased by £7.6m for the recognition of an intangible asset of £22.7m and provision of £15.1m. The FY20 comparatives have also been restated, with a reduction to profit after tax of £2.5m due to £1.9m of amortisation and £0.6m for the unwind of discounting on the capex provision. Net assets are increased by £7.8m for the recognition of an intangible asset of £24.6m and provision of £16.8m.

The overall impact of the change in accounting policy for IFRIC 12 on the FY21 comparatives is as follows. The profit before tax is decreased by £2.3m to a restated profit before tax of £1.5m. In addition, a tax credit of £0.4m has been recognised, due to deferred tax liability movements resulting from capital allowances and the IFRIC12 asset. Profit after tax has therefore reduced by £1.9m, resulting in a restated profit after tax of £1.9m. The deferred tax liability has reduced by £1.5m and overall, net assets have reduced by £21.3m. The brought forward retained earnings were reduced by £19.4m.

The impact on the FY20 comparatives resulted in no change to the profit after tax. However, a net tax credit of £0.1m has been recognised together with a £1m reduction in the deferred tax liability. Profit after tax has therefore increased by £0.1m and net assets have decreased by £19.4m. The brought forwards retained earnings were reduced by £19.5m.

	Period 31 March 2021 £'000	Period ended 31 March 2021 £'000	**Period ended 31 March 2021 £'000**
Restatement of period ended 31 March 2021	Previously presented	Restatement	**Restated**
Income Statement			
Turnover	23,467	(66)	**23,401**
Other income	933	-	**933**
Cost of sales	-	(1,895)	**(1,895)**
Recharge of management services	(21,647)	2,360	**(19,287)**
Finance income	2,132	(2,132)	**-**
Finance costs	(987)	(614)	**(1,601)**
Profit before tax	3,898	(2,347)	**1,551**
Tax	(87)	446	**360**
Profit after tax	3,811	(1,901)	**1,911**
Statement of Financial Position			
Intangible assets	-	22,740	**22,740**
Debtors	34,095	(26,961)	**7,134**
Provisions for liabilities	-	(15,118)	**(15,118)**
Net assets/(liabilities)	9,793	(21,315)	**(11,522)**
Capital and reserves			
Profit and loss account	9,643	(21,315)	(11,672)

3. Restatement for historic error in accounting for West Sussex Council contract (continued)

Restatement of period ended 31 March 2020	Period ended 31 March 2020 £'000 Previously presented	Period ended 31 March 2020 £'000 Restatement	**Period 31 March 2020 £'000 Restated**
Income Statement			
Turnover	17,992	4,348	**22,340**
Cost of sales	-	(1,895)	**(1,895)**
Recharge of management services	(16,983)	392	**(16,591)**
Finance income	2,236	(2,236)	**-**
Finance costs	(1,047)	(614)	**(1,661)**
Profit before tax	2,198	(5)	**2,193**
Tax	(764)	73	**(691)**
Profit after tax	1,434	68	**1,502**
Statement of Financial Position			
Intangible assets	-	24,635	24,635
Debtors	32,269	(26,835)	**5,434**
Provisions for liabilities	-	(16,810)	**(16,810)**
Net assets/(liabilities)	5,982	(19,415)	**(13,433)**
Capital and reserves			
Profit and loss account forwards	5,832	(19,415)	(13,583)

4. Turnover

The Company's revenue is derived from waste management services provided for West Sussex Council, in addition to the sale of recyclates. All revenues are generated within the United Kingdom.

	Period ended 25 March 2022	Period ended 31 March 2021 (restated)
	£'000	£'000 (restated)
Waste management services	**18,219**	20,922
Recyclate	**4,358**	2,479
	22,577	23,401

5. Other income

	Period ended 25 March 2022	Period ended 31 March 2021 (restated)
	£'000	£'000
Insurance income	**-**	933

During the prior period the Company recognised insurance income of £933k in relation to business interruption claims for a fire at Westhampnett.

6. Operating profit

	Period ended 25 March 2022	Period ended 31 March 2021 (restated)
	£'000	£'000
Hired and contracted services	**18,766**	19,287
Amortisation	**1,895**	1,895

Statutory audit fees for the audit of these financial statements of £17k were recognised in the current and prior period. There were no non-audit fees (2021: £nil). During the current and prior period the Company had no employees and all Directors were remunerated by other entities within the Biffa Group and Viridor Group.

7. Finance costs

	Period ended 25 March 2022	Period ended 31 March 2021 (restated)
	£'000	£'000
Interest on balances from ultimate parent company	**-**	258
Interest on balances from intermediate parent company	**842**	565
Interest on balances from immediate parent company	**-**	164
Unwind of discounting on provisions	**614**	614
	1,456	1,601

8. Taxation

	Period ended 25 March 2022	Period ended 31 March 2021
	£'000	£'000 (restated)
UK corporation tax	**156**	42
Deferred tax	**740**	(402)
Taxation	**896**	(360)

Corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the period. The credit for the period can be reconciled to the statement of profit or loss and other comprehensive income as follows:

	Period ended 25 March 2022	Period ended 31 March 2021
	£'000	£'000 (restated)
Profit before tax	**460**	1,551
Tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**88**	295
Adjustment to tax in respect of prior periods	**(23)**	(655)
Deferred tax charge relating to change in tax rate	**1,088**	-
Group relief	**(257)**	-
Taxation	**896**	(360)

The Finance Act 2021, which provides for an increase in the main rate of corporation tax from 19% to 25% effective from 1 April 2023, was enacted on 24 May 2021. As deferred tax assets and liabilities are measured at the rate that are expected to apply in the periods of 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.

