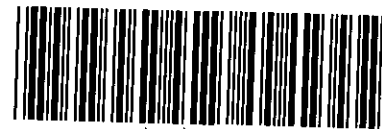


Company Registration No. 04602885 (England and Wales)

**BIFFA GS HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 27 MARCH 2020**

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# **BIFFA GS HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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**Directors**

M Topham  
R Pike  
Biffa Corporate Services Limited

**Company number**

04602885

**Registered office**

Coronation Road  
Cressex Business Park  
High Wycombe  
Buckinghamshire  
HP12 3TZ

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# BIFFA GS HOLDINGS LIMITED

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# BIFFA GS HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 27 MARCH 2020**

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

### Accounting reference date

These financial statements are for the period ended 27 March 2020. The comparatives are for the period ended 29 March 2019.

### Our Strategy

Biffa has a clear strategy for growth based on three strategic pillars; grow our market share; develop services and infrastructure; and optimise systems and processes. These are underpinned by a focus on three specific opportunities – growing our collections business; expanding our plastics recycling business Biffa Polymers; and investing in energy from waste (EfW).

The strategy fully supports Biffa's purpose to 'change the way people think about waste' and our vision to 'lead the way in UK sustainable waste management' and is underpinned by our Sustainability Strategy, 'Resourceful, Responsible', which we were delighted to launch in March 2020.

### Review of the business

The company continued to operate as a holding and financing company for the Biffa Group. The principal activities of its subsidiaries, the Biffa GS businesses, are the provision of integrated waste management services, comprising collection, treatment, recycling, and disposal of waste and the provision of energy services within the majority of their business in the United Kingdom.

For a detailed review of the company's position, refer to the Statement of Financial Position on page 9.

Non-financial key performance indicators in respect of the Biffa Group are shown in the Financial Statements of Biffa Plc for the period to 27 March 2020, which do not form part of this report.

### Future outlook

The company will continue to operate as a holding and financing company within the Biffa Group.

### Going concern

Since reporting of the Group's full year results for year ending 27 March 2020, Covid-19 (CV-19) continues to have a significant impact on the Group's financial and operational performance. However, gradual improvements have been seen across all divisions in the business. The Group's latest financial performance forecast for the next 12 months is in line with management expectations and sales volumes are expected to be maintained for the rest of 2021 financial year. Current forecasts also expects that the Group will return to near prior year levels at the end of FY22.

The Group meets its daily working capital requirements through its bank facilities. Forecast and projections for the Group, taking into account reasonable fluctuations in trading performance, show that the Group are expected to operate within the current levels of the facility. The Group has significant financial resources including unutilised bank facilities of £200.0m and cash and cash equivalents of £101.2m as at 25 September 2020. One of the Group's response to the CV-19 impact was to agree revised covenants with the banking syndicate for the main loan facility which increased the leverage covenant from 3.5x to 5.5x for H1 and 4.6x for H2. The eventual outturn at the HY was 1.3x. The reassuring headroom on the debt leverage was driven by an equity raise which took place in June 2020; £97.7m was successfully raised from the issue of 50 million shares. These funds together with the Group's long-term customer contract portfolio, flexible cost based coupled with geographically diverse operating footprint means the Group is well placed to manage the direct business impacts and the current global economic uncertainty arising from the CV-19 pandemic.

# BIFFA GS HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 27 MARCH 2020**

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### Going concern (continued)

Management has also performed a sensitivity analysis which supports this view by modelling a reasonable worst-case scenario. The worst-case scenario assumes that the Group will focus on continuing existing operations and no acquisitions takes place or any further investment on plastics projects. The Group's profitability, liquidity and financial headroom have all been assessed and incorporated within this scenario analysis.

Based on the results of this analysis and after careful consideration of the uncertainty and dynamic nature of CV-19, the Directors confirm that they have reasonable expectation that the Group will be able to continue to withstand the impacts of CV-19. The Directors have concluded the Group has made satisfactory arrangements to address its financing and business risks. And have reasonable expectations that the Group will have adequate resources to continue in operation for at least twelve months from the signing date of these statutory accounts. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing these statutory accounts.

