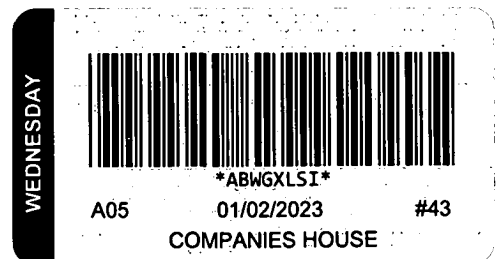


Registered number: 00946107

BIFFA WASTE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022



BIFFA WASTE SERVICES LIMITED

COMPANY INFORMATION

Directors	M Topham R Pike M Davis Biffa Corporate Services Limited M Mayhew
Company secretary	S Parsons
Registered number	00946107
Registered office	Coronation Road Cressex High Wycombe Bucks HP12 3TZ United Kingdom
Independent auditors	Deloitte LLP 4 Brindley Place Birmingham B1 2HZ United Kingdom

BIFFA WASTE SERVICES LIMITED

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BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 25 MARCH 2022**

Introduction

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

s.172 statement

The Directors of the Company are required under section 172 of the Companies Act 2006 ("s.172") to act in a way that promotes the success of the Company for the benefit of its shareholders as a whole, whilst having regard to the following matters (amongst other things): the likely long term consequences; the interests of the Company's employees; the business relationships with suppliers and customers; the impact on the community and the environment; reputation for high standards of business conduct; and acting fairly between shareholders.

As the Company forms part of the Biffa Group, it has applied the governance framework adopted by Biffa plc. The matters that the Directors are responsible for considering under s.172 have been considered to an appropriate extent by the Biffa plc Board (the "plc Board") in relation to both the Group and the Company. Further details of how the plc Board has considered the matters set out in s.172 (for the Group and the Company) are set out in the Annual Report and Accounts for Biffa plc for the period ended 25 March 2022 (the "ARA 2022"), which does not form part of this report. During the year, the Directors have also considered, both individually and together, relevant matters where appropriate.

Accounting reference date

These financial statements are for the period ended 25 March 2022. The comparatives are for the period ended 26 March 2021. The financial statements for the subsequent financial period will be prepared for the 53 weeks ending 31 March 2023.

Our strategy

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

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

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

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

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

The strategy fully supports 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.

BIFFA WASTE SERVICES LIMITED**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022****Statement of Corporate Governance Arrangements**

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

Principle 1 – Purpose and Leadership

The Company is part of the Biffa Group. The plc Board is responsible for setting the Company's purpose and values and ensuring these are aligned with the Group's culture. The Group's purpose is to 'change the way people think about waste', alongside our vision, 'leading the way in UK sustainable waste management'. Our culture is the way that we work together and is fundamental to how we operate. We pride ourselves on our common-sense approach to sustainable waste management, our collaborative working and our ability to get things done. The plc Board has a clear corporate governance framework comprising Board reserved matters, various Committees with their Terms of Reference and the Group delegated authorities matrix ensuring decision making at appropriate levels within the Group.

The plc Board is responsible for promoting the long-term success of the Company for the benefit of its members as a whole, taking into account other stakeholders as defined by s.172 and the Articles of Association and including but not limited to setting the Company's strategic aims, monitoring performance of the Company and management against these aims and the operation of effective controls and compliance with corporate governance principles.

Principle 2 – Board Composition

The Chairman of the plc Board assesses the composition annually to ensure that the balance of responsibilities, accountabilities and decision-making across the Company is effectively maintained. The Directors have equal voting rights when making decisions, except the Chair who has the casting vote. All Directors have access to the advice and services of the Company Secretary.

The role of the plc Board is to promote the long-term success of the Company, generating value for shareholders and contributing to wider society by providing effective leadership and direction to the business as a whole. It sets the Group's strategy, having regard to stakeholders while maintaining a balanced approach to risk within a framework of effective controls. It has also established the Company's purpose and values and monitors culture to ensure alignment. It sets the tone and approach to corporate governance and is responsible for the overall financial performance of the Group.

During the year, the plc Board received a corporate governance update on remuneration matters from FIT, our external Remuneration Advisor, and corporate governance updates from an audit and risk perspective from the External Auditor. In addition, the Directors undertake their own training and development which has included topical updates on corporate governance, technology, sustainability, and cyber security matters.

