

**WASTEINVESTMENTS LLP**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE 52 WEEKS ENDED**

**30 MARCH 2012**

**Registration Number: OC334618**

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# **WASTEINVESTMENTS LLP**

## **REPORT AND FINANCIAL STATEMENTS**

**For the 52 weeks ended 30 March 2012**

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# **WASTEINVESTMENTS LLP**

## **REPORT OF THE MEMBERS**

**For the 52 weeks ended 30 March 2012**

### **Management Board** (appointed by the Lead Members)

Mark Dunfoy	
Jason Gatenby	(resigned 22 May 2012)
James Codling	(appointed 22 May 2012)
Matthew Harris	
Bill Woodburn	(resigned 23 March 2012)
Raj Rao	(appointed 23 March 2012)

### **Designated Members**

HSBC Global Trustee Custody Nominee (UK) Limited  
GIP Bravo Holdings (Cayman) Limited  
Wastehold LP

### **Auditor**

Deloitte LLP  
Chartered Accountants and Registered Auditor  
London  
United Kingdom

### **Solicitors**

Linklaters  
One Silk Street  
London EC2Y 8HQ

### **Registered Office**

Coronation Road  
Cressex  
High Wycombe  
Buckinghamshire HP12 3TZ

## **WASTEINVESTMENTS LLP**

### **REPORT OF THE MEMBERS (CONTINUED)**

#### **MEMBERS' REPORT**

The Management Board present the report and audited financial statements for WasteInvestments LLP on behalf of the Members for the 52 week period ended 30 March 2012

The financial statements consolidate the accounts of WasteInvestments LLP and all its subsidiary undertakings (the Group)

#### **LEGAL STRUCTURE**

The legal structure of the LLP is as stated in the WasteInvestments Limited Liability Partnership Agreement (dated 17 April 2008)

#### **PRINCIPAL ACTIVITIES**

The principal activity for the 52 week period ended 30 March 2012 was that of a holding company for a group of companies (the "Biffa Group") whose principal activities are the provision of integrated waste management services comprising waste collection, treatment and recycling and disposal services to local and national customers in the industrial, commercial and municipal sectors with the majority of its trading being in the United Kingdom

#### **FINANCING**

WasteInvestments LLP is financed through members' capital and the ongoing results arising out of its principal activities

#### **GOING CONCERN STATEMENT**

Over the summer of 2012 it became clear that, despite the full year financial results for the period ended 30 March 2012 and available cash flows, as a consequence of the loss of waste volumes and significantly reduced recycled commodity prices particularly in the Industrial and Commercial and Recycling and Processing businesses, the Biffa Group was likely to breach certain of its financial covenants. In addition, through meetings with the Biffa Group's lender community it became clear to the Board that the Biffa Group's current level of debt was unsustainable and its financial position was not sufficiently robust to provide a sound basis for its business going forward

Consequently, a capital restructuring arrangement, supported by the Biffa Group's, board approved, five year business plan was implemented on the 28 January 2013 by way of a court-approved scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006. Under the Scheme, the lender's entitlement to debts due from Biffa Group Limited and its subsidiaries were released and the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Biffa Group's senior creditors under a new capital debt structure

The effect of the scheme of arrangement is to reduce the total book value of senior and sub-ordinated capital debt of approximately £1.2 billion as at the date of the scheme of arrangement, to £520 million. Repayment dates for the new instruments range between July 2015 and January 2018

WasteInvestments LLP will not continue operations in the foreseeable future and it is the intention of the directors to wind up the company. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The financial statements include the results of Biffa Group Ltd, which have been prepared on a going concern basis as this company will continue its operations for the foreseeable future under a new ownership structure. These financial statements do not include any provision for the future costs of terminating the business of WasteInvestments LLP except to the extent that such costs were committed at the end of the reporting period

## **WASTEINVESTMENTS LLP REPORT OF THE MEMBERS (CONTINUED)**

### **MEMBERS' CAPITAL CONTRIBUTIONS**

Members' drawings and the subscription and repayment of capital are subject to the provisions of the Investment Agreement and the Limited Liability Partnership Agreement between the members

Allocation of profits and losses to the members and cash available for distribution is made in accordance with the terms of the Limited Liability Partnership Agreement. Cash available for distribution to the members is determined by the Management Board after determining what is reasonably necessary for use in the operation and management of the LLP and what is required in order to meet its various obligations. It is the policy of the LLP not to permit drawings by members until the LLP has discharged its obligations under the external financing arrangements under which loans are made to the LLP Group by third party lenders and the capital expenditure requirements of the wider group have been satisfied.

Any calls in respect of reserved subscriptions shall be determined by the Lead Investors in accordance with the terms of the Investment Agreement and the Management Board in accordance with the terms of the Limited Liability Partnership Agreement.

Unless otherwise agreed in accordance with the Investment Agreement, it is not anticipated that (other than repayment to employees in accordance with the Good Leaver/Bad Leaver provisions of the EBT) repayment of capital to members will occur until the underlying investments of the LLP have been realised.

## WASTEINVESTMENTS LLP

### REPORT OF THE MEMBERS (CONTINUED)

#### MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnership Regulations 2001 made under the Limited Liability Partnerships Act 2000 requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and to prepare the parent partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law, the members must also not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the parent partnership financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 partnership will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Group's ability to continue as a going concern.

The members are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

These responsibilities are exercised by the Management Board on behalf of the members.

For and on behalf of Designated Member



Graham Hislop, Authorised Signatory

For and on behalf of

Wastehold L.P., acting by its general partner MPE G.P. Ltd

15 February 2013

For and on behalf of the Management Board



Mark Dunfoy, Montagu Manager

## **WASTEINVESTMENTS LLP**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASTEINVESTMENTS LLP For the 52 weeks ended 30 March 2012**

We have audited the financial statements of WasteInvestments LLP for the 52 week period ended 30 March 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Partnership Profit and Loss Account, the Partnership Balance Sheet, the Partnership Cash Flow Statement and the related notes 1 to 29 and P1 to P9. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent limited liability partnership financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent partnership's affairs as at 30 March 2012 and of the Group's and the parent partnership's loss for the period then ended,
- of the Group have been properly prepared in accordance with IFRSs as adopted by the European Union,
- of the parent partnership have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to limited liability partnerships.

#### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

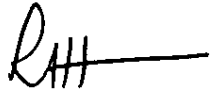
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

**WASTEINVESTMENTS LLP**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASTEINVESTMENTS LLP**  
**(CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent partnership financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit



**Ross Howard (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

**15** February 2013



**WASTEINVESTMENTS LLP**  
**CONSOLIDATED INCOME STATEMENT**  
**For the 52 weeks ended 30 March 2012**

	<i>Notes</i>	52 weeks ended 30 March 2012			52 weeks ended 1 April 2011 £m (Restated – note 1)
		Ordinary activities before exceptional items £m	Exceptional items £m (note 4)	Ordinary activities after exceptional items £m	
Revenue	3	842.9	-	842.9	770.6
Cost of sales		(765.9)	-	(765.9)	(716.8)
<b>Gross profit</b>		<b>77.0</b>	<b>-</b>	<b>77.0</b>	<b>53.8</b>
Distribution costs		(18.0)	-	(18.0)	(22.6)
Administrative expenses		(31.5)	(5.8)	(37.3)	(56.8)
Goodwill and Intangible Impairment	4	-	(896.2)	(896.2)	-
<b>Operating profit/(loss)</b>	3	<b>27.5</b>	<b>(902.0)</b>	<b>(874.5)</b>	<b>(25.6)</b>
Finance income	5	7.5	-	7.5	7.6
Finance charges	5	(98.7)	-	(98.7)	(115.6)
<b>Loss before taxation and members' remuneration</b>	7	<b>(63.7)</b>	<b>(902.0)</b>	<b>(965.7)</b>	<b>(133.6)</b>
Taxation	9	17.7	1.0	18.7	23.0
<b>Loss for the period before members' remuneration</b>		<b>(46.0)</b>	<b>(901.0)</b>	<b>(947.0)</b>	<b>(110.6)</b>
Members' remuneration charged as an expense	20	(161.7)	-	(161.7)	(145.9)
<b>Loss for the period attributable to the members of WasteInvestments LLP</b>		<b>(207.7)</b>	<b>(901.0)</b>	<b>(1,108.7)</b>	<b>(256.5)</b>

All the amounts above relate to activities discontinued since the balance sheet date and subject to the details disclosed in the Post Balance Sheet Events note 29 below are attributable to the members of WasteInvestments LLP

Administrative expenses in the period ended 1 April 2011 included £29.0m of exceptional items (related tax credit of £5.0m)

**WASTEINVESTMENTS LLP**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the 52 weeks ended 30 March 2012**

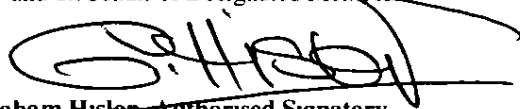
	52 weeks ended 30 March 2012 £m	52 weeks ended 1 April 2011 £m (Restated – note 1)
Loss for the period	<b>(1,108.7)</b>	(256.5)
Other comprehensive income		
Actuarial (losses)/gains on defined benefit pension scheme	<b>(32.0)</b>	0.4
Net (loss)/gain on cash flow hedge	<b>(2.5)</b>	33.8
Loss arising from IFRIC 12 restatement (note 1)	-	(0.7)
Deferred tax credit/(charge) arising on		
Net gain/(loss) on cash flow hedge	<b>0.5</b>	(9.6)
Accelerated tax depreciation (note 19)	<b>(0.3)</b>	(0.5)
Actuarial gain/(losses) on defined benefit pension scheme	<b>7.5</b>	(0.2)
Other comprehensive (loss)/income for the period, net of tax	<b>(26.8)</b>	23.2
Total comprehensive loss for the period	<b>(1,135.5)</b>	(233.3)

**WASTEINVESTMENTS LLP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 March 2012**

	Notes	As at 30 March 2012 £m	As at 1 April 2011 £m (Restated - note 1)	As at 2 April 2010 £m (Restated - note 1)
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	10	115.7	990.4	938.2
Other intangible assets	11	150.1	178.9	163.7
Property, plant and equipment	12	595.8	644.1	612.0
Retirement benefit obligations	24	-	19.0	11.1
		<b>861.6</b>	<b>1,832.4</b>	<b>1,725.0</b>
<b>Current assets</b>				
Inventories	13	5.1	4.2	2.4
Trade and other receivables	14	169.5	155.7	119.3
Current tax assets		-	-	-
Financial assets	16	45.3	43.7	41.0
Cash and cash equivalents	15	87.7	99.1	113.8
		<b>307.6</b>	<b>302.7</b>	<b>276.5</b>
<b>Current liabilities</b>				
Financial liabilities – borrowings	16	(59.6)	(24.3)	(23.4)
Derivative financial liabilities	16	(7.4)	(4.2)	(37.5)
Trade and other payables	17	(213.2)	(210.1)	(194.8)
Current tax liabilities		(2.0)	(0.7)	-
Provisions	18	(21.6)	(18.5)	(16.4)
<b>Total current liabilities</b>		<b>(303.8)</b>	<b>(257.8)</b>	<b>(272.1)</b>
<b>Net current (liabilities)/assets</b>		<b>3.8</b>	<b>44.9</b>	<b>4.4</b>
<b>Total assets less current liabilities</b>		<b>865.4</b>	<b>1,877.3</b>	<b>1,729.4</b>
<b>Non-current liabilities</b>				
Financial liabilities – borrowings	16	(1,023.0)	(1,035.3)	(964.7)
Non-current provisions	18	(50.9)	(56.4)	(50.3)
Deferred tax liabilities	19	(48.9)	(75.8)	(83.9)
Retirement benefit obligations	24	(6.8)	-	-
<b>Total non-current liabilities</b>		<b>(1,129.6)</b>	<b>(1,167.5)</b>	<b>(1,098.9)</b>
<b>Net assets/(liabilities) attributable to members</b>		<b>(264.2)</b>	<b>709.8</b>	<b>630.5</b>
<b>REPRESENTED BY:</b>				
<b>Loans and other debts due to members</b>				
Class B partnership interest		-	(849.0)	(749.8)
Class C partnership interest		-	(132.3)	(107.8)
Class D partnership interest		(0.2)	(188.5)	-
	16,20	<b>(0.2)</b>	<b>(1,169.8)</b>	<b>(857.6)</b>
<b>Members' other interests</b>				
Class A Partnership Equity		-	10.4	10.4
Hedging Reserve		(5.8)	(3.8)	(28.0)
Retained Loss		(258.4)	(466.6)	(209.5)
<b>Total members' deficit</b>	20	<b>(264.2)</b>	<b>(460.0)</b>	<b>(227.1)</b>
		<b>264.2</b>	<b>(709.8)</b>	<b>(630.5)</b>

The financial statements of WasteInvestments LLP, registered number OC334618, on pages 8 to 52 were approved by the board and signed on its behalf