### Principal risks

The directors are aware of the need to review all aspects of risk which are likely to affect the financial stability of the company, whether it be from either the sales or the cost side of the business. On an annual basis the directors carry out a detailed internal risk assessment analysis on all aspects of the business. The key risks that may prevent the company from achieving its objectives are:

- The technologies employed fail to deliver expected performance or end product for the markets in which they operate.
- The company's subsidiary undertakings' service offerings fail to react to legislative and market dynamics.
- The company and its subsidiary undertakings have contractual and other arrangements with numerous third parties in support of their businesses. None of these is considered, individually, to be essential to the business of the company or of its subsidiaries.

In mitigation of the above risks, the company continues to make significant investment in new technologies and regularly review its service offerings to ensure they are fully compliant and meet the needs of their customers.

### 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.

### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to manage liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to company's reputation. It is the policy of the company and the Biffa Group to have adequate committed undrawn facilities available at all times to cover unanticipated financial requirements.

### COVID-19 risk

The Covid-19 pandemic is unprecedented. During the pandemic, there has been substantial support from the UK Government, the measures most relevant to the Group are tax payment deferrals. At the FY21 year end, the Group expects to have combined available cash and RCF headroom of over £200m.

In addition, the Group is taking steps to balance both the preservation of near-term cash with the need to *preserve the long-term health of the business, its customers, suppliers, employees and other stakeholders*. The Group have also set up a Response Team with colleagues from across the business to ensure we support the health and wellbeing of our colleagues, manage business continuity, provide clear and timely communications and minimise service disruption. All of our staff who are able to have been advised to work from home and social distancing applied across our workplaces. All non-essential business travel has been stopped. The Board is confident that the combination of available liquidity, coupled with the identified mitigation will enable the Group to shoulder this downturn in the near term and that going forward the Group will then be able to progress its growth strategy over the medium term.

# BIFFA GS HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 27 MARCH 2020**

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### Employees

The group's services are delivered by a team of over 8,000 people, these people as the core of the Group's organisation. The government recognises the Group's people as 'key workers'. These people have continued to work throughout the COVID-19 crisis, highlighting their commitment, dedication and loyalty.

The Company regularly reviews its employment practices to ensure it promotes dignity at work, equal opportunity and good working relations based on fairness, equality and inclusiveness. The safety of employees is the top priority.

The Company puts employee engagement at the heart of its people strategy and plans and the Group remains committed to further increasing employee engagement. Employee engagement remains stable at 58%, following a 5% increase in the prior year. Although levels have remained stable this year, we are still ahead of our strategic target and ahead of the UK average.

The group engages with employees throughout the year through multiple communication channels including: face-to-face roadshows, conference calls, recorded vlogs and our employee app, Biffa Beat.

The group continue to invest in the personal development of our colleagues. The Learning and Development Team provides a broad selection of programmes ranging from compliance and technical training to management and leadership development. The group has also invested in a comprehensive portfolio of e-learning modules, allowing all employees access to relevant and timely learning content.

The anti-fraud, bribery and corruption policy and procedure sets out the standards that are expected of employees and the systems and procedures which Biffa employs to minimise the opportunity for fraudulent or corrupt behaviour taking place and how it will deal with any instances of such behaviour. It applies to all our employees and appropriate parts of the policy are also applied to representatives, joint venture partners and outsourcing partners. It includes guidance to employees on the giving, receiving and recording of business gifts and hospitality.

The group are committed to promoting D&I across all areas, including gender and ethnicity. The industry in which the Group operate in has traditionally employed more men than women. Across the Group, the workforce comprises 12% female and 88% male employees. There is therefore lots more to do in this area and it remains a key focus.

The Group believe that diversity enhances our effectiveness and we will continue to address the gender imbalance when making future Board and senior leader appointments and will strive to develop a diverse pipeline of executive talent.

Although women account for only 12% of the overall workforce, they are better represented within professional and managerial roles which means on average they receive high levels of pay in the business. This results in a negative gender pay gap.

The group are working to create a consistently inclusive environment where differences are valued and all colleagues can thrive. The group delivered D&I training to all senior leaders during 2019, introduced an e-learning module on diversity for all managers and plan to deliver D&I training to front line employees during 2020.