Principle 3 – Director Responsibilities

The Biffa Group has a clear corporate governance framework comprising Board reserved matters, various Committees with their Terms of Reference and the Group delegated authorities matrix ensuring decision making at appropriate levels within the Group.

The plc Board members have separate clearly defined roles and responsibilities and each member of the plc Board has a range of skills and experience that is relevant to the successful operation of the Group.

The plc Board held a number of meetings throughout the year. The key areas of focus in the year were the Group's acquisition of Viridor's collections business and certain recycling assets, the private placement loans issuance, and the reinstatement of the Group's dividend. All plc Board decision making includes the consideration of a number of factors relating to s.172 and the different interactions with and impacts upon the various stakeholders of the Biffa Group.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

Principle 4 – Opportunity and Risk

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

Principle 5 – Remuneration

The Company's remuneration policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code, being clarity, simplicity, risk, predictability, proportionality and alignment to culture. This is approved by the Biffa plc Remuneration Committee, which applies to all employees within the Biffa Group. Our annual bonus schemes are directly linked to the annual Group Balanced Business Plan targets. These include the results of the annual employee engagement survey, the Health & Safety improvement targets, as well as behaviours underpinned by our values.

The Biffa Group reports on the pay ratio of the Group CEO to UK employees and details of this can be found in the Director's Remuneration Report in the ARA 2022 which is available at <https://www.biffa.co.uk/investors>. Biffa plc also reports on our gender pay gap and on the steps we are taking in relation to this at <https://www.biffa.co.uk/about-us/policies>.

Principle 6 – Stakeholders Relationships and Engagement

Details about the Company's stakeholders can be found in the ARA 2022.

Review of the year

The Company is the main trading entity of the Biffa Group. In the year, the Group delivered strong business performance, executed ambitious strategic growth plans and articulated the 10-year Sustainability Strategy.

The Company is managed by type of business and is organised into three operating divisions:

- Collections: which encompasses Municipal and Industrial & Commercial.
- Resources & Energy: which includes Inerts, Organics, Recycling and Landfill Gas.
- Specialist Services: which includes Hazardous Waste, Integrated Resource Management and Compliance.

During the current financial period the Company moved from recognising two operating divisions (Collections and Resources & Energy) to recognising three operating divisions (Collections, Resources & Energy and Specialist Services). Operations including Hazardous Waste, IRM and Biffpack which were formerly included in the Collections division are now reported in the Specialist Services Division. The Municipal and Industrial & Commercial operations are retained within the Collections division.

Collections

The Collections division comprises the Industrial & Commercial ("I&C") and Municipal businesses. It provides sustainable waste and recycling collections and related services to industrial, commercial, public sector and local authority customers.

The division delivered a strong performance against a challenging economic backdrop coupled with tough operating conditions including driver shortages and supply chain issues.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

The I&C business has been affected by substantial inflationary cost pressures impacting the UK economy. Whilst these pressures have had a significant impact on our operating costs, pricing flexibility has enabled the business to pass on most of these cost increases to customers and reduce the impact on our profitability.

We have also been impacted by supply chain challenges which have affected our ability to source items such as new vehicles, fuel and waste containers. Through our scale, reputation, and supply chain relationships we have dealt with these challenges well, but they continue to be areas that require careful management.

We have successfully managed the well publicised national shortages of qualified HGV drivers. We engaged constructively with trade unions and have agreed meaningful pay increases to ensure that we retain our position in our sector as an employer of choice. As a result, the shortage of HGV drivers eased in the second half of the year but requires careful ongoing management.

We continue to develop our digital estate and have rolled out next generation in-cab devices which will further improve customer experience. We also installed energy efficient driver software, which provides data on fuel usage and wear and tear on vehicles, to further improve driving standards.

The Municipal business provides household waste and recycling collections, street cleaning and other services for households, on behalf of local authorities.

The business continued to experience the impact of Covid-19 in the early part of the year, followed by driver shortages, supply chain issues and inflationary pressures. Some services, such as green, food and bulky waste, were temporarily suspended in the first half of FY22 with the agreement of our municipal customers; however, services have since returned to normal.

The Municipal business is well placed to continue to deliver its growth strategy, capitalising on its scale and expertise. In the short term the business will face ongoing inflationary pressures including driver pay and the ongoing disruptions to supply chains. The business benefits from higher inflation indexation that positions it well to withstand these challenges, but it will require careful management.