For and on behalf of Designated Member



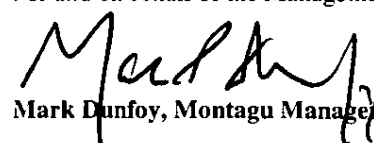
Graham Hislop, Authorised Signatory

For and on behalf of

Wastehold L.P., acting by its general partner MPE G.P. Ltd

15 February 2013

For and on behalf of the Management Board



Mark Dunfoy, Montagu Manager

**WASTEINVESTMENTS LLP**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**At 30 March 2012**

	Class A Partnership Equity £m	Hedging Reserves £m	Retained Earnings £m	Total Equity £m
<b>At 2 April 2010 - Restated - note 1</b>	<b>10.4</b>	<b>(28.0)</b>	<b>(209.5)</b>	<b>(227.1)</b>
Acquisition of non controlling interest	-	-	(0.2)	(0.2)
Loss for the period attributable to the members	-	-	(256.5)	(256.5)
Other comprehensive income for the period	-	24.2	(0.4)	23.8
Total comprehensive income for the period	-	24.2	(256.9)	(232.7)
<b>At 1 April 2011 - Restated - note 1</b>	<b>10.4</b>	<b>(3.8)</b>	<b>(466.6)</b>	<b>(460.0)</b>
Loss for the period attributable to the members	-	-	(1,108.7)	(1,108.7)
Allocation of losses to Class A members	(10.4)	-	10.4	-
Allocation of losses to other members	-	-	1,331.5	1,331.5
Allocation of remaining cash	-	-	(0.2)	(0.2)
Other comprehensive loss for the period	-	(2.0)	(24.8)	(26.8)
Total comprehensive (loss)/income for the period	(10.4)	(2.0)	208.2	195.8
<b>At 30 March 2012</b>	<b>-</b>	<b>(5.8)</b>	<b>(258.4)</b>	<b>(264.2)</b>

**WASTEINVESTMENTS LLP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the 52 weeks ended 30 March 2012**

	<i>Notes</i>	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	114.8	87.8
Restructuring, exceptional and acquisition costs		(5.7)	(9.7)
Interest received		0.4	1.0
Interest paid		(63.7)	(74.4)
Tax received		1.4	4.4
Net cash from operating activities		47.2	9.1
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary (net of cash acquired)		-	(91.0)
Repayment of external loans acquired		-	(16.1)
Payment of professional fees incurred on acquisition of subsidiary		(0.5)	(18.7)
Purchases of property, plant and equipment		(43.2)	(74.0)
Proceeds from the sale of property, plant and equipment		0.8	5.0
Net cash used in investing activities		(42.9)	(194.8)
<b>Cash flows from financing activities</b>			
Capital contributions by members		-	166.2
Finance lease principal payments		(10.0)	(6.1)
Drawdown of borrowings		10.0	50.0
Repayment of borrowings		(15.7)	(39.1)
Net cash flow from financing activities		(15.7)	171.0
<b>Net decrease in cash and cash equivalents</b>		<b>(11.4)</b>	<b>(14.7)</b>
Cash and cash equivalents at beginning of period		99.1	113.8
<b>Cash and cash equivalents at end of period</b>		<b>87.7</b>	<b>99.1</b>
<b>Operating cash flow</b>			
Cash generated from operations		114.8	87.8
Proceeds from the sale of property, plant and equipment		0.8	5.0
Purchase of property, plant and equipment		(43.2)	(74.0)
Restructuring and exceptional cost payments		(5.7)	(9.7)
Tax refunds (relating to post acquisition period)		1.4	4.4
<b>Operating cash flow (note i)</b>		<b>68.1</b>	<b>13.5</b>

- (i) Operating cash flow is defined as the cash generated from operations plus the proceeds from the sale of property, plant and equipment, dividend income from joint venture arrangements and tax refunds less any capital expenditure, restructuring and exceptional costs and tax payments and receipts

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**  
**1. ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union (EU) and therefore the Group financial statements comply with Article 4 of the EU IAS regulation. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement, and on a going concern basis (as discussed below).

WasteInvestments LLP is a Limited Liability Partnership incorporated in the United Kingdom under the Limited Liability Partnerships Act 2000. The address of the registered office is Coronation Road, High Wycombe, Buckinghamshire, HP12 3TZ. The nature of the Group's operations and its principal activities are set out in note 3 and in the Report of the Members on pages 2 to 5.

These financial statements have been prepared in accordance with the accounting policies, set out below. The preparation of financial statements in conformity with generally accepted accounting policies requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these. Further detail on accounting estimates, assumptions and uncertainties can be found on page 21.

Following the adoption of IFRIC 12 ("Service Concessions") in the prior year accounts, the Directors have reconsidered the adjustments recorded to implement this interpretation and restated prior period comparatives accordingly. These adjustments have resulted in an increase in the related financial asset balance from £25.3 million to £41.0 million at 2 April 2010 and from £27.6 million to £43.7 million at 1 April 2011, and consequent changes to revenue and interest income, reducing the loss for the 52 weeks ended 1 April 2011 to £256.5 million from £256.9 million.

During 2011/12, the International Accounting Standard Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) issued additional accounting standards and interpretations which are effective for periods starting after the date of this financial information. Full detail of these, along with new and revised standards which were adopted by the Group in the period, can be found in note 2.

**b) Going concern**

Over the summer of 2012 it became clear that, despite the full year financial results for the period ended 30 March 2012 and available cash flows, as a consequence of the loss of waste volumes and significantly reduced recycled commodity prices particularly in the Industrial and Commercial and Recycling and Processing businesses, the Biffa Group was likely to breach certain of its financial covenants. In addition, through meetings with the Biffa Group's lender community it became clear to the Board that the Biffa Group's current level of debt was unsustainable and its financial position was not sufficiently robust to provide a sound basis for its business going forward.

Consequently, a capital restructuring arrangement, supported by the Biffa Group's board approved, five year business plan was implemented on 28 January 2013 by way of a court-approved scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006. Under the Scheme, the lender's entitlement to debts due from Biffa Group Limited and its subsidiaries were released and the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Biffa Group's senior creditors under a new capital debt structure.

WasteInvestments LLP will not continue operations in the foreseeable future and it is the intention of the directors to wind up the company. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The financial statements include the results of Biffa Group Ltd, which have been prepared on a going concern basis as this company will continue its operations for the foreseeable future under a new ownership structure. These financial statements do not include any provision for the future costs of terminating the business of WasteInvestments LLP except to the extent that such costs were committed at the end of the reporting period.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**  
**1. ACCOUNTING POLICIES (CONTINUED)**

**c) Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively,
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment, and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

**d) Basis of consolidation**

The consolidated financial statements include the financial statements of WasteInvestments LLP and the entities controlled by it (its subsidiaries) made up to 30 March 2012. Control is achieved when WasteInvestments LLP has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of joint venture undertakings are accounted for in the consolidated financial statements on an equity basis where the Group has exercised joint control under a contractual arrangement.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**  
**1. ACCOUNTING POLICIES (CONTINUED)**

**e) Revenue**

Revenue represents the income receivable excluding value added tax, trade discounts and intercompany sales, in the ordinary course of business for goods and services provided. Revenue is measured at the fair value of consideration received.

Revenue is recognised at the point when service has been performed. Within the Collection division this will be on completion of each container lift, or in accordance with the contract bill of quantities with respect to Municipal contracts.

For Processing and Recycling and Landfill, revenue will be recognised on receipt of waste, whilst for the Energy from Waste division it is recognised on the measured supply of power.

Revenue is not recognised until the services have been provided to the customer. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Landfill tax is included within both revenue and cost of sales.

**f) Operating profit**

Operating profit is stated after charging operating expenses against revenue recognised in the period but before the share of results of joint ventures, finance charges and finance income.

**g) Operating exceptional items**

Items that are either material in size or non-operating in nature are presented as operating exceptional items in the income statement within operating profit. The members are of the opinion that the separate recording of operating exceptional items provides helpful information about the Group's underlying business performance. Example of events which may give rise to the classification of items as exceptional include restructuring of businesses, gains or losses on disposal of properties, impairment of goodwill and material non-recurring income or expenditure.

**h) Segmental reporting**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

The operating divisions were reorganised in the previous year, following the acquisition of the Greenstar group. The structure follows the five strategic pillars of the business, and moved the business towards a more divisional organisational structure.

The Group's reportable segments under IFRS 8 are as follows:

- I&C Collection – provides waste collection services to industrial and commercial waste producers
- Municipal – provides waste collection services to municipal council customers
- Processing & Recycling – provides recycling services including plastic, metal, paper, card and wood
- Landfill & Treatment – provides waste treatment and disposal services for all customers
- Energy from Waste – utilises the landfill gas from the Company's landfill sites, food waste in the Company's anaerobic digestion capacity, as well as manufacturing refuse derived fuels to generate 'green' power for sale in the energy market

Information reported to the Group's Chief Executive, for the purposes of resource allocation and assessment of segment performance, is more specifically focused on one particular measure ('EBITDAP') which is not directly reported in the statutory accounts. As such, analysis of profitability in note 3 is focused on EBITDAP.

For management purposes, the Group is organised into the above five business segments based on the services provided. Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and assessing performance.

Since all trading activity and operations are in the United Kingdom, there is no secondary reporting format by geographical segment.



**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**  
**1. ACCOUNTING POLICIES (CONTINUED)**

**i) Property, plant, equipment and depreciation**

**Landfill sites**

Landfill sites are included within property, plant and equipment at cost less accumulated depreciation. The cost of landfill sites includes the cost of acquiring, developing and engineering sites, but does not include interest. The anticipated total cost of the asset is depreciated over the estimated life of the site on the basis of the usage of void space. In some circumstances the timing of engineering expenditure and the configuration of a site can lead to depreciation charges exceeding capital expenditure to date. In these circumstances the surplus depreciation is transferred to provisions.

**Other property, plant and equipment**

Other property, plant and equipment is included at cost less accumulated depreciation. Freehold land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis over their expected lives, which are as follows:

Buildings	Length of lease
Plant, vehicles and equipment	Four to ten years

Assets in the course of construction are not depreciated until commissioned.

**j) Leased assets**

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are accounted for as if they had been purchased and the fair value of the minimum payments are shown as an obligation to the lessor. Lease payments are treated as consisting of a capital and a finance charge. The capital element reduces the obligation to the lessor with the finance charge being expensed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Depreciation is charged over the shorter of the estimated useful life and the lease period.

All other leases are accounted for as operating leases. Rental costs arising under operating leases are charged to the income statement on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**k) Government grants**

Grant and contributions received in respect of non-current assets are treated as deferred income and released to the income statement over the useful economic lives of those assets.

**l) Goodwill and intangibles**

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the identifiable intangible and tangible assets net of fair value of the liabilities, including contingencies, of the business acquired at the date of acquisition. Goodwill is stated at this cost less any impairments expensed to the income statement.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Intangible assets are separately identified from goodwill on an acquisition, and a fair value attributed to that asset. Customer lists or contracts that will generate future economic benefits represent such intangible assets that may be acquired. Customer lists or contracts that are held in intangible assets are subject to amortisation over 3-20 years. Intangible assets are stated at cost less amortisation expensed to the income statement.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**l) Goodwill and intangibles (continued)**

Costs that are directly associated with the production and purchase of identifiable and unique software products controlled by the Group, and that will generate economic benefits beyond one year are recognised as intangible assets. These intangible assets are stated at cost less accumulated amortisation and impairment losses. Software is amortised over 2-5 years.

**m) Impairment of non-current assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairments are recognised in the income statement, and where material is disclosed as an operating exceptional item within operating profit.

**n) Investments**

Investments held as fixed assets are held at cost less provision for impairment. Investments in jointly controlled entities are incorporated in these financial statements using the equity method of accounting.

**o) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling price in the ordinary course of business, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**p) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the members' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. The following paragraphs within this section set out more specific applications of provisioning.

**Landfill reinstatement costs**

Provision for the cost of reinstating landfill sites is made as the obligation to reinstate the site arises. Costs are charged to the income statement over the operational life on the basis of the usage of void space for each landfill site.

**Environmental control and aftercare costs**

Provision for environmental costs and aftercare costs are made as the environmental and aftercare liability arises. Costs are charged to the income statement over the operational life of each landfill site on the basis of the usage of void space. Aftercare costs may continue for a considerable period thereafter. Long-term aftercare provisions are calculated based on the net present value of estimated future costs by applying an appropriate discount rate. The effects of inflation and unwinding of the discount element on existing provisions are reflected in the financial information as a finance charge.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**  
**1. ACCOUNTING POLICIES (CONTINUED)**

**p) Provisions (continued)**

**Insurance**

Provision is made for claims notified and for claims incurred but which have not yet been notified, based on advice from the Group's external and internal insurance advisers

**q) Pension costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

**r) Tax**

**Current tax**

Current tax payable or recoverable is based on taxable profits or allowable losses for the year. Taxable profits or allowable losses differ from the profit or loss as reported in the income statement because they exclude items of income and expenses that are taxable or allowable in other years and further exclude items that are never taxable or deductible. The group's current tax payable or recoverable is calculated using rates which have been enacted or substantively enacted at the balance sheet date.

**Deferred tax**

Deferred tax is the tax that is expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Provision is made in full for deferred tax liabilities that arise from timing differences where transactions or events that result in an obligation to pay more tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that they will be recoverable in the future. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax liabilities are recognised for taxable temporary differences arising in respect of interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

**s) Pre-contract costs**

Pre-contract costs are expensed as incurred, except where it is virtually certain that the contract will be awarded, in which case they are recognised as an asset which is written off to the income statement over the life of the contract.