The diversity policy also covers specific arrangements for people with disabilities including:

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

# BIFFA GS HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 27 MARCH 2020**

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### Employees (continued)

#### **Working together safely**

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

Approved by the Board and signed on behalf of the Board



.....  
R Pike

**Director**

16 March 2021

# **BIFFA GS HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 27 MARCH 2020**

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The directors present their annual report and financial statements for the period ended 27 March 2020.

#### **Principal activities**

The principal activity of the company continued to be that of a holding company. The company is a member of the Biffa Group. The company directly holds 77.0% of the share capital of Biffa GS UK Holdings Limited and indirectly holds the remaining 22.4% via Materials Recovery Nominees Limited.

The principal activities of its subsidiaries, and indirectly held subsidiaries, the Biffa GS businesses, are the provision of integrated waste management services, comprising collection, treatment and recycling, and disposal of waste and the provision of energy services with the majority of their business in the United Kingdom.

#### **Results and dividends**

The results for the period are set out on page 8. The administration costs of the company are borne by a fellow group undertaking.

No ordinary dividends were paid (2019: £nil). The directors do not recommend payment of a final dividend.

#### **Directors**

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

M Topham  
R Pike  
Biffa Corporate Services Limited

#### **Principal risks and uncertainties**

Information on financial exposure and risk management is disclosed within the Strategic Report on page 2.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

In accordance with the company's Articles, and to the extent permitted by law, the company may indemnify its directors out of its own funds to cover liabilities arising as a result of their office. The group holds directors' and officers' liability insurance cover for any claim brought against directors or officers for wrongful acts in connection with their positions, but the cover does not extend to claims arising from dishonesty or fraud.

#### **Political donations**

The company made no charitable or political donations during the period (2019: £nil).

#### **Disabled persons**

The company puts employee engagement at the heart of its people strategy and plans, as detailed within the Strategic Report on pages 3 and 4.



# BIFFA GS HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 27 MARCH 2020**

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### **Audit Exemption**

For the period ended 27 March 2020, the company was entitled to exemption from audit under section 479A of the Act relating to subsidiary companies as disclosed in the Annual Report and Financial Statements of Biffa Plc which can be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

### **FRS 101 reduced disclosure framework**

The Financial Statements have been prepared and approved by the directors in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework issued by the Financial Reporting Council.

Approved by the Board and signed on behalf of the Board

  
.....

R Pike  
**Director**

Date: 16 March 2021

# **BIFFA GS HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE PERIOD ENDED 27 MARCH 2020***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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

# BIFFA GS HOLDINGS LIMITED

## INCOME STATEMENT

FOR THE PERIOD ENDED 27 MARCH 2020

		27 March 2020 £'000	29 March 2019 £'000
	Notes		
Administrative expenses		(1,162)	(1,520)
Other operating income		1,520	1,520
<b>Operating profit</b>		<u>358</u>	<u>-</u>
Finance costs	4	(503)	-
<b>(Loss) before taxation</b>		<u>(145)</u>	<u>-</u>
Tax on (loss)	5	-	-
<b>(Loss) and total comprehensive income for the financial period</b>		<u>(145)</u>	<u>-</u>

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

The company has no gains or losses, other than those shown above in either the current or prior period and therefore no separate Statement of Other Comprehensive Income has been presented.

# BIFFA GS HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 27 MARCH 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6	15,515	-
Investments	7	5,035	5,035
		20,550	5,035
<b>Current liabilities</b>			
Trade and other payables	9	(6,165)	(5,124)
<b>Net current liabilities</b>		(6,165)	(5,124)
<b>Total assets less current liabilities</b>		14,385	(89)
<b>Non-current liabilities</b>	10	(14,656)	-
<b>Provisions for liabilities</b>	11	(931)	(968)
<b>Net liabilities</b>		(1,202)	(1,057)
<b>Equity</b>			
Called up share capital	12	78,457	78,457
Other reserves		947	947
Retained earnings		(80,606)	(80,461)
<b>Total equity</b>		(1,202)	(1,057)

The accompanying notes form an integral part of the Financial Statements.