Resources and Energy

Resources and Energy includes Recycling, Organics, Inerts and Landfill Gas and focuses on sorting, treating, processing and recycling waste streams.

Our recycling business comprises our leading Polymers plastics business and our Materials Recycling Facilities ("MRFs"). The Polymers business had a transitional year due to customer acceptance at the Seaham facility taking longer than anticipated. However, following the facility receiving food-grade status by the European Food Safety Authority in January 2022, we achieved customer acceptances and signed various multi-million-pound agreements with customers to supply food grade rPET pellet.

We saw improved performance at our MRFs this year due to strong operational performance, improved commodity prices and a number of customer wins and retentions. This includes a six-year contract with Staffordshire Waste Partnership, a three-year extension with Durham County Council and a three-year extension with Milton Keynes Council.

The Organics business includes Biffa's anaerobic digestion ("AD"), composting and residual waste treatment assets. Assets are generally supported by long term local authority contracts. The business had a good year, with the composting business performing strongly and AD performing in line with expectations.

Our Inerts business includes the treatment and disposal of complex construction waste and provides landfill disposal for untreatable residues. Volumes have returned to pre-pandemic levels, as a result of a growth in tonnages from our rail hubs and in commercial waste volumes. Our rail hubs are proving a successful gateway into landfill sites, particularly those in city centres, helping to reduce road haulage and transportation costs.

The Landfill Gas business provides energy generation from landfill gas extraction. Profitability in FY22 was

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

broadly consistent with FY21 due to prices achieved counteracting the expected volume declines.

Specialist Services

The Specialist Services division helps customers fulfil their sustainability ambitions by providing bespoke solutions including integrated resource management and hazardous waste services.

These bespoke solutions are provided to customers who have more complex waste requirements such as manufacturing and distribution businesses. Solutions include on site services and equipment rental ("Integrated Resource Management" or "IRM"), hazardous waste collection and treatment and packaging producer responsibility compliance services ("Biffpack").

Specialist Services continued to perform strongly this year. The IRM business performed well, supported by new contract wins and retentions. Biffpack performed in line with expectations, helping customers to meet their legal compliance with packaging regulations. The Hazardous Waste business saw further top line and margin improvements. Specialist Services is a growing market and Biffa's unique position in having a fully integrated waste management platform means we can take advantage of cross-selling services from our I&C customer base. The business had similar challenges this year to the Collections division, with labour, fuel and supply chain issues. Despite these difficulties, there were no significant disruptions to services.

Financial key performance indicators

Trading results

The Directors utilise a number of key performance indicators when measuring the performance of the business.

	52 weeks to 25 March 2022	52 weeks to 26 March 2021	Movement
	£M	£M	£M
Revenue	904.9	715.3	189.6
Net assets	540.8	533.0	7.8
Operating profit before adjusting items	47.6	15.7	31.9
Adjusting items before taxation	(94.9)	(26.9)	(68.0)
Net interest payable	(6.2)	(5.2)	(1.0)
Loss before tax	(53.5)	(16.4)	(37.1)

During the current financial year the Collections, Resources and Energy and Specialist Services divisions have shown strong recoveries in performance as the United Kingdom moves out of lockdown restrictions. The Company has recognised adjusting items of £94.9m (2021: £26.9m), including £63.6m (2021: £nil) write off of prepaid assets due to the settlement of the EVP dispute in favour of HMRC, in addition to the recognition of a £17.0m provision (2021: £nil adjusting items) in relation to the HMRC landfill tax enquiry. The £63.6m EVP prepayment write-off was partially offset by the write-off of a £42.8m payable in another Biffa Group company, Wasteholdco 1 Limited. The net impact of these transactions on Biffa Group profit before tax is a loss of £20.8m. The Company has also recognised additional acquisition costs of £8.8m (2021: £2.0m) due to the Viridor and Green Circle acquisitions, and £4.8m of strategy related costs as the Company continues to replace and upgrade key systems as part of the Transformation Project (2021: £2.5m of strategy related costs and £21.8m of asset impairments).