**t) Financial instruments**

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognises a financial liability only when the Group's obligations are discharged, cancelled or they expire.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**t) Financial instruments (continued)**

**Financial assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

**Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if

- it has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

**Loans and receivables**

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 income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**Impairment of financial assets (continued)**

The carrying amount of trade and other receivables is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand, deposits at call with banks, other short-term highly liquid investments with original maturity at acquisition of three months or less that are readily convertible to cash, net of bank overdrafts. For the purposes of the cash flow statement, cash and cash equivalents consists of the definition outlined above.

**Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into.

**Equity instruments**

Equity instruments consist of members' capital contributions, net of any losses allocated in accordance with the Investment Agreement and the Limited Liability Partnership Agreement between the members. It is the policy of the LLP not to permit drawings by members until the LLP has discharged its obligations under the external financing arrangements under which loans are made to the LLP Group by third party lenders and the capital expenditure requirements of the wider group have been satisfied.

**Financial liabilities**

All non-derivative financial liabilities are classified as other financial liabilities and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Other financial liabilities consist of borrowings and trade and other payables.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and commodity price risk, including interest rate swaps and fuel hedges. Further details of derivative financial instruments are disclosed in note 16.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument.

A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or liabilities.

**Cash flow hedge accounting**

In the period, the Group designated interest rate swaps as cash flow hedges against variable interest rate payments on the Group's borrowings.

At the inception of a hedge relationship, the Group designates the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in finance income or finance costs.

Amounts deferred in equity are recycled into the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**Cash flow hedge accounting (continued)**

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

**u) Accounting estimates, assumptions and uncertainties**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may however differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the Group's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next 12 months are set out below.

**Impairment of Goodwill, Intangible Assets and Fixed Assets**

As at 30 March 2012 the Group has property, plant and equipment with a carrying value £595.8 million (2011 £644.1 million), intangible assets with a carrying value of £150.1 million (2011 £178.9 million), and goodwill with a carrying value of £115.7 million (2011 £990.4 million). These assets are reviewed annually for impairment as described above to ensure that goodwill and fixed assets are not carried above their estimated recoverable amounts. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary from such estimates of discounted future cash flows. Factors such as changes in expected use of buildings, plant and machinery, closure of facilities, or lower than anticipated sales could result in shortened useful lives or impairment.

Further detail of the impairment review carried out in respect of the Group's goodwill is included at note 10, and details of the Brand Intangible impairment is included in note 11.

**Site Development and Cell Preparation**

Total anticipated site development and cell preparation costs are charged to the income statement as void usage progresses. Landfill engineering costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs over the life of the site.

**Environmental Control and Aftercare Costs**

Provision is made for environmental control costs as soon as the obligation arises, and is charged to the income statement as void usage progresses. Environmental costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs over the life of the site.

**Pensions costs**

At 30 March 2012, Group's defined benefit scheme had assets with a fair value of £289.5 million and obligations with a present value of £296.3 million. The calculations of the assets and liabilities from such plans are based upon statistical and actuarial calculations. The present value of the defined benefit obligation is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities, and assumptions on future increases in salaries and benefits. The Group's independent actuaries used statistically based assumptions covering areas such as future withdrawals of participants from the scheme and estimates on life expectancy. The actuarial assumptions used may differ materially from actual results due to changes in economic and market conditions, higher or lower withdrawal rates, longer or shorter life spans of participants and other changes in the assumptions employed by the actuaries. These differences could impact the assets or liabilities recognised in the balance sheet in future periods.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**u) Accounting estimates, assumptions and uncertainties (continued)**

**Income taxes**

At 30 March 2012, a liability for current tax of £2.0 million was recorded with a net liability of £48.9 million for deferred income taxes. Estimates may be required in determining the level of current and deferred income tax assets and liabilities, which the members believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets or liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending and the Group's level of future earnings.

Income tax payable on partnership profits is the personal liability of individual members in most jurisdictions including the United Kingdom, and hence it is not shown in these financial statements. Tax liabilities due from the partnership are shown separately in the income statement and on the statement of financial position with disclosures in the notes to the accounts.

**v) Allocation of profits, losses and drawings**

Profits and losses are allocated in proportion to the class of partnership equity interests held and in accordance with the terms of the WasteInvestments LLP Partnership Agreement. Distributions out of cash are made at the Management Board's discretion after due regard to the amounts determined by the Management Board to be reasonably necessary to meet the working capital needs of the LLP.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. EXCEPTIONAL ITEMS**

Exceptional charges incurred in the period primarily relate to restructuring and integration projects and relate to all the reportable segments

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
Administration expenses		
Professional fees (i)	<b>1.9</b>	18.7
Restructuring costs (ii)	<b>3.9</b>	10.3
	<b>5.8</b>	29.0
Goodwill impairment (note 10)	<b>874.7</b>	-
Brand impairment (note 11)	<b>21.5</b>	-
	<b>896.2</b>	-
	<b>902.0</b>	29.0

- (i) Professional fees have been incurred in several strategic reviews covering all reportable segments. Prior period costs are higher as they were incurred principally in relation to the acquisition of the Greenstar group by Biffa Group Limited in the year.  
(ii) Restructuring costs largely relate to redundancy payments.

The tax effect arising on the above exceptional charges was a tax credit of £6.2 million (2011: tax credit of £5.0 million).

**5. FINANCE INCOME AND CHARGES**

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
		(Restated - note 1)
Finance charges		
Interest on bank overdrafts and loans	<b>(92.2)</b>	(109.2)
Hedge ineffectiveness on the cash flow hedges	<b>(0.7)</b>	(0.6)
Interest on obligations under finance leases	<b>(2.3)</b>	(2.1)
Interest on discounted provisions (note 18)	<b>(2.6)</b>	(2.9)
Other interest payable	<b>(0.9)</b>	(0.8)
Finance charges	<b>(98.7)</b>	(115.6)
Finance income (i)	<b>4.5</b>	5.4
Fair value through profit and loss – service concession arrangements	<b>3.0</b>	2.2
	<b>7.5</b>	7.6
Net finance charges	<b>(91.2)</b>	(108.0)

- (i) Finance income includes £4.1 million (2011: £4.5 million), which represents the net of the expected return of £18.3 million (2011: £18.2 million) on pension assets less interest on pension liabilities of £14.2 million (2011: £13.7 million).



**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**

**2. ADOPTION OF NEW AND REVISED STANDARDS**

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements

**Standards not affecting the reported results nor the financial position**

IFRIC 19 <i>Extinguishing financial liabilities with equity instruments</i>	The interpretation provides guidance on the accounting for 'debt for equity swaps' from the perspective of the borrower
Amendment to IFRS 1 <i>Limited exemption from comparative IFRS 7 disclosures for first time adopters</i>	This amendment provides a limited exemption for first time adopters from providing comparative fair-value hierarchy disclosures under IFRS 7
IAS 24 <i>Related party disclosures</i>	The definition of a related party is clearer
Amendment to IAS 32 <i>Classification of Rights Issues</i>	Rights issues of instruments to acquire a fixed number of an entity's own non-derivative instruments for a fixed amount in any currency and which would otherwise meet the definition of equity are classified as equity
Amendments to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i>	Now enable recognition of an asset in the form of prepaid minimum funding contributions

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IFRS 1 (amended) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 (amended) Disclosures – Transfers of Financial Assets
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 (amended) Presentation of Items of Other Comprehensive Income
- IAS 12 (amended) Deferred Tax Recovery of Underlying Assets
- IAS 19 (revised) Employee Benefits
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows

- IFRS 9 will impact both the measurement and disclosures of Financial Instruments,
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures, and
- IAS 19 (revised) will impact the measurement of the various components representing movements in the defined benefit pension obligation and associated disclosures, but not the group's total obligation

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed

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**3. SEGMENTAL INFORMATION**

The Group is managed by type of business and is organised into five operating divisions. These divisions represent the business segments in which the Group reports its primary segment information. Since all trading activity and operations are in the United Kingdom, there is no secondary reporting format by geographical segment.

The segment results for the 52 weeks ending 30 March 2012 are as follows:

	<b>52 weeks ended 30 March 2012</b>		<b>52 weeks ended 1 April 2011</b>	
	<b>External</b>	<b>Total</b>	<b>External</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
			(Restated - note 1) (Restated - note 1)	
<b>Revenue</b>				
I&C	356.4	412.2	365.7	419.2
Municipal	126.2	126.8	99.6	100.3
Processing & Recycling	74.0	78.0	52.7	55.5
Landfill & Treatment	185.5	256.8	170.7	239.6
Energy from Waste	100.8	107.4	81.9	85.2
Inter and intra-segment revenue elimination				
I&C	-	(55.8)	-	(53.5)
Municipal	-	(0.6)	-	(0.7)
Processing & Recycling	-	(4.0)	-	(2.8)
Landfill & Treatment	-	(71.3)	-	(68.9)
Energy from Waste	-	(6.6)	-	(3.3)
	<b>842.9</b>	<b>842.9</b>	<b>770.6</b>	<b>770.6</b>

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
	(Restated - note 1)	
<b>EBITDAP</b>		
I&C	23.0	39.4
Municipal	22.3	16.3
Processing & Recycling	8.9	8.2
Landfill & Treatment	59.4	56.0
Energy from Waste	47.0	35.6
Shared services and corporate costs	(23.2)	(29.1)
<b>EBITDAP before exceptional charges</b>	<b>137.4</b>	<b>126.4</b>
Depreciation and amortisation	(99.9)	(116.7)
Environmental provisions	(10.3)	(11.0)
Other	0.3	4.7
<b>Operating profit before exceptional charges</b>	<b>27.5</b>	<b>3.4</b>
Exceptional items (note 4)	(902.0)	(29.0)
<b>Operating profit/(loss) after exceptional charges</b>	<b>(874.5)</b>	<b>(25.6)</b>
Finance charges	(98.7)	(115.6)
Finance income	7.5	7.6
Share of post tax results of joint ventures	-	-
<b>Loss before taxation and members remuneration</b>	<b>(965.7)</b>	<b>(133.6)</b>

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**3. SEGMENTAL INFORMATION (CONTINUED)**

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment EBITDAP represents the profit earned by each segment without allocation of the share of provisions, depreciation and amortisation, exceptional items, finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

The exceptional costs of £902.0 million as disclosed in note 4 relate to all segments.

Inter and intra-segment transactions between and within divisions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties, with revenue analysed as follows:

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
<b>Inter and intra-segment revenue</b>		
I&C	55.8	53.5
Municipal	0.6	0.7
Processing & Recycling	4.0	2.8
Landfill & Treatment	71.3	68.9
Energy from Waste	6.6	3.3
	<b>138.3</b>	<b>129.2</b>

Other segment items are:

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
<b>Capital expenditure</b>		
I&C	12.2	17.9
Municipal	0.9	2.4
Processing & Recycling	3.4	5.3
Landfill & Treatment	12.9	11.6
Energy from Waste	12.4	35.9
Shared services and corporate	1.4	0.9
	<b>43.2</b>	<b>74.0</b>
<b>Depreciation and amortisation</b>		
I&C	(32.5)	(48.0)
Municipal	(10.2)	(9.2)
Processing & Recycling	(4.9)	(3.5)
Landfill & Treatment	(37.6)	(40.9)
Energy from Waste	(10.5)	(12.3)
Shared services and corporate	(4.2)	(2.8)
	<b>(99.9)</b>	<b>(116.7)</b>

Capital expenditure comprises additions to intangible assets and property, plant and equipment.

Depreciation and amortisation relates to the write down of both intangible and tangible fixed assets over their estimated useful economic lives.