For the financial period ended 27 March 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

The financial statements were approved by the board of directors and authorised for issue on 16 March 2021 and are signed on its behalf by:



R Pike  
Director

Company Registration No. 04602885

# BIFFA GS HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 27 MARCH 2020

	Share capital contribution £'000 (note 13)	Capital contribution £'000	Retained earnings £'000	Total £'000
<b>Balance at 30 March 2018</b>	78,457	947	(80,461)	(1,057)
<b>Period ended 29 March 2019:</b>				
Profit and total comprehensive income for the period	-	-	-	-
<b>Balance at 29 March 2019</b>	78,457	947	(80,461)	(1,057)
<b>Period ended 27 March 2020:</b>				
Loss and total comprehensive income for the period	-	-	(145)	(145)
<b>Balance at 27 March 2020</b>	78,457	947	(80,606)	(1,202)

In 2009, share options in NTR Plc, the previous ultimate parent company were granted to the former minority interest holders in Biffa GS UK Holdings Limited in consideration for their stake in Biffa GS UK Holdings Limited. The goodwill recognised on acquisition of the minority interest was £946,836 based on the valuation of the share options granted to the minority holders in respect of their stake in the company. This has been accounted for as a capital contribution reserve in equity.

# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27 MARCH 2020

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### 1 Accounting policies

#### Company information

Biffa GS Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- IFRS 7 'Financial Instruments: Disclosures';
- IAS 1 'Presentation of Financial Statements' paragraph 10(d), 10(f), 16, 38, 39(c), 111 and 134-136;
- IAS 7 'Statement of Cash Flows';
- IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors' paragraph 30 and 31;
- IAS 24 'Related Party Disclosures' paragraph 17 and the requirement to disclose related party transactions entered into between two or more members of the Biffa group;
- IAS 36 'Impairment of Assets' paragraph 134(d) -134(f) and 135(c) -135(e).

Where required, equivalent disclosures are given in the group accounts of Biffa Plc. The group accounts of Biffa Plc are available to the public and can be obtained as set out in note 13.

The company is exempt from the preparation of consolidated Financial Statements under IAS 27, because it is included in the group Financial Statements of Biffa Plc.

#### 1.2 Adoption of new and revised Standards

The following standards became applicable for the current reporting period:

- IFRIC 23 introduces new guidance to clarify how to account for income tax when it is unclear whether the taxing authority will accept the entity's treatment.
- Prepayment Features with Negative Compensation (Amendment to IFRS 9, Financial Instruments) became effective for accounting periods beginning on or after 1 January 2019. The amendment prescribes that the financial assets containing prepayment features with negative compensation may be measured at amortised cost or at fair value through Other Comprehensive Income (OCI) if they meet the other relevant requirements of IFRS 9.
- Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28, Investments in Associates and Joint Ventures) became effective for accounting periods beginning on or after 1 January 2019. The amendments to IAS 28 deals with the accounting for long-term interests in an associate or joint venture that in-substance forms part of the net investment. It clarifies the interaction between IFRS 9, especially the expected loss impairment model, and IAS 28. IFRS 9 excludes from its scope only those interests to which the equity method is applied.

# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 27 MARCH 2020

### 1 Accounting policies

(Continued)

#### Adoption of new and revised Standards (continued)

- Plan Amendment, Curtailment or Settlement (Amendment to IAS 19, Employee Benefits) became effective for accounting periods beginning on or after 1 January 2019. The amendment to IAS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions, i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. The amendment clarifies that an entity first determines any past services cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit and loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any changes in that effect are recognised in OCI and are not reclassified into profit and loss. The amendment to IAS 19 is applied prospectively to plan amendments, settlements and curtailments that occur after the effective date of 1 January 2019.

The adoption of the above new and revised standards had no impact on the financial statements of the company for the period ended 27 March 2020.

The following standards and amendments to existing standards became effective from 1 January 2020 and will be adopted in the company's next financial statements:

- Amendments to IFRS 3, Business Combinations. The amendment clarifies the definition of a business by providing a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses.
- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendment clarify the definition of 'materiality' and how it should be applied. The amendments also improve the explanations of the definition and ensure consistency across all IFRS standards.
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures. The amendments provide relief from specific hedge accounting requirements to address the potential uncertainty caused by the IBOR reform.