Non-financial key performance indicators for the Biffa Group are shown in the ARA 2022, which do not form part of this report.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

Future outlook

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

The Collections Division will continue to drive forward our plan to consolidate the fragmented I&C collections market. Acquisitions are highly synergistic, due to the removal of duplicate routes and locations, and result in a more efficient, flexible service proposition for our customers with a lower-carbon intensity. The acquisition pipeline remains promising, and now that the integration of the Simply Waste business is nearing completion, we are starting to assess the market for further opportunities.

Within the Municipal space the business will seek to capitalise on the opportunities that are presented by the regulatory changes that are approaching, including rolling out food waste collection services.

The priorities for the Resources & Energy division are to optimise operations (including the newly commissioned Seaham facility) while continuing the development of plastics recycling and energy recovery infrastructure. Other priorities will include investigating the use of Artificial Intelligence and robotics to support with advanced sortation, developing our fourth rail hub to support our Inerts offering, and looking into the viability of solar energy generation on closed or restored landfill sites. We have a number of solar planning consultations in progress; however, this is proving challenging due to site biodiversity requirements conflicting with our solar plans. We will continue to manage this to ensure the most sustainable outcome.

We are continuing to partner with a wide variety of stakeholders across the value chain, from start-ups and academic institutions to large corporations and nongovernmental bodies, to help innovate and develop new technologies, systems and services. Through partnerships, we share insights and expertise that help us to jointly tackle the key challenges our industry faces, supporting the sustainability and circularity of both our customers and the sector more broadly.

Within the Specialist Services division we will continue to focus on organic and acquisitive growth, particularly in the Hazardous Waste sector and build on our enhanced geographical coverage and improved service delivery.

In July we were also appointed as the logistics provider for the Deposit Return Scheme ("DRS") for Scotland by Circularity Scotland Ltd ("CSL") with responsibility for collecting, counting and sorting bottles and cans from c.30,000 locations. DRS will start in August 2023 and drinks containers will carry a 20p refundable deposit with the aim of reducing litter and increasing recycling by at least 90%.

The Resources & Energy division is well placed for a strong growth trajectory in the year ahead, with market leading businesses in growing sectors and the prospect of a post-pandemic recovery. We will continue to focus on expanding our capacity for closed-loop plastics recycling, which is the highest grade of recycling and therefore has the highest value. The Group has a clear strategy to invest in green economy infrastructure.

Since the year end, we acquired certain trade and assets of DJB Recycling Limited, a Sheffield-based waste collection and recycling business, for a maximum cash consideration of £1.9m. The business generated revenue of c. £4.7m in the last 12 months, employed 31 people, had a fleet of 13 vehicles and operated from 2 sites in Sheffield prior to completion. The deal completed on 30 June 2022.

On 2 November 2022 the Company completed the acquisition of Forge Recycling (Holdings) Limited, a Leeds-based I&C collections business with approximately 100 employees and 3,800 customers, for a cash consideration of £18.6m with a further £5.5m of contingent consideration.

On 27 September 2022, the plc Board and Bears Bidco Limited (a company controlled by funds managed by affiliates of ECP V, LLC ("ECP")) announced that they had reached agreement on the acquisition, by Bears Bidco Limited, of the entire issued ordinary share capital of Biffa plc, for consideration of £1.3bn. The acquisition became effective on 26 January 2023 by means of a scheme of arrangement under Part 26 of the Companies Act 2006. ECP is a leading investor in the fields of sustainability, energy transition and renewables, and as such is aligned with the core values of the Biffa Group.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

UN Sustainable Development Goals

Sustainable waste management is a key driver for improving environmental, health, social and financial outcomes. We as part of the Biffa Group play a vital role in helping the UK to address the climate change emergency and deliver sustainable economic growth. This is woven through our sustainable growth strategy and is demonstrated through our actions over the past two decades.

Our business has become more sustainable by:

- Improving the efficiency and emissions per tonne of waste in the Collections division.
- Broadening and enhancing our recycling and treatment capabilities.
- Reducing the scale of the landfill business.
- Utilising rail links to transport inert waste.
- Pioneering the transition to electric vehicles and alternative fuels.
- Caring for our people by tackling modern slavery and by promoting diversity and inclusion.
- Supporting our communities by funding biodiversity projects.
- Working with partners and customers to reduce waste.

Our actions have enabled us to reduce the carbon intensity of our revenues by 85% over this period. We are breaking the link between the management of waste and carbon. But there is still more to do.