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**6. FINANCIAL INSTRUMENT GAINS AND LOSSES**

The net gains and losses recorded in the consolidated income statement in respect of financial instruments were as follows

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
At fair value through profit and loss		
Hedge ineffectiveness on the cash flow hedges	(0.7)	(0.6)
Service concession arrangements	(3.7)	(2.2)
Loans and receivables		
Interest income at amortised cost	0.4	0.9
Impairment losses in respect of trade receivables	(1.7)	(1.4)
Other financial liabilities		
Interest expense at amortised cost	(95.4)	(112.1)

**7. LOSS BEFORE TAXATION**

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
The following items have been included in arriving at the operating loss		
Staff costs (note 8)	194.9	175.7
Depreciation of property, plant and equipment		
- owned assets	85.6	92.4
- assets held under finance leases	7.2	6.1
Amortisation of intangibles	7.1	18.2
Operating lease charges		
- plant and machinery	12.8	5.7
- other	9.7	8.3
PFI application (credit)/costs	(0.2)	4.4
Government grants towards capital projects	(0.2)	(0.2)
Profit on disposal of property, plant and equipment	(0.3)	(4.3)

The analysis of the Group's auditor remuneration is as follows

	<b>£'000</b>	<b>£'000</b>
- Fees payable to the partnership's auditor for the audit of the annual accounts	80	76
- The audit of the partnership's subsidiaries pursuant to legislation	461	335
Total audit fees	541	411
Taxation compliance services	3	-
Other taxation advisory services	37	-
Other assurance services	3	-
	-	150
Total non-audit fees	43	150
Total	584	561

Corporate finance services incurred in the prior period relate to business acquisition and sales bid support activities

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**8. EMPLOYEES AND DIRECTORS**

The average monthly number of persons (including executive directors) employed by the Group during the period was

	<b>52 weeks ended 30 March 2012 Number</b>	<b>52 weeks ended 1 April 2011 Number</b>
By segment		
I&C	2,727	2,521
Municipal	2,449	2,502
Processing & Recycling	241	267
Landfill & Treatment	339	213
Energy from Waste	330	365
Shared services and corporate	290	272
	<b>6,376</b>	<b>6,140</b>

Prior year numbers have been restated due to a change in divisional structure reflecting changes in internal management reporting following the Greenstar acquisition

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
Their aggregate remuneration comprised		
Wages and salaries	172.2	152.8
Social security costs	14.6	12.9
Other pension costs (note 24)	6.1	6.5
Redundancy and termination payments	2.0	3.5
	<b>194.9</b>	<b>175.7</b>

**Members' remuneration**

Members' remuneration is as disclosed in note 20

**Key management compensation**

The key management of the Group comprises the members of the Biffa executive team. Details of key management's remuneration are given below

	<b>As at 30 March 2012 £m</b>	<b>As at 1 April 2011 £m</b>
Salaries and short-term employee benefits	3.9	3.5
Post-employment benefits	0.1	0.3
Compensation for loss of office	-	1.2
Sums paid to third parties for directors' services	-	-
	<b>4.0</b>	<b>5.0</b>

Retirement benefits are accruing to two directors (2011: two) under a defined benefit scheme at the period end

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**9. TAXATION**

	52 weeks ended 30 March 2012 £m	52 weeks ended 1 April 2011 £m
Current tax		
Corporation tax at 26% (2011 28%)		
Prior period	-	(4 0)
Total current tax	-	(4 0)
Deferred tax		
Prior period	7.2	7 7
Current period	(21.3)	(21 2)
Effect of change in rate	(4.6)	(5 5)
Total deferred tax	(18.7)	(19 0)
<b>Total tax credit</b>	<b>(18.7)</b>	<b>(23 0)</b>

Corporation tax is calculated at 26% (2011 28%) of the estimated assessable loss for the period. The credit for the period can be reconciled to the loss per the income statement as follows:

	52 weeks ended 30 March 2012 £m	52 weeks ended 1 April 2011 £m
Loss on ordinary activities before tax	(964.7)	(133 6)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 26% (2011 28%)	(250.8)	(37 4)
Effects of		
Expenses not deductible for tax purposes	43.0	44 7
Non deductible goodwill impairment	227.4	-
Non taxable income	(42.3)	(40 9)
Adjustment in respect of prior period	7.2	3 7
Tax losses not recognised for deferred tax	1.4	12 4
Effect of change in tax rate	(4.6)	(5 5)
Total taxation	(18 7)	(23 0)

In addition to the amount credited to the income statement, the following amounts of tax have been charged/(credited) directly to equity:

	52 weeks ended 30 March 2012 £m	52 weeks ended 1 April 2011 £m
<b>Deferred tax</b>		
Deferred tax charge/(credit) arising on gain or loss on cash flow hedge	(0.5)	9 6
Deferred tax charge/(credit) arising on actuarial gains and losses	(7.5)	0 2
Deferred tax charge/(credit) arising on financial assets	(0.3)	(0 5)
	<b>(8.3)</b>	<b>9 3</b>

Legislation reducing the main rate of corporation tax from 26% to 24% with effect from 1 April 2012 was substantively enacted during the period. Accordingly, current tax has been provided for at a rate of 26% and deferred tax has been provided for at a rate of 24% in these financial statements.

A reduction to the main rate of corporation tax of 1% to 23% with effect from 1 April 2013 has been substantively enacted after the end of the period. Further reductions to the main rate of corporation tax to 22%, with effect from 1 April 2013 and 21% with effect from 1 April 2014 have also been announced by government but have not yet been substantively enacted. The effect of these two rate reductions has not been reflected in these financial statements.

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**10. GOODWILL**

	As at 30 March 2012 £m	As at 1 April 2011 £m
<b>Cost</b>		
Balance at beginning of period	990.4	938.2
Recognised on acquisition of subsidiary	-	51.8
Recognised on acquisition of non controlling interest	-	0.4
Balance at end of period	990.4	990.4
<b>Accumulated impairment losses</b>		
Balance at beginning of period	-	
Impairment for the period	874.7	
Balance at end of period	874.7	-
<b>Net book amount at end of period</b>	<b>115.7</b>	<b>990.4</b>

Goodwill acquired in a business combination is allocated at acquisition to the Group's cash generating units ("CGUs"), identified by business segments that are expected to benefit from that business combination, on a discounted cash flow basis as follows

	As at 30 March 2012 £m	As at 1 April 2011 £m
I&C	-	729.9
Municipal	10.8	10.8
Processing & Recycling	22.9	22.9
Landfill & Treatment	-	144.8
Energy from Waste	82.0	82.0
	<b>115.7</b>	<b>990.4</b>

The recoverable amount of each CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using constant rates of growth or decline of between -2.5% and 3.0%. The competitive landscape that the Industrial and Commercial business operates in along with the decline of commodity prices experienced recently, suggests that the long-term growth rate achievable is likely to be lower than elsewhere in the organisation, and the directors have therefore used a growth rate that is lower than in previous years. The growth rate in certain cases does exceed the long-term average growth rate for the economy, due to anticipated trends within the industry that the CGU operates in.

Management determined budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rate used is consistent with the forecasts included in industry reports. The pre-tax discount rate used is 8.17% (2011 7.38%) as calculated using the Capital Asset Pricing model. These assumptions have been used for the analysis of each CGU within the business segment.

Based on the Board of directors approved forecast for the financial year ended March 2013 and a financial projection for the following four years, the directors have separately identified cash flows relating to the five CGUs. Working capital movements are based on the same forecast and projection, as adjusted and reflecting growth assumptions by division in future years.

Current long-term growth rate forecasts for the economy are approximately 2.5% p.a. and our average blended growth rate beyond the five year projection timeframe is 0.4%. Cash flows beyond the financial year ended March 2017 have been extrapolated using constant or declining growth rates as follows

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**10. GOODWILL (CONTINUED)**

- Processing and Recycling, Municipal and Treatment – growth of 3% p a (2011 3% growth p a )
- Industrial and Commercial – growth of 1% p a (2011 3% growth p a ), and
- Landfill and Energy from Waste – decline of 2.5% p a (2011 2.5% decline p a )

An impairment review in accordance with the approach and assumptions outlined above has been carried out for each CGU and during the period the value of goodwill in the Industrial and Commercial division was impaired by £729.9m and in the Landfill and Treatment division by £144.8m, both having been disclosed on the face of the Consolidated Income Statement.

The impairment charge arose primarily as a result of business valuations being negatively impacted by lower cash flows in divisional business plans, reflecting lower waste volumes and an expected continuation of weaker recycled commodity prices.

The main variables in arriving at the recoverable amount for the CGUs are the growth rate and discount rate. The effects of changes in those variables on the excess of recoverable amount over assets in the CGUs are listed below.

	Decreasing growth rate by 0.5% £m	Increasing discount rate by 0.5% £m
Industrial and Commercial	(15.0)	(20.1)
Landfill and Treatment	(1.5)	(13.0)
	<u>(16.5)</u>	<u>(33.1)</u>

Other than as disclosed above, the directors believe that no reasonably possible change in any of the key assumptions would cause the carrying value of any other cash generating unit to exceed their recoverable amount.

As the impairment review resulted in the goodwill associated with the Industrial and Commercial, and Landfill and Treatment businesses being fully impaired, any further reasonably possible changes in the key assumptions may result in an impairment of the underlying assets in those CGUs.

The impairment charge did not have any tax consequences and does not have any impact on reported cash flows, however it does result in a non-cash charge, as separately disclosed on the face of the Consolidated Income Statement.



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**11. INTANGIBLE ASSETS**

	Brand £m	Customer contracts £m	Computer software £m	WSCC pre- contract costs £m	Total £m
<b>Cost</b>					
At 2 April 2010	95.0	96.8	4.6	-	196.4
Acquisitions (note 1)	-	27.1	1.7	-	28.8
Additions	-	-	0.4	4.2	4.6
Disposals	-	-	(0.8)	-	(0.8)
At 1 April 2011	95.0	123.9	5.9	4.2	229.0
Additions	-	-	0.4	(0.6)	(0.2)
Disposals	-	-	(0.2)	-	(0.2)
At 30 March 2012	95.0	123.9	6.1	3.6	228.6
<b>Accumulated amortisation</b>					
At 2 April 2010	-	(30.1)	(2.6)	-	(32.7)
Charge for period	-	(15.9)	(2.2)	(0.1)	(18.2)
Disposals	-	-	0.8	-	0.8
At 1 April 2011	-	(46.0)	(4.0)	(0.1)	(50.1)
Charge for period	-	(5.8)	(1.3)	-	(7.1)
Disposals	-	-	0.1	-	0.1
Other	-	-	0.1	-	0.1
At 30 March 2012	-	(51.8)	(5.1)	(0.1)	(57.0)
<b>Accumulated impairment</b>					
At 2 April 2010	-	-	-	-	-
At 1 April 2011	-	-	-	-	-
Charge for period	(21.5)	-	-	-	(21.5)
At 30 March 2012	(21.5)	-	-	-	(21.5)
<b>Net book amount</b>					
At 1 April 2011	95.0	77.9	1.9	4.1	178.9
At 30 March 2012	73.5	72.1	1.0	3.5	150.1

(i) These amounts are in respect of intangible fixed assets acquired in connection with the acquisition of the Greenstar group on 6 August 2010

As at 30 March 2012 intangible assets include internally generated software with a net book value of £0.4 million (2011 £0.4 million)

All amortisation charges in the period have been charged through other operating expenses

IFRS3 requires that, on acquisition, intangible assets are recorded at fair value on the balance sheet. The Biffa brand was first created in the early 20th century and has been used throughout the group since then. It remains a highly recognisable brand, ranking 115th in the 2012 business Superbrands survey. The Brand intangible valuation is allocated to the Industrial and Commercial CGU. Given the longevity of the brand, the directors consider the asset to have an indefinite life subject to an impairment review rather than being amortised.

In reviewing the carrying value of the brand the directors have used the royalty relief method based on the pre-tax sales of the Industrial and Commercial CGU included within the Group's five year business plan. The long term growth assumption beyond the initial five year term of 1% and the discount rate of 8.17% are consistent with the assumptions used in determining the value in use of the Industrial and Commercial CGU for goodwill impairment review purposes.

The royalty rate used to determine the brand valuation is 1.05% which is both consistent with the rate used on the initial valuation and the directors have determined that this rate remains within the range of relevant royalty rates used elsewhere.

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**11. INTANGIBLE ASSETS (CONTINUED)**

The impact on the impairment charge of a reduction in the growth rate of 0.5% or an increase in the discount rate of 0.5% are as follows -

	<u>£m</u>
Decreasing growth rate by 0.5%	(3.6)
Increasing discount rate by 0.5%	(5.1)

The following useful lives have been determined for the intangible assets acquired during the period

Brand	Indefinite life
Customer contracts	3-20 years
Computer software	3-5 years
WSCC pre-contract costs	25 years

**12. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings	Landfill sites	Plant, vehicles and equipment	Total
	£m	£m	£m	£m
<b>Cost</b>				
At 2 April 2010	62.6	475.6	216.7	754.9
Acquisitions (note 1)	4.2	-	46.4	50.6
Additions	14.4	12.4	53.8	80.6
Disposals	(0.4)	-	(13.1)	(13.5)
At 1 April 2011	80.8	488.0	303.8	872.6
Additions	1.9	11.4	31.4	44.7
Disposals	(0.1)	(4.0)	(7.4)	(11.5)
Reclassification	0.5	-	(0.5)	-
At 30 March 2012	83.1	495.4	327.3	905.8
<b>Accumulated depreciation</b>				
At 2 April 2010	(6.4)	(80.0)	(56.5)	(142.9)
Charge for period	(4.5)	(45.1)	(48.9)	(98.5)
Disposal	0.7	-	11.7	12.4
Transfer to provisions	-	0.5	-	0.5
At 1 April 2011	(10.2)	(124.6)	(93.7)	(228.5)
Charge for period	(4.5)	(38.9)	(49.4)	(92.8)
Disposal	0.1	4.0	6.9	11.0
Transfer to provisions	-	0.3	-	0.3
At 30 March 2012	(14.6)	(159.2)	(136.2)	(310.0)
<b>Net book amount</b>				
At 1 April 2011	70.6	363.4	210.1	644.1
At 30 March 2012	68.5	336.2	191.1	595.8

(i) These amounts are in respect of tangible fixed assets acquired in connection with the acquisition of the Greenstar group on 6 August 2010

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**12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The carrying amount of the Group's property, plant and equipment includes £39.0 million (2011: £39.1 million) in respect of assets held under finance leases, analysed as follows

	As at 30 March 2012 £m	As at 1 April 2011 £m
Land and buildings	2.5	2.6
Landfill sites	12.8	12.6
Plant, vehicles & equipment	23.7	23.9
	<b>39.0</b>	<b>39.1</b>

Land and buildings and landfill sites at net book amount comprise

	As at 30 March 2012		As at 1 April 2011	
	Land And Buildings £m	Landfill Sites £m	Land And Buildings £m	Landfill Sites £m
Freehold	39.2	144.3	40.7	150.6
Long leasehold	14.1	161.0	19.4	173.4
Short leasehold	15.2	30.9	10.5	39.4
	<b>68.5</b>	<b>336.2</b>	<b>70.6</b>	<b>363.4</b>

At 30 March 2012, the Group entered into contractual commitments for the acquisition of plant, property and equipment amounting to £9.0 million (2011: £3.9 million)

**13. INVENTORIES**

	As at 30 March 2012 £m	As at 1 April 2011 £m
Raw materials and consumables	4.9	3.9
Finished goods	0.2	0.3
	<b>5.1</b>	<b>4.2</b>

Inventories consumed in the period ended 30 March 2012 were £65.2 million (2011: £52.1 million). Inventory written down in the period totalled £0.1 million (2011: £0.1 million).