In the current year, the company, has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 12. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

The date of initial application of IFRS 16 for the company is 30 March 2019.

# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 27 MARCH 2020

### 1 Accounting policies

(Continued)

The company has applied IFRS 16 using the modified retrospective approach. The lease liability has been recognised at a value equal to the present value of the remaining lease payments, discounted using an incremental borrowing rate. A right-of-use asset has been recognised equal to the lease liability, adjusted for prepaid and accrued lease payments. The company has applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics – the weighted average of the discount rates used on transition was 4.5%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

Further detail on the adoption of IFRS 16 is set out in note 12.

#### 1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3. The company is managed as part of the Biffa Group. The Biffa Group has committed facilities which the directors consider sufficient to service its ongoing working capital and capital investment requirements.

#### 1.4 Non-current investments

Investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.5 Impairment

The carrying amounts of the company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. Non-depreciable assets are assessed annually for impairment. In assessing an asset for impairment, the recoverable amount of the asset or its cash-generating unit is estimated. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

The recoverable amount of such assets is the greater of their net selling price and value in use. In assessing the recoverable value the net assets of the subsidiary entities have been referenced in order to estimate their fair value.

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



# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 27 MARCH 2020

### 1 Accounting policies

(Continued)

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.

#### 1.6 Cash and cash equivalents

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

#### 1.7 Financial instruments

##### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in subsidiary undertakings and amounts due to subsidiary undertakings. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

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

Amounts due to subsidiary undertakings are stated at their expected settlement amount.

Investment in subsidiary undertakings are stated at their cost less impairment losses.

##### Classification of financial instruments issued by the company

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

- they include no contractual obligations of the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 27 MARCH 2020

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### 1 Accounting policies

(Continued)

#### Financial instruments (continued)

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

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Taxation

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on taxable income or allowable losses for the period, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable or receivable in respect of previous periods.

#### 1.10 Provisions

Provision is recognised in the Statement of Financial Position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to that liability.

### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key source of estimation uncertainty and critical accounting judgements in applying the company's accounting policies is the recoverability of investments in subsidiaries.

The carrying amounts of the company's investments in subsidiaries are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. The recoverable amount of an investment is the greater of its net selling price and its value in use.

The value in use of each trading subsidiary has been assessed using the estimated future cash flows of the subsidiary 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 investment. The net selling price has been determined as the net assets/(liabilities) as presented within the subsidiaries own Financial Statements as at 27 March 2020.

# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 27 MARCH 2020

### 3 Employees

The directors' remuneration was borne by Biffa Plc in the current and prior periods. These can be referenced from the consolidated Financial Statements of Biffa Plc, as detailed in note 14. The number of directors to whom retirement benefits are accruing under money purchase schemes was nil (2019: nil). There are no other employees.

### 4 Finance costs

	2020 £'000	2019 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest	503	-

### 5 Taxation

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax on losses for the current period	-	-
<b>Total UK current tax</b>	-	-

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

Loss before taxation	(145)	-
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(28)	-
Group relief	28	-
<b>Taxation charge for the period</b>	-	-

The standard rate of tax applied to reported profit on ordinary activities is 19% (2019: 19%). The applicable tax rate changed to 19% from 1 April 2017.

A potential deferred tax asset of £165,569 (2019: £165,569) in connection with timing differences has not been recognised due to the uncertainty of future taxable profits arising.

# **BIFFA GS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 27 MARCH 2020**

### **6 Property, plant and equipment**

	Right-of-use leasehold property £'000
<b>Cost</b>	
At 29 March 2019	-
Additions	16,677
	<u>16,677</u>
At 27 March 2020	16,677
<b>Accumulated depreciation and impairment</b>	
At 29 March 2019	-
Charge for the period	1,162
	<u>1,162</u>
At 27 March 2020	1,162
<b>Carrying amount</b>	
At 27 March 2020	15,515
	<u><u>15,515</u></u>
At 29 March 2019	-
	<u><u>-</u></u>