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

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

It includes a commitment to unlock £1.25bn of investment in green economy infrastructure, whilst reducing our CO2 emissions by a further 50% in the coming decade. When combined with our achievements in the last 15 years, this will amount to a reduction in our CO2 emissions by over 80%. 'Resourceful, Responsible' is inextricably linked to the Biffa Group's strategic framework and the investment in the green economy.

Principal risks

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

Credit risk

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

Liquidity risk

The Company primarily uses funding from other Group companies in order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

Changes in Government policy and legal and regulatory compliance

The Company operates in a highly regulated industry and any changes to Government policy or failure by our staff or third parties who we do business with to comply with laws or regulations or to uphold our high ethical standards could have an adverse impact on the Company's operations and results. A key industry area of risk is landfill tax compliance, in particular the misclassification of waste causing the incorrect rate of landfill tax to be paid. Historically, the Biffa Group has made a number of material payments to HMRC due to what HMRC perceive to be non-compliance with landfill tax guidance. The latest landfill tax enquiry to arise poses a significant financial risk to the business, given the scale of the protective assessments issued by HMRC. There remains a high level of uncertainty around the final outcome of this enquiry.

The Company employs experienced and qualified teams, supported by external advisers where necessary, that monitor changes, plan appropriate mitigations and set policies and procedures. The Biffa Group also has representation on the Environmental Services Association and other external bodies; liaises with policy-makers and regulators at national and local levels and offers responses to Government/regulatory consultations and sustainability reporting.

Strategic/competitive threat to business model

Market disruption from new technology and the advent of new business models could change the waste supply chain and adversely impact Biffa's established operating asset base of a traditional collection network and processing facilities.

The Innovation Special Interest Group focuses on market developments and acts as an incubator for ideas and new business models. The Company undertakes continual competitor analysis to consider threats and changes to the landscape. Our annual strategy review ensures that the Biffa business model remains current and competitive. We use customer surveys to ensure that our offering remains relevant and compelling, together with ongoing investment in and improvement of the customer experience through digitisation, improved processes and management information.

Strategic Initiatives

The Company is at risk from the failure to deliver strategic initiatives, such as business transformation, acquisition integrations, commercial projects and system implementations. Business transformation is focused on our products and services, how they are sold and delivered, the technology used and the online services offered to customers. The key M&A risks are not being able to find and secure suitable targets and risks and issues that arise post completion impacting on the investment case. As with any such projects, there are risks that the project fails to deliver the anticipated improvements and/or benefits for the budgeted investment, adversely impacting reputation and operating results.

The Company mitigates these risks in a number of ways, including Board and Group Executive Team sponsorship and leadership, the use of proven software, regular post-investment reviews and use of a change network to ensure line management ownership of business transformation. Due diligence is undertaken for all M&A transactions, including the use of external advisers depending on target value and complexity. A standardised and established valuation approach is used, with all transactions reviewed/approved by the Investment Committee and (where appropriate) the Board. Dedicated corporate finance expertise together with experienced Biffa subject matter experts act as senior stakeholders for the acquisition process and help drive opportunities through the pipeline.

Health and Safety

Biffa's operations present inherent Health & Safety ("H&S") risks to our employees, our customers and the wider public. Violations of H&S laws/regulations could have a material adverse effect on Biffa's business and reputation.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

To mitigate these risks the Company maintains active and regular engagement by senior management, including weekly reporting calls and the inclusion of H&S targets and objectives within the Balanced Business Plan and as one of the 5 pillars of being 'Safer Together'. Existing H&S standards have been updated and incorporated into a new Integrated Management System. Embedded policies, standards and procedures are in place across the Biffa Group for the systematic control of significant H&S risks. We have also maintained management system certification of ISO 45001:2018.

Availability and cost of labour

The inability to source and retain appropriately priced and skilled labour to maintain competitive advantage could have a material adverse effect on Biffa's business results, operations, financial condition and prospects.

To mitigate these risks the Company has implemented market rates for key roles (e.g. drivers and fleet technicians) to support recruitment and aide retention. Our benefits are appropriate and comparable to market, including the Performance Share Plan for senior management and the ShareSave Scheme for all employees. Talent and management development programmes are deployed at senior levels and progressively to other levels going forward. The Company has also established an apprenticeship programme.