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**14. TRADE AND OTHER RECEIVABLES**

	As at 30 March 2012 £m	As at 1 April 2011 £m
Amounts falling due within one year		
Trade receivables	140.6	131.5
Less provision for impairment of receivables	(1.1)	(1.1)
Trade receivables – net	139.5	130.4
Other debtors	15.5	10.3
Prepayments and accrued income	14.5	15.0
	<b>169.5</b>	<b>155.7</b>

All amounts included within prepayments and accrued income are due within one year

The average credit period taken on provision of services is 42 days (2011: 40 days). Credit limits for new customers are assigned based on the potential customer's credit quality. An external credit scoring system is used before assigning any credit limit above £500. Management monitors the utilisation of credit limits regularly. The trade receivables balance consists of a large number of customer balances, represented largely by local account customers, and there is no significant concentration of credit risk. Included in the Group's trade receivables balance are debts with a carrying amount of £48.6 million (2011: £28.3 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables (days overdue)

	As at 30 March 2012 £m	As at 1 April 2011 £m
1-30 days	36.9	23.0
31-60 days	5.6	2.3
61-90 days	2.0	1.3
Over 91 days	5.0	1.7
	<b>49.5</b>	<b>28.3</b>

The allowance for doubtful debts consists of individually impaired trade receivables which are in liquidation or are the subject of legal action. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of any expected recoveries. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts

	52 weeks ended 30 March 2012 £m	52 weeks ended 1 April 2011 £m
Balance at the start of the period	1.1	1.2
Acquisitions	-	0.7
Impairment losses recognised	1.7	1.4
Amounts written off as uncollectible	(1.7)	(2.2)
Amounts recovered during the period	-	-
Balance at the end of the period	<b>1.1</b>	<b>1.1</b>

The members consider that the carrying amount of trade receivables approximates their fair value.

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**15. CASH AND CASH EQUIVALENTS**

	As at 30 March 2012 £m	As at 1 April 2011 £m
Cash at bank and in hand	32.8	51.7
Short term deposits	54.9	47.4
	<u>87.7</u>	<u>99.1</u>

Short term deposits comprise £54.3 million (2011: £46.8 million) of funds on overnight deposit via a group cash pooling facility and an insurance deposit of £0.6 million (2011: £0.6 million) which represents cash held as security for self insurance obligations.

**16. FINANCIAL INSTRUMENTS**

**Financial assets**

	As at 30 March 2012 £m	As at 1 April 2011 £m (Restated - note 1)	As at 2 April 2010 £m (Restated - note 1)
At fair value through profit and loss			
Service concession arrangements	37.9	38.8	41.0
Loans and receivables			
Liquidity fund	7.4	4.9	-
	<u>45.3</u>	<u>43.7</u>	<u>41.0</u>

**Borrowings**

	As at 30 March 2012		As at 1 April 2011	
	Book value £m	Average interest rate %	Book value £m	Average interest rate %
<b>Current</b>				
Obligations under finance leases	8.1	5.6%	8.9	5.2%
Bank Loans	51.5	7.2%	15.4	7.1%
	<u>59.6</u>		<u>24.3</u>	
<b>Non-current</b>				
Obligations under finance leases	25.9	5.6%	28.1	5.2%
Bank loans	997.1	7.2%	1,007.2	7.1%
	<u>1,023.0</u>		<u>1,035.3</u>	
Loans and other debts due to members	1,331.6	13.5%	1,169.8	13.4%
Less losses allocated to members (note 20)	<u>(1,331.6)</u>		<u>-</u>	
	<u>1,023.0</u>		<u>2,205.1</u>	

All borrowings are measured at amortised cost and are fully secured against the Group assets.

All financial assets and financial liabilities are Level 3.

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

As at 30 March 2012, the Group had drawn £638.8 million (2011: £649.2 million) against a Senior Term Facilities Agreement, at an average rate of 5.13% (2011: 5.2%). In addition, the Group has drawn down a £45 million Capital Expenditure facility (2011: £50 million) at an average rate of 4.4% (2011: 4.1%), while it has an undrawn revolving loan facility of £64.4 million (2011: £74.0 million).

The Group has also fully drawn down £340.5 million (2011: £280.0 million) against a Mezzanine debt facility, at an average rate of 11.4% (2011: 11.4%). Under the terms of this facility, interest is part paid and in part added to the outstanding capital amount. In the period, £19.5 million (2011: £17.2 million) of interest has not been repaid but has been added to the Mezzanine debt facility (£60.5m in total since the start of the facility).

Transaction costs of £28.7 million incurred in the origination of these loans have been netted against the carrying value of the loans. The various tranches of these facilities have repayment dates ranging from 7-10 years from first utilisation, with interest margins over LIBOR ranging from 3.25% to 6.00%.

The Class B, Class C and Class D partnership interests are repayable in full at par on an Exit, or if earlier 7 February 2018, with any accrued interest up to (but not including) that date following repayment of WasteInvestments LLP's loans to its subsidiary undertakings at the amount of cash received in respect of those loans. The principal terms of those loans are as disclosed in note P4 to the Limited Liability Partnership financial statements.

**Fair value of financial assets and liabilities**

	As at 30 March 2012		As at 1 April 2011		As at 2 April 2010	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
			(Restated - note 1)		(Restated - note 1)	
<b>Financial assets</b>						
At fair value through profit and loss						
Service concession arrangements	37.9	37.9	38.8	38.8	41.0	41.0
<b>Loans and receivables</b>						
Trade and other receivables (note 14) (note i)	139.5	139.5	130.4	130.4	106.2	106.2
Liquidity fund	7.4	7.4	4.9	4.9	-	-
Cash and cash equivalents (note 15)	87.7	87.7	99.1	99.1	113.8	113.8
<b>Total financial assets</b>	<b>272.5</b>	<b>272.5</b>	<b>273.2</b>	<b>273.2</b>	<b>261.0</b>	<b>261.0</b>
<b>Financial liabilities</b>						
At fair value through profit and loss						
Derivative financial instruments	(7.4)	(7.4)	(4.2)	(4.2)	(37.5)	(37.5)
<b>Financial liabilities at amortised cost</b>						
Trade and other payables (note 17) (note ii)	(136.3)	(136.3)	(132.0)	(132.0)	(115.3)	(115.3)
Borrowings	(1,082.6)	(1,062.4)	(1,059.6)	(1,085.3)	(988.1)	(1,018.1)
Loans and other debts due to members (note 20)	(1,331.6)	(1,527.8)	(1,169.8)	(1,540.9)	(857.6)	(1,278.6)
Less losses allocated to members (note 20)	1,331.6	1,527.8	-	-	-	-
<b>Total financial liabilities</b>	<b>(1,226.3)</b>	<b>(1,206.1)</b>	<b>(2,365.6)</b>	<b>(2,762.4)</b>	<b>(1,998.5)</b>	<b>(2,449.5)</b>

(i) Trade and other receivables exclude prepayments, other debtors and accrued income.

(ii) Trade and other payables exclude deferred income, taxation and social security and other non-financial liabilities.

The fair values of financial assets and liabilities are determined as follows:

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

The fair value of non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments

**Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including capital risk management, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management in the above areas is carried out by the Head of Tax and Treasury together with the Chief Financial Officer under a policy approved by the board of directors. The board approves written principles for interest rate risk and credit risk, and the use of derivative financial instruments and non-derivative financial instruments, and receives regular reports on such matters.

**Capital risk management**

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include its net interest cover and leverage ratios, which formed part of its banking covenants. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents.

**Cash flow interest rate risk**

The Group's interest bearing assets include cash and cash equivalents which earn interest at floating rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group policy is to maintain an appropriate proportion of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. As at 30 March 2012, the Group had interest rate swaps with a notional principal amount of £513 million (2011 - £650 million), which has been reduced to £480 million on the capital restructure of the Group's debt and will reduce by a further £180 million to £300 million in May 2013 as some current swap agreements expire.

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

**Cash flow interest rate risk (continued)**

The interest rate risk profile of the Group's financial assets and liabilities were as follows

	As at 30 March 2012 £m	As at 1 April 2011 £m
<b>Financial liabilities</b>		
Floating rate financial liabilities (excluding derivatives)	1,048.6	1,022.6
Floating rate financial liabilities (derivatives)	7.4	4.2
Fixed rate financial liabilities	34.0	1,206.8
Non-interest bearing liabilities	136.3	132.0
<b>Total financial liabilities</b>	<b>1,226.3</b>	<b>2,365.6</b>

	As at 30 March 2012 £m	As at 1 April 2011 £m	As at 1 April 2010 £m
		(Restated - note 1)	(Restated - note 1)
<b>Financial assets</b>			
<b>Floating rate assets (excluding derivatives)</b>			
Floating rate financial assets (cash and cash equivalents)	87.7	99.1	113.8
	87.7	99.1	113.8
<b>Non interest bearing assets</b>			
Liquidity fund	7.4	4.9	-
Service concession arrangements	37.9	38.8	41.0
Trade and other receivables	139.5	130.4	106.2
	184.8	174.1	147.2
<b>Total financial assets</b>	<b>272.5</b>	<b>273.2</b>	<b>261.0</b>

- (i) The interest on fixed rate financial liabilities is fixed until maturity of the instrument. The interest on floating rate financial instruments is re-set at intervals of less than one year. The other financial assets and liabilities of the Group that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.
- (ii) Fixed rate and non-interest bearing financial assets and liabilities are exposed to fair value interest rate risk and floating rate financial assets and liabilities to cashflow interest rate risk.

The minimum lease payments under finance leases fall due as follows

	As at 30 March 2012 £m	As at 1 April 2011 £m
Not later than one year	10.1	11.0
Later than one year but not more than five	23.8	25.0
More than five years	14.2	16.4
	48.1	52.4
Future finance charges on finance leases	(14.1)	(15.4)
<b>Present value of finance lease liabilities</b>	<b>34.0</b>	<b>37.0</b>



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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

**Derivative financial instruments**

	As at 30 March 2012 £m	As at 1 April 2011 £m
Financial liabilities carried at fair value		
Derivatives that are designated in hedge accounting relationships		
Fuel hedges	(0.1)	0.3
Hedge ineffectiveness on cash flow hedges	0.2	-
Interest rate swaps	(7.5)	(4.5)
	(7.4)	(4.2)

There are three interest rate swaps. The floating rate receive leg on the interest rate swaps is three months LIBOR, with a fixed pay leg of between 1.455% - 1.8587%. All swaps are net settled and have a total notional principal amount of £513 million.

**Currency risk**

The Group has no exposure to currency arrangements.

**Price risk**

The Group is not materially exposed to any equity securities or commodities price risks.

**Credit risk**

Credit risk is managed on a group basis as appropriate. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Management does not expect any significant losses of receivables that have not been provided for as shown in Note 14 Trade and other receivables.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. These amounts are receivable from local authority clients, hence are not exposed to significant credit risk. Given the above factors, the Board does not consider it necessary to present a detailed analysis of credit risk.

**Liquidity risk**

The Group ensures that there are sufficient committed loan facilities in order to meet short term business requirements, after taking into account the scheme of arrangement, cash flows from operations and its holding of cash and cash equivalents.

The expected undiscounted cash flow of the Group's financial liabilities (including derivatives), by remaining contractual maturity, at the balance sheet date is shown below. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

	As at 1 April 2011				Total £m
	Due within one year	Due between one and two years	Due between two and five years	Due five years and beyond	
	£m	£m	£m	£m	
<b>Non-derivative financial liabilities</b>					
Borrowings, excluding finance lease liabilities	15 4	41 5	116 0	806 3	979 2
Loans and other debts due to members	-	-	-	860 7	860 7
Finance lease liabilities (including interest)	11 0	8 7	16 3	16 4	52 4
Interest payments on borrowings	50 7	50 8	147 4	297 9	546 8
Fixed rate members' remuneration	-	-	-	2,129 4	2,129 4
Other non-interest bearing liabilities	115 4	-	-	-	115 4
<b>Derivative financial liabilities</b>					
Fuel hedges	(0 3)	-	-	-	(0 3)
Net settled interest rate swaps	11 7	(0 5)	(3 2)	-	8 0
	<b>203.9</b>	<b>100.5</b>	<b>276.5</b>	<b>4,110.7</b>	<b>4,691.6</b>
	As at 30 March 2012				Total £m
	Due within one year	Due between one and two years	Due between two and five years	Due five years and beyond	
	£m	£m	£m	£m	
<b>Non-derivative financial liabilities</b>					
Borrowings, excluding finance lease liabilities	41 5	53 5	332 5	536 3	963 8
Loans and other debts due to members (i)	-	-	-	-	-
Finance lease liabilities (including interest)	10 0	8 8	15 1	12 4	46 3
Interest payments on borrowings	51 1	32 9	131 1	269 9	485 0
Fixed rate members' remuneration (i)	-	-	-	-	-
Other non-interest bearing liabilities	119 5	-	-	-	119 5
<b>Derivative financial liabilities</b>					
Fuel hedges	(0 1)	-	-	-	(0 1)
Net settled interest rate swaps	3 5	3 0	0 7	-	7 2
	<b>225.5</b>	<b>98.2</b>	<b>479.4</b>	<b>818.6</b>	<b>1,610.2</b>

(i) Loans, debts and remuneration due to members are shown after allocation of losses as disclosed in the Total Members' Interest note 20

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared taking an average of the liability outstanding over the period.