### **7 Fixed asset investments**

#### **Movements in non-current investments**

	Investments in subsidiary undertakings £'000
<b>Cost or valuation</b>	
At 30 March 2019 & 27 March 2020	80,756
	<u>80,756</u>
<b>Impairment</b>	
At 30 March 2019 & 27 March 2020	(75,721)
	<u>(75,721)</u>
<b>Carrying amount</b>	
At 27 March 2020	5,035
	<u><u>5,035</u></u>
At 29 March 2019	5,035
	<u><u>5,035</u></u>

# **BIFFA GS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 27 MARCH 2020**

### **8 Principal subsidiary undertakings**

Details of the company's subsidiaries at 27 March 2020 are as follows:

<b>Name of undertaking</b>	<b>Domiciled</b>	<b>Principal activity</b>
Biffa GS UK Holdings Limited	UK	Holding company
Materials Recovery Nominees Limited	UK	Trust company
Biffa Municipal Limited	UK	Municipal services
Biffa (WES) Limited	UK	Waste and recycling
Biffa GS Environmental Limited	UK	Inactive *
Biffa GS Environmental Recycling Limited	UK	Inactive *
Biffa GS (M&B) Limited	UK	Inactive *
Biffa GS (FC) Limited	UK	Inactive *
Biffa GS (LPP) Limited	UK	Inactive *
Biffa GS (RUR) Limited	UK	Dormant

\* Inactive companies are non-dormant companies which have ceased trading before 27 March 2020.

The registered office for all subsidiary entities is Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ.

The company holds a direct 100% investment in Biffa GS UK Holdings Limited and Materials recovery Nominees Limited and an indirect 100% investment, via Biffa GS UK Holdings Limited, in all other subsidiaries.

An impairment review in accordance with the approach and assumptions outlined in the significant accounting policies has been carried out for each subsidiary undertaking. The value of the company's investments has been reviewed and no impairment deemed necessary in the current period (2019: £nil).

# **BIFFA GS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 27 MARCH 2020**

### **9 Trade and other payables**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Finance lease obligations	<b>10</b>	1,004	-
Amounts owed to subsidiary undertakings		5,161	5,124
		<u>6,165</u>	<u>5,124</u>

Amounts owed to subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

### **10 Lease liabilities**

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>2020 £'000</b>	<b>2019 £'000</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Within one year	1,520	-	1,004	-
In two to five years	6,084	-	4,337	-
In over five years	12,677	-	10,319	-
<b>Total undiscounted liabilities</b>	<b>20,281</b>	<b>-</b>	<b>15,660</b>	<b>-</b>
Future finance charges and other adjustments	(4,621)	-	-	-
<b>Lease liabilities in the financial statements</b>	<b>15,660</b>	<b>-</b>	<b>15,660</b>	<b>-</b>

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Current liabilities	1,004	-
Non-current liabilities	14,656	-
	<u>15,660</u>	<u>-</u>

The average lease term is 13.3 years. For the period ended 27 March 2020, the effective borrowing rate was 3.4% (2019: n/a). All lease obligations are denominated in Sterling.

### **11 Provisions for liabilities**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Restoration provision	931	968

The provision relates to the directors' best estimate of expected dilapidation costs to be incurred at the end of a contract. The liability is expected to be settled in 2033.

# BIFFA GS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 27 MARCH 2020

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12	Share capital	2020 £'000	2019 £'000
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	78,500,000 Ordinary shares of £1 each *	78,457	78,457
		<u>78,457</u>	<u>78,457</u>

\*£78,500,000 allotted, called and fully paid share capital raised offset by share issue costs of £43,000.

### Capital management

The company defines share capital and share premium as its capital. The company's ordinary shares are wholly owned by GS Acquisitions Limited. The directors' policy is to maintain a suitable balance between capital and external borrowings and is not subject to any externally imposed capital requirements.

### 13 Controlling party

The immediate parent undertaking is GS Acquisitions Limited, a company incorporated in England and Wales which holds 100% of the issued ordinary share capital.

The only group, and therefore the largest and smallest undertaking, in which the company's results are consolidated is that headed by Biffa Plc, a public limited company registered in England and Wales, which owns the entire shareholding of the company via its holdings in subsidiary undertakings. Copies of the consolidated Financial Statements of Biffa Plc can be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.