Employee engagement

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 our top priority. Employee engagement is critical to us at Biffa, arguably more so during the past year when doing the right thing for our people has been more important than ever. Our goal is to ensure that the Biffa Group is an employer of choice for current and future talent and a business that we are all proud to be a part of. Throughout the pandemic we significantly increased two-way engagement with our employees, ensuring that they were kept informed of our latest Covid-secure protocols, the support we were offering, as well as how our business was performing.

Our channels include regular all employee and leadership video calls with our Executive Team, CEO vlogs, podcasts, Q&A opportunities in real time, virtual conferences and events including our first virtual Diamond employee awards ceremony and news updates via our intranet and employee app, Biffa Beat. Biffa Beat really came into its own this year, providing an easy way for employees, particularly our colleagues on the front line, to openly ask questions and voice their opinions at the touch of a button.

We continue to invest in the personal development of our colleagues and this year we had to adapt to find alternative ways of offering our programmes online, via our e-learning platform 'Know How' as well as virtual training sessions. The focus of our training this year was employee wellbeing, whilst also supporting line managers to 'manage in a virtual world' offering a suite of training and support across the business. We continue to provide regular live 'relaxation' sessions to support employees with their mental health and training for line managers to help spot the signs of anxiety, so they are better equipped to support their teams. Online training was also provided to our drivers and we continued to broaden our comprehensive portfolio of e-learning modules, allowing all our employees access to relevant and timely learning content.

In the prior year, the Company launched its first digital employee engagement survey, Biffa Buzz. This is 100% online and also provides managers with more actionable insights. We worked hard this year on delivering tangible actions following the results of last year's survey. This included placing a greater focus on employee development and career progression, employee benefits, communications and wellbeing. In response, we:

Improved our benefits:

- Enhanced our 'Family Friendly' policies.
- Introduced a fuel discount card giving employees up to 5% off diesel and 2p off a litre of petrol.
- Continued our Eco Drive scheme as a tax efficient way to lease environmentally friendly electric cars.
- Continued our ShareSave scheme, giving employees the chance to buy shares in Biffa at a discounted rate.

BIFFA WASTE SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

Provided more opportunities to communicate:

- Held our first-ever in-person BIG meet-up, which allowed employees to meet with our senior team and discuss what's important to them.
- Worked with managers to ensure that local Buzz action plans were implemented, with teams being updated regularly on progress.

Offered more development and career opportunities:

- Published a training catalogue with opportunities to develop and grow, and promoted our Know How learning platform for general training.
- Enhanced our H&S training.
- Prioritised wellbeing.
- Enhanced our E.N.E.R.G.Y. programme with various wellbeing challenges and awareness days.
- Launched a weekly relaxation club.

Working together safely

The waste management industry carries inherent 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'.

This report was approved by the Board of Directors and signed on its behalf by:



.....
R Pike
Director

Date: 27 January 2023

BIFFA WASTE SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 25 MARCH 2022**

The Directors present their report and the financial statements for the period ended 25 March 2022.

Principal activity

The Company's principal activity is the provision of waste management services with its business based in the United Kingdom.

Business review

The results for the period are set out from page 18. A full review of the business is presented within the Strategic Report, in addition to future developments and risk management policy.

Going Concern

The Company is the main operating entity within the Biffa Group. During the year, the Biffa Group's financial performance largely recovered from the effects of the Covid-19 pandemic and the associated lockdown measures. Revenue and Adjusted EBITDA saw significant growth to surpass FY21 levels despite the significant headwinds faced during the year. These included high inflationary cost pressures, driver shortages and supply chain disruption. This resilient performance gives the Directors confidence in the forecast financial performance for the next 12 months.

The Company will continue to have sufficient funds, through funding from its ultimate parent company, Biffa plc, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on allowing continued use of a Group-wide revolving credit facility and providing any additional financial support if required.

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

The Biffa Group has the ability to be able to continue to support the Company, with levels of committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and, therefore, have prepared the financial statements on a going concern basis.

Results and dividends

The loss for the period, after taxation, amounted to £40.2 million (2021 - £2.0 million).

The Directors do not propose the payment of a final dividend. No interim dividends were paid during the period. No dividends were paid or proposed in the prior financial period.