If interest rates had been 2% higher/ 1% lower and all other variables were held constant, the Group's result for the period ended 30 March 2012 would increase/decrease by the amounts shown in the table below. This analysis assumes that, where interest rates are currently less than 1%, any reduction is capped at zero.

	2% increase in interest rates £m	1% decrease in interest rates £m
Gain/(loss) - derivative financial instruments	8.4	(3.8)
(Loss)/gain - variable rate financial instruments	(19.6)	9.8
	<b>(11.2)</b>	<b>6.0</b>

**Reconciliation of Level 3 fair value measurements of financial assets**

	FVTPL Service concession arrangements £m	FVTPL Derivative financial instruments £m
	(Restated - note 1)	
Balance at 2 April 2010	41.0	(37.5)
Total gains or losses		
- in profit or loss	(16.8)	(0.5)
- in other comprehensive income	14.6	33.8
Balance at 1 April 2011	38.8	(4.2)
Total gains or losses		
- in profit or loss	0.2	(0.7)
- in other comprehensive income	(1.1)	(2.5)
<b>Balance at 30 March 2012</b>	<b>37.9</b>	<b>(7.4)</b>

**17. TRADE AND OTHER PAYABLES**

	As at 30 March 2012 £m	As at 1 April 2011 £m
<b>Current</b>		
Trade payables	100.4	93.6
Taxation and social security	64.9	65.8
Accruals and deferred income	34.3	25.7
Other payables	13.6	25.0
	<b>213.2</b>	<b>210.1</b>

Included within accruals and deferred income is £1.3 million (2011: £1.2 million) in relation to government grants which will be recognised in more than one year.

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**18. PROVISIONS**

	Land reinstatement and environmental	Insurance	Other	Total
	£m	£m	£m	£m
<b>At 2 April 2010</b>	<b>63.2</b>	<b>3.5</b>	<b>-</b>	<b>66.7</b>
Acquisitions	-	-	5.1	5.1
Utilised	(17.3)	0.4	(0.1)	(17.0)
Charged to income	11.0	1.0	(0.2)	11.8
Discount elimination	2.9	-	-	2.9
Transfers from fixed assets / other assets	1.3	4.1	-	5.4
<b>At 1 April 2011</b>	<b>61.1</b>	<b>9.0</b>	<b>4.8</b>	<b>74.9</b>
Utilised	(18.0)	(3.7)	(0.2)	(21.9)
Charged to income	10.3	0.8	(0.7)	10.4
Discount elimination	2.6	-	-	2.6
Transfers from fixed assets / other assets	1.5	5.0	-	6.5
<b>At 30 March 2012</b>	<b>57.5</b>	<b>11.1</b>	<b>4.0</b>	<b>72.5</b>

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

	As at 30 March 2012 £m	As at 1 April 2011 £m
Current	21.6	18.5
Non-current	50.9	56.4
	<b>72.5</b>	<b>74.9</b>

**Land reinstatement and environmental**

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

Maintenance and leachate and methane control costs are incurred as each site is filled and for a number of years post closure. Long term aftercare provisions included in Landfill reinstatement and environmental provisions have been discounted at a rate of 5.22% (2011: 5.6%).

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

**Insurance**

Provisions for insurance claims are made as set out in the accounting policies note on page 18. The associated outflows are estimated to arise over a period of up to five years from the balance sheet date.

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**18. PROVISIONS (CONTINUED)**

**Other**

Other provisions include an onerous contracts provision and a dilapidations provision

A provision was recognised during the year ended 1 April 2011 for onerous contracts arising on the acquisition of Verdant Group plc. The provision has been calculated by discounting management's best estimate of the future operating losses from the contract. Management are taking all reasonable steps to reduce costs incurred and the estimate will be reviewed in future years as the contract progresses.

A provision was also recognised during the period on the acquisition of the Greenstar group for expected dilapidation costs to be incurred.

**19. DEFERRED TAXATION**

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period

	Accelerated tax depreciation	Provisions	Retirement benefit obligation	Fair value of financial instruments	Intangible assets	Recognised tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m
<b>At 2 April 2010 (restated – note 1)</b>	<b>100.1</b>	<b>(27.6)</b>	<b>3.1</b>	<b>(10.9)</b>	<b>19.2</b>	<b>-</b>	<b>83.9</b>
Acquisitions	(1.5)	-	-	-	7.5	(4.3)	1.7
(Credit) / charge to income	(30.0)	6.4	1.6	-	2.6	0.3	(19.1)
(Credit) / charge to SOCI	(0.5)	-	0.2	9.6	-	-	9.3
<b>At 1 April 2011 (restated – note 1)</b>	<b>68.1</b>	<b>(21.2)</b>	<b>4.9</b>	<b>(1.3)</b>	<b>29.3</b>	<b>(4.0)</b>	<b>75.8</b>
(Credit) / charge to income	(24.5)	16.0	1.0	-	(12.8)	1.7	(18.6)
(Credit) / charge to SOCI	(0.3)	-	(7.5)	(0.5)	-	-	(8.3)
<b>At 30 March 2012</b>	<b>43.3</b>	<b>(5.2)</b>	<b>(1.6)</b>	<b>(1.8)</b>	<b>16.5</b>	<b>(2.3)</b>	<b>48.9</b>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The offset amounts are as follows

	<b>As at 30 March 2012 £m</b>	<b>As at 1 April 2011 £m</b>
Deferred tax assets	<b>(10.9)</b>	<b>(26.5)</b>
Deferred tax liabilities	<b>59.8</b>	<b>102.3</b>
	<b>48.9</b>	<b>75.8</b>

No deferred tax asset has been recognised in the accounts in respect of surplus non trading losses. The unprovided deferred tax asset at 24% is £8.2 million (2011 at 26% £8.9 million).

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**20. TOTAL MEMBERS' INTERESTS**

	Class A Partnership Equity £m	Equity Reserves £m	Total £m	Class B Partnership Debt £m	Class C Partnership Debt £m	Class D Partnership Debt £m	Total £m
<b>2 April 2010</b>	<b>10.4</b>	<b>(237.5)</b>	<b>(227.1)</b>	<b>749.8</b>	<b>107.8</b>	<b>-</b>	<b>857.6</b>
Introduced by members	-	-	-	-	-	166.3	166.3
Total comprehensive loss for the period	-	(232.7)	(232.7)	-	-	-	-
Acquisition of non controlling interest	-	(0.2)	(0.2)	-	-	-	-
Members' remuneration charged as an expense	-	-	-	99.2	24.5	22.2	145.9
<b>1 April 2011</b>	<b>10.4</b>	<b>(470.4)</b>	<b>(460.0)</b>	<b>849.0</b>	<b>132.3</b>	<b>188.5</b>	<b>1,169.8</b>
Total comprehensive loss for the period	-	(1,135.5)	(1,135.5)	-	-	-	-
Members' remuneration charged as an expense	-	-	-	97.9	24.4	39.4	161.7
Allocation of losses to Class A members	(10.4)	10.4	-	-	-	-	-
Allocation of losses to other members	-	1,331.5	1,331.5	(946.9)	(156.7)	(227.9)	(1,331.5)
Allocation of remaining cash	-	(0.2)	(0.2)	-	-	0.2	0.2
<b>30 March 2012</b>	<b>-</b>	<b>(264.2)</b>	<b>(264.2)</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>

**Members' capital**

Members' capital contributions are determined by the Management Board, having regard to the working capital needs of the business. Individual members' capital contributions are repayable at the discretion of the Management Board.

The book value of members' capital is consistent with fair value in the current period.

**Allocation of profits and losses**

The basis on which profits and losses are allocated is described in the note (v) within the accounting policies. Loans and other debts due to members represent profits not yet paid to members. Such profits are payable at the discretion of the Management Board. No amounts due to members have been distributed as cash in the period and the amounts due to members are not expected to be paid within one year.

In the event of a winding-up, loans and other debts due to members rank equally with unsecured creditors. Members' capital and other reserves rank after unsecured creditors.

**Members' profit shares**

The average monthly number of members during the period was 41 (2011: 49). The consolidated loss attributable to the members with the largest entitlement to profits and losses in the period is £318.9 million (2011: £83.2 million).

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**21. CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
Loss for the period	(1,108.0)	(256.5)
Adjustments for		
Exceptional items	902.0	29.0
Finance income	(8.2)	(7.6)
Finance charges	98.7	115.6
Taxation	(18.7)	(23.0)
Members' remuneration charged as an expense	161.7	145.9
Operating profit	27.5	3.4
Amortisation of intangibles	7.1	18.2
Depreciation of property, plant and equipment	92.8	98.5
Profit on disposal of property, plant and equipment	(0.3)	(4.3)
Other	-	(0.2)
Increase in inventories	(0.9)	(0.1)
Increase in debtors	(6.7)	(10.5)
Increase/(decrease) in creditors	4.6	(16.6)
Decrease in provisions	(6.7)	(0.3)
Increase in financial assets	(2.5)	-
Change in fair value of cash flow hedges	(0.1)	(0.3)
Total net cash flow from operating activities	<b>114.8</b>	<b>87.8</b>

**22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>52 weeks ended 30 March 2012 £m</b>	<b>52 weeks ended 1 April 2011 £m</b>
Net decrease in cash and cash equivalents	(11.4)	(14.7)
Net drawdown of borrowings, loans due to members and finance leases	(184.8)	(383.7)
Movement in net debt in the period	(196.2)	(398.4)
Losses allocated to members (note 20)	1,331.6	-
Net debt at start of period	(2,130.3)	(1,731.9)
Net debt at end of period	<b>(994.9)</b>	<b>(2,130.3)</b>

**Analysis of net debt**

	<b>As at 30 March 2012 £m</b>	<b>As at 1 April 2011 £m</b>
Cash and cash equivalents	87.7	99.1
Finance leases	(34.0)	(37.0)
Bank loans	(1,048.6)	(1,022.6)
Loans due to members	(1,331.6)	(1,169.8)
Losses allocated to members (note 20)	1,331.6	-
	<b>(994.9)</b>	<b>(2,130.3)</b>

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**

**23. OPERATING LEASE COMMITMENTS – MINIMUM LEASE PAYMENTS**

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	<b>As at 30 March 2012</b>		<b>As at 1 April 2011</b>	
	<b>Land and buildings £m</b>	<b>Other £m</b>	<b>Land and buildings £m</b>	<b>Other £m</b>
Within one year	8.8	12.0	7.5	8.0
Between one and five years inclusive	31.7	27.5	26.5	16.0
After five years	83.2	2.3	63.2	2.5
	<b>123.7</b>	<b>41.8</b>	<b>97.2</b>	<b>26.5</b>

The Group leases various offices, warehouses under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.



**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**

**24. PENSION AND POST RETIREMENT BENEFITS**

**Defined contribution schemes**

Pension costs for defined contribution schemes are as follows

	As at 30 March 2012 £m	As at 1 April 2011 £m
Defined contribution schemes	<b>1.4</b>	<b>1.1</b>

**Defined benefit schemes**

The Company operates a defined benefit scheme, the Biffa Pension Scheme (the "Scheme"), formerly the UK Waste Pension Scheme, for employees of Biffa Waste Services Limited and Biffa Limited. The scheme offers both pensions in retirement and death benefits to members. Prior to 31 March 2007 there were a number of employees who held benefits in the Severn Trent Pension Scheme and the Severn Trent Senior Staff Pension Scheme. These members joined the Biffa Pension Scheme with effect from 1 April 2007. Contributions to the Scheme for the year beginning 30 March 2012 are currently subject to ongoing negotiation, but are expected to be £6.7 million.

There is an additional £1.2 million (2011: £1.1 million) of unfunded defined benefit promise which has been included within the liabilities. The accounting policy used to recognise the actuarial gains and losses is the Statement of Comprehensive Income (SOCl) approach.

A full actuarial valuation of the scheme was carried out as at 31 March 2009 and has been updated to 31 March 2012 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	2012	2011
Discount rate	<b>5.0%</b>	5.6%
Rate of salary increase	<b>3.2%</b>	3.3%
Rate of pension increases *		
RPI with floor of nil %, cap of 2.5% pa	<b>2.2%</b>	2.2%
RPI with floor of nil %, cap of 5% pa	<b>3.1%</b>	3.2%
RPI with floor of nil %, cap of 6% pa	<b>3.2%</b>	3.3%
CPI with floor of nil %, cap of 3% pa	<b>2.1%</b>	n/a
Rate of RPI inflation	<b>3.2%</b>	3.3%
Rate of CPI inflation	<b>2.2%</b>	2.6%

\* In excess of any Guaranteed Minimum Pension (GMP)

The expected future lifetime of a male pensioner currently aged 65 is 20.5 years. The expected future lifetime from age 65 of a male member currently aged 50 is 23.1 years. The expected future lifetime of a female pensioner currently aged 65 is 23.5 years. The expected future lifetime from age 65 of a female member currently aged 50 is 26.4 years.