9. Intangible assets

	Service Concession Arrangement £'000 (restated)
Cost:	
At 31 March 2020 (restated)	54,954
At 31 March 2021 (restated)	54,954
At 25 March 2022	**54,954**
Accumulated amortisation:	
At 31 March 2020 (restated)	30,319
Charge for the period (restated)	1,895
At 31 March 2021 (restated)	32,214
Charge for the period	1,895
At 25 March 2022	**34,109**
Net book amount:	
At 25 March 2022	**20,845**
At 31 March 2021	22,740

All amortisation expenses are recognised in profit or loss.

The Service concession arrangement intangible represents the licence operated by the Company and the right to receive cash based on public utilisation of the services and facilities operated by the Company, which is contingent in nature. This is based on the interpretation of IFRIC 12 Service Concession Arrangements.

10. Debtors

	As at 25 March 2022 £'000	As at 31 March 2021 £'000 (restated)
Due within one year		
Trade receivables	**3,694**	1,555
Amounts owed by other Group undertakings	**2,535**	1,010
Prepayments	**37**	2,392
Accrued income	**2,076**	1,899
Current tax asset	**123**	278
	8,464	7,134

Amounts owed by other Group undertakings are unsecured, non-interest bearing and repayable on demand. In the current period accrued income has been presented separately from prepayments and as such the prior year accrued income balance as disclosed separately as a comparative.

11. Creditors: Amounts falling due in one year

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Trade payables	**-**	68
Accrued expenses	**3,365**	1,458
Amounts due to other Group undertakings	**6,869**	7,971
Social security and other taxes	**1,125**	471
Borrowings	**4,336**	3,379
	15,695	13,347

Amounts due to other Group undertakings are unsecured, non-interest bearing and repayable on demand.

Borrowings relate to the loan between Biffa (West Sussex) Recycling Limited and Biffa Waste Services Limited, an intermediate parent company within the Biffa Group. Following the acquisition of the Company by the Biffa Group on 31 August 2021, the loan was novated from the former parent Viridor Waste Management Limited to Biffa Waste Management Limited on 13 September 2021. The loan accrues interest at 6% per annum and is repayable in instalments to 30 September 2027.

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

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Borrowings	**9,678**	10,136
Deferred tax	**4,532**	3,792
	14,210	13,928

Borrowings relate to the loan between Biffa (West Sussex) Recycling Limited and Biffa Waste Services Limited, an intermediate parent company within the Biffa Group. Following the acquisition of the Company by the Biffa Group on 31 August 2021, the loan was novated from the former parent Viridor Waste Management Limited to Biffa Waste Management Limited on 13 September 2021. The loan accrues interest at 6% per annum and is repayable in instalments to 30 September 2027.

13. Provisions

	Capitalisation of reverting assets £'000 (restated)	Other £'000	Total £'000
At 31 March 2020	16,810	-	16,810
Utilised	(2,306)	-	(2,306)
Unwind of discounting	614	-	614
As at 31 March 2021	15,118	-	15,118
Utilised	(2,667)	-	(2,667)
Unwind of discounting	614	-	614
Transfer	-	2,500	2,500
At 25 March 2022	**13,065**	**2,500**	**15,565**

Provisions have been analysed between current and non-current as follows:

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Current	**6,898**	2,667
Non-current	**8,667**	12,451
	15,565	15,118

Capitalisation of reverting assets
The provision for the capitalisation of reverting assets arises from the IFRIC 12 Service Concession Arrangements interpretation of the West Sussex Council contract. The provision is utilised against capitalisation on reverting assets operated by the Company and is unwound on an annual basis.

Other
Other provisions were transferred into the entity from a separate Viridor entity prior to the acquisition of the Company by the Biffa Group. These provisions include balances for the payment of super profit balances owed to West Sussex Council and for Fire Provision provisions.

14. Called up share capital

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Authorised, allotted, called up and fully paid:		
1,000 (2021: 1,000) Ordinary £1 shares	**1**	1

15. Share premium

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Share premium	**149**	149

16. Deferred tax liability

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Fixed asset timing differences	**(4,532)**	(3,792)
	(4,532)	(3,792)

The movement in temporary differences during the period was as follows:

	Fixed asset timing differences	**Total £'000**
At 31 March 2021 (restated)	(3,792)	(3,792)
Transfers	-	
Recognised in profit and loss (note 8)	(740)	(740)
Recognised in other comprehensive income	-	-
At 25 March 2022	**(4,532)**	**(4,532)**

At 25 March 2022 and 31 March 2021, there were no unrecognised deferred tax assets.

17. Borrowings

The maturity analysis of the loan between Biffa (West Sussex) Recycling Limited and Biffa Waste Services Limited is detailed below:

	As at 25 March 2022 £'000	As at 31 March 2021 £'000
Due within one year	**4,336**	3,379
Due between 1 and 2 years	**3,537**	1,559
Due between 2 and five years	**6,141**	4,678
Due over 5 years	**-**	3,899
	14,014	13,515

The loan accrues interest at 6% per annum and is repayable in instalments to 30 September 2027.

18. Immediate and ultimate parent undertaking

The Company is a 100% owned subsidiary of Syracuse Waste Limited, a Company incorporated in the United Kingdom with a registered office address of Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ, United Kingdom.

The ultimate parent undertaking and the smallest and largest group in which the Company's results are consolidated is Biffa plc, a public limited company registered in England and Wales. Copies of the consolidated Financial Statements of Biffa plc can be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ and online at www.biffa.co.uk/investors/reports/results-and-reports.