BIFFA WASTE SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

Directors' indemnities

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

Directors

The Directors who served during the period and up to the date of signing were:

M Topham
R Pike
M Davis
Biffa Corporate Services Limited
D Bird (resigned on 17 March 2022)
M Mayhew (appointed on 4 April 2022)

Engagement with employees

The Company puts employee engagement at the heart of its people strategy and plans, as detailed within the Strategic Report.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company is a 100% owned subsidiary within the Biffa Group. Consolidated financial statements for Biffa plc can be referenced online at: <https://www.biffa.co.uk/investors/reports/results-and-reports>.

The Group disclosure for greenhouse gas emissions, energy consumption and energy efficiency action can be referenced within these consolidated financial statements.

Statement of corporate governance arrangements

For the year ended 25 March 2022, the Company has applied the Wates Corporate Governance Principles for Large Companies. The application of these principles is set out within the Strategic Report.

BIFFA WASTE SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2022**

Disclosure of information to auditors

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

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

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

Post balance sheet events

Since the year end, the Company acquired certain trade and assets of DJB Recycling Limited, a Sheffield-based waste collection and recycling business, for a maximum cash consideration of £1.9m. The business generated revenue of c.£4.7m in the last 12 months, employed 31 people, had a fleet of 13 vehicles and operated from 2 sites in Sheffield prior to completion. The deal completed on 30 June 2022.

In July, the Biffa Group was appointed as the logistics provider for the DRS for Scotland by CSL with responsibility for collecting, counting and sorting bottles and cans from c.30,000 locations. DRS will start in August 2023 and drinks containers will carry a 20p refundable deposit with the aim of reducing litter and increasing recycling by at least 90%.

On 2 November 2022 the Company completed the acquisition of Forge Recycling (Holdings) Limited, a Leeds-based I&C collections business with approximately 100 employees and 3,800 customers, for a cash consideration of £18.6m with a further £5.5m of contingent consideration.

On 27 September 2022, the plc Board and Bears Bidco Limited (a company controlled by funds managed by affiliates of ECP V, LLC ("ECP")) announced that they had reached agreement on the acquisition, by Bears Bidco Limited, of the entire issued ordinary share capital of Biffa plc, for consideration of £1.3bn. The acquisition became effective on 26 January 2023 by means of a scheme of arrangement under Part 26 of the Companies Act 2006. ECP is a leading investor in the fields of sustainability, energy transition and renewables, and as such is aligned with the core values of the Biffa Group.

Auditors

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

This report was approved by the Board of Directors and signed on its behalf by:



.....
R Pike
Director

Date: 27 January 2023

BIFFA WASTE SERVICES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 25 MARCH 2022**

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- 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 to 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 WASTE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIFFA WASTE SERVICES LIMITED

Opinion

In our opinion the financial statements of Biffa Waste Services Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Current year performance and year-end position;
- Forecast for future periods;
- Consistency with other forecasts;
- External market factors;
- Dependency on borrowing facilities;
- Evaluating management's assumptions; and
- Post year-end performance.

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

BIFFA WASTE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIFFA WASTE SERVICES LIMITED

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [. This description forms part of our auditor's report.](#)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

BIFFA WASTE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIFFA WASTE SERVICES LIMITED

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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


We have nothing to report in respect of these matters.

BIFFA WASTE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIFFA WASTE SERVICES LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Peter Gallimore FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

Date: 27 January 2023

BIFFA WASTE SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 25 MARCH 2022**

	Note	2022 £M	2021 £M
Turnover	4	904.9	715.3
Cost of sales		(894.5)	(681.1)
Gross profit		10.4	34.2
Other operating income	5	-	11.0
Distribution costs		(25.1)	(18.8)
Administrative expenses		(32.6)	(37.6)
Operating loss	6	(47.3)	(11.2)
Interest payable and similar expenses	8	(8.9)	(8.3)
Interest receivable and similar income	9	2.7	3.1
Loss before tax		(53.5)	(16.4)
Taxation	10	13.3	14.4
Loss for the financial period		(40.2)	(2.0)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 24 to 70 form part of these financial statements.