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**

**24. PENSION AND POST RETIREMENT BENEFITS (CONTINUED)**

The assets in the Scheme and the expected rates of return were

	2012 £m	2012 %	2011 £m	2011 %
Asset category				
Equities	94.5	8.6%	92.2	8.3%
Bonds	94.8	4.0%	80.9	4.8%
Properties and infrastructure	34.2	7.1%	32.7	6.8%
Hedge funds	42.0	8.6%	42.8	8.3%
Other	24.0	3.3%	23.9	4.2%
Total	<u>289.5</u>		<u>272.5</u>	
Expected return on assets		6.48%		6.71%

Actual return on assets over the period	<u>16.1</u>	<u>14.4</u>
---	-------------	-------------

The amounts recognised in the balance sheet are determined as follows

	2012 £m	2011 £m
Present value of defined benefit obligations	(296.3)	(253.5)
Fair value of funded plan assets	289.5	272.5
Net asset recognised	<u>(6.8)</u>	<u>19.0</u>

**Change in defined benefit obligation**

	2012 £m	2011 £m
Present value of defined benefit obligations at start of period	253.5	245.3
Current service cost	5.2	5.8
Past service cost	-	0.3
Plan participant contributions	1.5	1.6
Interest cost	14.2	13.7
Actuarial loss/(gain) on liabilities	29.6	(4.2)
Age related rebates	0.2	0.2
Benefits paid	(7.9)	(9.2)
	<u>296.3</u>	<u>253.5</u>

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the 52 weeks ended 30 March 2012

**24. PENSION AND POST RETIREMENT BENEFITS (CONTINUED)**

**Change in plan assets**

	2012 £m	2011 £m
Fair value of plan assets at start of period	272.5	256.4
Expected return on plan assets	18.3	18.2
Actuarial loss on assets	(2.4)	(3.8)
Employer contributions	7.3	9.1
Plan participant contributions	1.5	1.6
Age related rebates	0.2	0.2
Benefit paid	(7.9)	(9.2)
Fair value of plan assets at end of period	289.5	272.5

**Amounts recognised in the income statement**

	2012 £m	2011 £m
Current service cost (note i)	5.2	5.8
Interest cost (note ii)	14.2	13.7
Expected return on assets (note ii)	(18.3)	(18.2)
Recognised past service cost (note i)	-	0.3
Total	1.1	1.6

(i) These costs are included within operating costs in the income statement

(ii) The expected return on assets less the interest cost is included within finance income in the income statement

**Amount recognised in the SOCI**

	2012 £m	2011 £m
Actuarial losses/(gains)	32.0	(0.4)
	32.0	(0.4)
Percentage of scheme liabilities	10.8%	(0.2%)

The cumulative amount of actuarial gains and losses recognised in the SOCI since incorporation of IFRS is a cumulative loss of £39.7 million, less a deferred tax credit of £9.5 million

	2012	2011	2010	2009	2008
<b>Experience adjustments arising on scheme assets</b>					
Amount (£m)	(2.4)	(3.8)	35.8	(41.6)	(9.6)
Percentage of scheme assets	(0.8%)	(1.4%)	13.8%	(20.3%)	(4.4%)
<b>Experience adjustment arising on scheme liabilities</b>					
Amount (£m)	(29.6)	4.2	(20.2)	12.8	(3.7)
Percentage of the present value of the scheme liabilities	(10.0%)	1.7%	(8.2%)	6.0%	(1.7%)
Present value of scheme liabilities (£m)	(296.3)	(253.6)	(245.4)	(214.3)	(215.5)
Fair value of scheme assets (£m)	289.5	272.3	256.4	205.4	220.5
(Deficit)/surplus (£m)	(6.8)	18.7	11.0	(8.8)	5.0

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**

**25. RELATED PARTY TRANSACTIONS**

**Transaction with investees**

Certain members of the LLP are employed by Biffa Waste Services Limited, a subsidiary of the LLP, and provide management services to the WasteInvestments LLP Group as a whole. Their remuneration in their capacity as employees of Biffa Waste Services Limited is disclosed in the notes to the financial statements of that company and in the notes to these consolidated financial statements (see note 8).

Montagu Private Equity, an investee in WasteInvestments LLP, the ultimate parent of Biffa Group Limited, receive a fee of £250,000 per annum for management services provided. Fees incurred in the period and charged to the income statement are £249,315 (2011 £249,315) plus expenses of £8,835 (2011 £29,812), totalling £258,150 (2011 £279,127). A total of £258,149 (2011 £280,325) was paid during the period in respect of these services.

Additional fees of £557,792 (2011 £847,880) have been charged to the income statement in the period relating to support services provided by Montagu Private Equity, of which £557,792 (2011 £637,090) were paid in the period. Of these fees, £155,000 (2011 £200,000) related to director services provided in respect of M Keough.

Global Infrastructure Partners ("GIP"), also an investee in WasteInvestments LLP, the ultimate parent of Biffa Group Limited, receive a fee of £250,000 per annum for management services provided. Fees incurred in the year and charged to the income statement are £249,315 (2011 £249,315). A total of £250,000 (2011 £250,000) was paid during the period in respect of these services.

A further £706,673 (2011 £1,074,281) has been charged to the income statement in the period in respect of support services provided by GIP, of which £706,673 (2011 £872,480) were paid in the year.

Fees of £187,500 (2011 £177,885) were paid in the period to J D G McAdam Associates, in respect of director services provided. A further £62,500 (2011 £58,365) was paid to J D G McAdam Associates in respect of support services provided.

**WASTEINVESTMENTS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the 52 weeks ended 30 March 2012**

**26. CONTINGENT LIABILITIES**

Biffa must satisfy the financial security requirements of environmental agencies in order to ensure that it is able to discharge the obligations in the licences or permits that the Group holds for its landfill sites. Biffa satisfies these financial security requirements by providing financial security bonds. The amount of financial security which is required is determined in conjunction with the regulatory agencies, as is the method by which assurance is provided. Biffa has existing bond arrangements in England and Wales of approximately £93.7 million outstanding at 30 March 2012 (1 April 2011: £93 million) in respect of the Group's operational sites where the Group has financial security obligations under the Environment Agency's "fit and proper person" test. No liability is expected to arise in respect of either bonds or guarantees.

Biffa is also engaged in a dispute with HMRC in relation to the landfill tax treatment of certain materials used in the engineering of landfill sites. At the date of the signing of the accounts the outcome is not certain, however Biffa have received a protective assessment of £70m that Biffa is disputing and does not reasonably expect a liability of this order to crystallise and accordingly no provision has been made in these financial statements. Biffa has reached agreement with HMRC such that should the dispute result in HMRC issuing a final assessment that Biffa appeals then Biffa will not be required to pay the assessment until such time as the outcome of its appeal is known. Given the nature of the appeals process, the outcome of such a process is unlikely to be determined in the near term. In the event that a payment is required in due course, Biffa has the capability to utilise its cash balances along with uncommitted banking facilities, as well as a number of other general corporate means to fund any payment required.

**27. SERVICE CONCESSION ARRANGEMENTS**

The Group has three integrated waste management contracts with Leicester City Council (25 years - awarded in 2003), Isle of Wight Council (18 years - awarded in 1997) and West Sussex County Council (25 years - awarded in 2010). The concessions vary as to the extent of their obligations, but typically require the construction and operation of an asset during the concession period. The operation of the assets may include the provision of waste management services such as collection, recycling and disposal. Typically at the end of concession periods the assets are returned to the concession owner.

These three contracts generated revenue of £48.7 million in period ended 30 March 2012 (2011: £37.9 million). The Group adopted IFRIC 12 Service Concession Arrangements in the prior period, which alters the way that these arrangements are accounted for – refer to Accounting Policies note 1.

**28. ULTIMATE CONTROLLING PARTIES**

The members consider the joint ultimate controlling parties to be Montagu Private Equity and Global Infrastructure Partners. There is no one single ultimate controlling party.

**29. POST BALANCE SHEET EVENTS**

As outlined in the Members' Report, since the year end the Directors of Biffa Group Limited (BGL), the Company's indirect holding company subsidiary, have been exploring various ways to secure the financial position and future of the Biffa group's businesses and undertakings. In December 2012 the Board of BGL concluded that a restructuring, involving a Court-approved scheme of arrangement for BGL pursuant to Part 26 of the Companies Act 2006, was in the best interests of those with an economic interest in BGL, including BGL's secured creditors and the Biffa Group's employees, suppliers and customers.

The scheme of arrangement implemented a restructuring of the BGL Group whereby BGL is now under the new ownership of a number of its senior lenders and the entire issued share capital of BGL was transferred to WasteHoldco3 for a nominal amount.

The scheme of arrangement was approved by the Court on 28 January 2013 and completed on 30 January 2013.

# **WASTEINVESTMENTS LLP LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**

## **Management Board and Advisers**

### **Management Board**

- HSBC Global Trustee Custody Nominee (UK) Limited (on behalf of Montagu Private Equity)
- Global Infrastructure Partners Bravo Holdings (Cayman) Limited

### **Designated Members**

- HSBC Global Trustee Custody Nominee (UK) Limited
- GIP Bravo Holdings (Cayman) Limited
- Wastehold LP

### **Auditor**

Deloitte LLP  
Chartered Accountants and Registered Auditor  
London  
United Kingdom

### **Solicitors**

Linklaters  
One Silk Street  
London EC2Y 8HQ

### **Registered Office**

Coronation Road  
Cressex  
High Wycombe  
Buckinghamshire HP12 3TZ

## **WASTEINVESTMENTS LLP LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**

### **Members Report**

The Management Board presents its report and the audited financial statements of WasteInvestments LLP for the 52 week period ended 30 March 2012

### **Principal activities**

The principal activity for the 52 week period ended 30 March 2012 was that of a holding company for a group of companies (the "Biffa Group") whose principal activities are the provision of integrated waste management services comprising waste collection, treatment and recycling and disposal services to local & national customers in the industrial, commercial & municipal sectors with the majority of its trading being in the United Kingdom

### **Legal structure**

The legal structure of the LLP is documented in the WasteInvestments Limited Liability Partnership Agreement ("the Partnership Agreement") dated 17 April 2008

### **Designated members**

The designated members of WasteInvestments LLP during the period were

HSBC Global Trustee Custody Nominee (UK) Limited  
GIP Bravo Holdings (Cayman) Limited  
Wastehold LP

### **Members' profit and loss shares and drawings**

Members are remunerated solely out of the profits of the LLP. Allocation of profits and losses to the members is made in accordance with the terms of the Partnership Agreement. Cash distributions are made at the Management Board's discretion after due regard to the amounts determined by the Management Board to be reasonably necessary to meet the working capital needs of the LLP.

### **Financing**

The LLP is financed through members' capital and the ongoing results arising out of its principal activities.

### **Going Concern**

Over the summer of 2012 it became clear that, despite the full year financial results for the period ended 30 March 2012 and available cash flows, as a consequence of the loss of waste volumes and significantly reduced recycled commodity prices particularly in the Industrial and Commercial and Recycling and Processing businesses, the Biffa Group was likely to breach certain of its financial covenants. In addition, through meetings with the Biffa Group's lender community it became clear to the Board that the Biffa Group's current level of debt was unsustainable and its financial position was not sufficiently robust to provide a sound basis for its business going forward.

Consequently, a capital restructuring arrangement, supported by the Biffa Group's board approved, five year business plan was implemented on the 28 January 2013 by way of a court-approved scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006. Under the Scheme, the lenders entitlement to debts due from Biffa Group Limited and its subsidiaries were released and the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Biffa Group's senior creditors under a new capital debt structure.

WasteInvestments LLP will not continue operations in the foreseeable future and it is the intention of the directors to wind up the company. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting period.

## **WASTEINVESTMENTS LLP LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**

### **Members' responsibilities statement in respect of the financial statements**

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnership Regulations 2001 made under the Limited Liability Partnerships Act 2000 requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the parent partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law, the members must also not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing the parent partnership financial statements, the members are required to

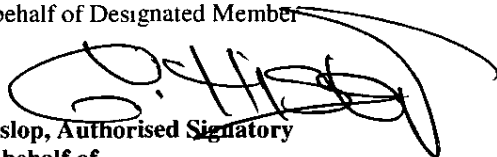
- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
-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

The members are responsible for keeping proper accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

These responsibilities are fulfilled by the Management Board on behalf of the members.

For and on behalf of Designated Member



**Graham Hislop, Authorised Signatory**

**For and on behalf of**

**Wastehold L.P., acting by its general partner MPE G.P. Ltd**

For and on behalf of the Management Board



**Mark Dunfoy, Montagu Manager**

**15** February 2013



**WASTEINVESTMENTS LLP**  
**LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**  
**PROFIT AND LOSS ACCOUNT**

		<b>52 weeks ended 30 March 2012 £'000</b>	<b>52 weeks ended 1 April 2011 £'000</b>
	<i>Notes</i>		
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses		(47)	(76)
Exceptional impairment of investment and debtor balances	<i>P8</i>	(1,341,643)	-
<b>Operating loss</b>		(1,341,690)	(76)
Interest receivable and similar income	<i>P1</i>	161,787	145,980
<b>(Loss)/Profit for the period before members' remuneration and profit shares</b>		(1,179,903)	145,904
(Loss)/Profit for the period before members' remuneration and profit share		(1,179,903)	145,904
Members' remuneration charged as an expense	<i>P5</i>	(161,740)	(145,904)
<b>Loss for the period attributable to the members</b>	<i>P5</i>	(1,341,643)	-

All the amounts above relate to activities discontinued since the balance sheet date and subject to the details disclosed in the Post Balance Sheet Events note P9 below are attributable to the members of WasteInvestments LLP

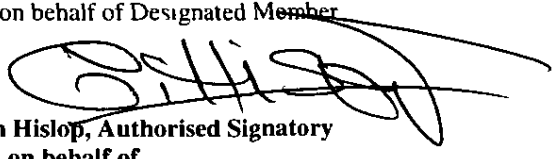
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss account above

There is no material difference between the result for the financial period above and its historical cost equivalent

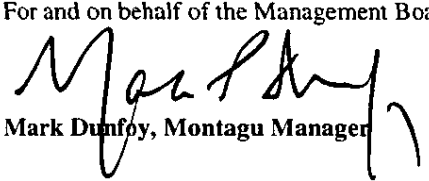
**WASTEINVESTMENTS LLP  
LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS  
BALANCE SHEET**

		<b>As at 30 March 2012 £'000</b>	<b>As at 1 April 2011 £'000</b>
<b>Fixed assets</b>			
Investments	P2	-	10,000
<b>Current assets</b>			
Cash at bank and in hand		240	287
		<u>240</u>	<u>287</u>
<b>Total assets less current liabilities</b>		<u>240</u>	<u>10,287</u>
<b>Debtors: amounts falling due after more than one year</b>			
Intercompany debtors	P4	-	1,169,856
		<u>240</u>	<u>1,180,143</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			
<b>REPRESENTED BY:</b>			
<b>Loans and other debts due to members</b>			
Members' capital classified as a liability			
Class B Partnership Interests	P5	-	849,072
Class C Partnership Interests	P5	-	132,274
Class D Partnership Interests	P5	<u>240</u>	<u>188,434</u>
		240	1,169,780
<b>Members' other interests</b>			
Members' capital classified as equity			
Class A Partnership Equity	P5	<u>240</u>	<u>10,363</u>
		240	1,180,143

The financial statements of WasteInvestments LLP, registered number OC334618, on pages 56 to 63 were approved on behalf of the members of WasteInvestments LLP by  
For and on behalf of Designated Member

  
Graham Hislop, Authorised Signatory  
For and on behalf of  
Wastehold L.P., acting by its general partner MPE G.P. Ltd  
15 February 2013

For and on behalf of the Management Board

  
Mark Dunfooy, Montagu Manager

**WASTEINVESTMENTS LLP**  
**LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT**

	52 weeks ended 30 March 2012 £'000	52 weeks ended 1 April 2011 £'000
<b>Cash generated from operations</b>	(47)	(76)
<b>Acquisitions</b>		
Purchase of subsidiary undertakings	-	-
Net cash outflow for acquisitions	-	-
<b>Transactions with members</b>		
Contributions by members	-	-
Net cash inflow from transactions with members	-	-
<b>Financing</b>		
Loans made to subsidiary undertakings	-	-
Net cash outflow from financing activities	-	-
Net movement in cash and cash equivalents	(47)	(76)
<b>Reconciliation to net cash</b>		
Net movement in cash and cash equivalents	(47)	(76)
Cash and cash equivalents at beginning of period	287	363
Cash and cash equivalents at end of period	240	287

## **WASTEINVESTMENTS LLP LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**

### **Accounting Policies**

These entity only financial statements of WasteInvestments LLP are prepared on a basis other than that of a going concern (as discussed below), under the historical cost convention and in accordance with the Companies Act 2006 and accounting standards generally accepted in the United Kingdom ("UK GAAP") The financial statements have also been prepared in compliance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" as issued by The Consultative Committee of Accountancy Bodies, March 2006

The principal accounting policies which have been applied consistently throughout the period are set out below

### **Going concern**

Over the summer of 2012 it became clear that, despite the full year financial results for the period ended 30 March 2012 and available cash flows as a consequence of the loss of waste volumes and significantly reduced recycled commodity prices particularly in the Industrial and Commercial and Recycling and Processing businesses, the Biffa Group was likely to breach certain of its financial covenants In addition, through meetings with the Biffa Group's lender community it became clear to the Board that the Biffa Group's current level of debt was unsustainable and its financial position was not sufficiently robust to provide a sound basis for its business going forward

Consequently, a capital restructuring arrangement, supported by the Biffa Group's, board approved, five year business plan was implemented on the 28 January 2013 by way of a court-approved scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006 Under the Scheme, the lenders entitlement to debts due from Biffa Group Limited and its subsidiaries were released and the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Biffa Group's senior creditors under a new capital debt structure

The effect of the scheme of arrangement is to reduce the total book value of senior and sub-ordinated capital debt of approximately £1.2 billion as at the date of the scheme of arrangement, to £520 million Repayment dates for the new instruments range between July 2015 and January 2018

WasteInvestments LLP will not continue operations in the foreseeable future and it is the intention of the directors to wind up the company The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value The financial statements do not include any provision for the future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting period

### **Investments**

Investments in subsidiary undertakings are shown at cost, plus incidental expenses less any provision for impairment Annually, the members consider whether any events or circumstances have occurred which indicate that the carrying value of fixed asset investments may not be recoverable If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use If this is the case, an impairment provision is recorded to reduce the carrying value of the related investment

### **Taxation**

Income tax payable on the profits of the LLP is solely the liability of the individual members of the LLP and consequently is not dealt with in these financial statements

### **Allocation of profits, losses and drawings**

Profits and losses are allocated in proportion to the class of partnership equity interests held and in accordance with the terms of the WasteInvestments LLP Partnership Agreement Distributions out of cash are made to holders of class B, C and D interests, at the Management Board's discretion, after due regard to the amounts determined by the Management Board to be reasonably necessary to meet the working capital needs of the LLP

**WASTEINVESTMENTS LLP**  
**LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**

**P1 INTEREST RECEIVABLE AND SIMILAR INCOME**

	52 weeks ended 30 March 2012 £'000	52 weeks ended 1 April 2011 £'000
Interest due from group undertakings		
Interest receivable on £614,424,836 Fixed Rate Unsecured Loan Note 2018	97,908	99,296
Interest receivable on £80,000,000 Fixed Rate Unsecured Loan Note 2018	24,440	24,465
Interest receivable on £166,230,000 Fixed Rate Unsecured Loan Note 2020	39,439	22,219
	<b>161,787</b>	<b>145,980</b>

Interest on the above loans gets rolled up in debtor balances rather than being settled

**P2 FIXED ASSETS INVESTMENTS**

	As at 30 March 2012 £'000
At 1 April 2011	10,000
Impairment of investment (note P9)	(10,000)
At 30 March 2012	-

The LLP's direct investment at the balance sheet date is in the share capital of the following company

Name of company	Activity	Class of share	% of shares held	Country of Incorporation
WasteEquityco	Intermediate holding company	Ordinary	100 00	Cayman Islands

The members consider that to give full particulars of all indirectly held subsidiary undertakings would lead to a statement of excessive length. The following information relates to those undertakings of the LLP at the period end whose results and financial position, in the opinion of the members, principally affect the figures of the LLP as holding partnership of those undertakings

Name of company	Activity	Class of share	% of shares held	Country of Incorporation
WasteShareholderco 1	Intermediate holding company	Ordinary	100 00	Cayman Islands
WasteShareholderco 2	Intermediate holding company	Ordinary	100 00	Cayman Islands
Biffa Group Limited	Intermediate holding company	Ordinary	100 00	United Kingdom
Biffa Waste Services Limited	Waste management services	Ordinary	100 00	United Kingdom
Biffa Waste Management Limited	Waste management services	Ordinary	100 00	United Kingdom
UK Waste Management Limited	Waste management services	Ordinary	100 00	United Kingdom

# WASTEINVESTMENTS LLP

## LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS

### P3 MEMBERS' PROFIT SHARES

The basis on which profits and losses are shared among members is set out in the accounting policies note on page 59

The average monthly number of members during the period was 41 (2011 49)

The (loss)/profit attributable to the members with the largest entitlement to profit in the period is (£397,627,360) (2011 £49,169,422 profit)

### P4 DEBTORS AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	As at 30 March 2012 £'000	As at 1 April 2011 £'000
Amounts due from group undertakings	1,331,643	1,169,856
Impairment of amounts due from group undertakings	(1,331,643)	-
	-	1,169,856

Amounts due from group undertakings are unsecured and are repayable in April 2018. Due to the scheme of arrangement disclosed in the Post Balance Sheet Events note, a full impairment of the balance receivable from WasteShareholderco1 (an indirect subsidiary of the Company) has been made.

The amounts due from group undertakings incur interest at the following rates

	Applicable interest rate
£614,424,836 Fixed Rate Unsecured Loan Note 2018	11.25%
£80,000,000 Fixed Rate Unsecured Loan Note 2018	17.75%
£166,230,000 Fixed Rate Unsecured Loan Note 2018	20.00%

# WASTEINVESTMENTS LLP LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS

## P5 TOTAL MEMBERS' INTERESTS

	Class A Partnership Equity £'000	Equity Other reserves £'000	Total £'000	Class B Partnership Equity £'000	Class C Partnership Equity £'000	Debt Class D Partnership Equity £'000	Total £'000	Grand Total £'000
<b>2 April 2010</b>	<b>10,363</b>	-	<b>10,363</b>	<b>749,830</b>	<b>107,816</b>	-	<b>857,646</b>	<b>868,009</b>
Introduced by members	-	-	-	-	-	166,230	166,230	166,230
Members' remuneration charged as an expense	-	-	-	99,242	24,458	22,204	145,904	145,904
<b>1 April 2011</b>	<b>10,363</b>	-	<b>10,363</b>	<b>849,072</b>	<b>132,274</b>	<b>188,434</b>	<b>1,169,780</b>	<b>1,180,143</b>
Members' remuneration charged as an expense	-	-	-	97,888	24,428	39,424	161,740	161,740
Allocation of losses to members	(10,000)	(123)	(10,123)	(946,960)	(156,702)	(227,858)	(1,331,520)	(1,341,643)
Allocation of remaining cash	(363)	123	(240)	-	-	240	240	-
<b>30 March 2012</b>	-	-	-	-	-	<b>240</b>	<b>240</b>	<b>240</b>

The Class B, Class C and Class D partnership interests are repayable following repayment of the partnership's loans to its subsidiary undertakings as described in note P4 at the amount of cash received in respect of those loans

The basis on which profits and losses are allocated is described in the accounting policies on page 59. Loans and others debts due to members represent profits not yet paid to members. Such profits are payable at the discretion of the Management Board. No amounts due to members have been distributed as cash in the period and the amounts due to members are not expected to be paid within one year.

In the event of a winding-up, loans and other debts due to members rank equally with unsecured creditors. Members' capital and other reserves rank after unsecured creditors.

## P6 RELATED PARTY TRANSACTIONS

Certain members of the LLP are employed by Biffa Waste Services Limited, a subsidiary of the LLP, and provide management services to the WasteInvestments LLP Group as a whole. Their remuneration in their capacity as employees of Biffa Waste Services Limited is disclosed in the notes to the financial statements of that company and in the notes to the consolidated financial statements of the LLP.

In addition, Montagu Private Equity and Global Infrastructure Partners, the ultimate controlling parties of the LLP receive fees in respect of management services which they provide to the WasteInvestments LLP Group as a whole. These fees are disclosed in the notes to the consolidated financial statements of the LLP.

There were no other transactions with members of the LLP in the period, other than allocations of the loss arising in the period (see notes P1 and P5).

## P7 ULTIMATE CONTROLLING PARTIES

The ultimate controlling parties of the LLP are considered to be Montagu Private Equity and Global Infrastructure Partners.

**WASTEINVESTMENTS LLP  
LIMITED LIABILITY PARTNERSHIP FINANCIAL STATEMENTS**

**P8 EXCEPTIONAL ITEMS**

	<b>52 weeks ended 30 March 2012 £000</b>	<b>52 weeks ended 1 April 2011 £000</b>
Impairment of amounts due from group undertakings (note i)	<b>1,331,643</b>	-
Investment impairment (note ii)	<b>10,000</b>	-
	<b>1,341,643</b>	-

- (i) Impairment of the interest receivable from Wasteequityco as a result of the accounts being prepared on a non going concern basis  
(ii) Impairment of investment in Wasteequityco Ltd as a result of the capital restructuring agreement as described in the Post Balance Sheet Events note

**P9 POST BALANCE SHEET EVENTS**

As outlined in the Directors' Report, since the year end the Directors of Biffa Group Limited (BGL), the Company's indirect subsidiary, have been exploring various ways to secure the financial position and future of the Biffa group's businesses and undertakings. In December 2012 the Board of BGL concluded that a restructuring, involving a Court-approved scheme of arrangement for BGL pursuant to Part 26 of the Companies Act 2006, was in the best interests of those with an economic interest in BGL, including BGL's secured creditors and the Biffa Group's employees, suppliers and customers.

The scheme of arrangement implemented a restructuring of the BGL Group whereby BGL is now under the new ownership of a number of its senior lenders and the entire issued share capital of BGL was transferred to WasteHoldco3 for a nominal amount.

There has been no adjustment to the intercompany creditor balances in these accounts as the debt had not been extinguished at the balance sheet date. The scheme of arrangement was approved by the Court on 28 January 2013 and completed on 30 January 2013.