BIFFA WASTE SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 25 MARCH 2022**

	Note	2022 £M	2021 £M
Loss for the financial period		(40.2)	(2.0)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit scheme		48.8	(19.0)
Deferred tax on the actuarial gain/(loss) on the defined benefit schemes		(11.1)	(3.3)
Fair value gain/(loss) arising on hedging instruments in the period		12.1	(0.6)
Tax arising on cash flow hedge movement		(2.8)	1.5
Tax relating to items that may be reclassified subsequently to profit or loss		(0.5)	-
Other comprehensive income/(expense) for the period		46.5	(21.4)
Total comprehensive income/(expenses) for the period		6.3	(23.4)

The notes on pages 24 to 70 form part of these financial statements.

BIFFA WASTE SERVICES LIMITED
REGISTERED NUMBER: 00946107

STATEMENT OF FINANCIAL POSITION
AS AT 25 MARCH 2022

	Note	25 March 2022 £M	26 March 2021 £M
Non-current assets			
Goodwill	14	94.7	65.4
Other intangible assets	16	11.1	10.7
Tangible fixed assets	17	441.9	412.8
Investments	15	191.8	173.4
Pension asset	29	167.0	112.6
Total non-current assets		<u>906.5</u>	<u>774.9</u>
Current assets			
Stocks	19	27.0	16.0
Debtors	21	1,022.9	747.0
Cash at bank and in hand	20	31.0	20.8
		<u>1,080.9</u>	<u>783.8</u>
Current Liabilities			
Creditors: Amounts Falling Due Within One Year	22	(1,220.0)	(816.8)
Net current liabilities		<u>(139.1)</u>	<u>(33.0)</u>
Total assets less current liabilities		<u>767.4</u>	<u>741.9</u>
Non-current liabilities			
Creditors: Amounts Falling Due After More Than One Year	23	(141.6)	(147.6)
Provisions for liabilities			
Provisions	24	(85.0)	(61.3)
Net assets		<u><u>540.8</u></u>	<u><u>533.0</u></u>

BIFFA WASTE SERVICES LIMITED
REGISTERED NUMBER: 00946107

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 25 MARCH 2022

		25 March 2022 £M	26 March 2021 £M
Capital and reserves			
Called up share capital	25	503.7	503.7
Revaluation reserve	26	0.5	0.5
Hedging reserve	26	8.7	(0.6)
Profit and loss account	26	27.9	29.4
		<u>540.8</u>	<u>533.0</u>

The financial statements of Biffa Waste Services Limited, registered number 00946107 were approved by the Board of Directors and authorised for issue on 27 January 2023. They were signed on its behalf by:



.....
R Pike
 Director

The notes on pages 24 to 70 form part of these financial statements.

BIFFA WASTE SERVICES LIMITED

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

	Called up share capital £M	Revaluation reserve £M	Hedging reserves £M	Profit and loss account £M	Total equity £M
At 27 March 2020	503.7	0.5	-	52.0	556.2
Loss for the period	-	-	-	(2.0)	(2.0)
Other comprehensive expense	-	-	(0.6)	(20.8)	(21.4)
Capital contribution	-	-	-	0.2	0.2
At 26 March 2021	503.7	0.5	(0.6)	29.4	533.0
Loss for the period	-	-	-	(40.2)	(40.2)
Other comprehensive income	-	-	9.3	37.2	46.5
Capital Contribution	-	-	-	1.5	1.5
At 25 March 2022	503.7	0.5	8.7	27.9	540.8

The notes on pages 24 to 70 form part of these financial statements.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

1. General information

Biffa Waste Services is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's registered address is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ. The principal activity of the Company is the provision of waste management services, with its business based in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is exempt from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 because it is included in the group financial statements of Biffa Plc.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7: Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1: 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 73(e) of IAS 16: Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1: Presentation of Financial Statements
- the requirements of IAS 7: Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24: Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36: Impairment of Assets.

This information is included in the consolidated financial statements of Biffa plc as at 25 March 2022 and these financial statements may be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

2. Accounting policies (continued)

2.3 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following standards and amendments are effective for reporting periods beginning on or after 1 January 2021, but have not impacted on the Company's reporting:

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

2.4 New standards and interpretations not yet adopted

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

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

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

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****2. Accounting policies (continued)****2.5 Going concern**

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

The Company will continue to have sufficient funds, through funding from its ultimate parent company, Biffa plc, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on allowing continued use of a Group-wide revolving credit facility and providing any additional financial support if required.

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

The Biffa Group has the ability to be able to continue to support the Company, with levels of committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and, therefore, have prepared the financial statements on a going concern basis.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.7 Goodwill

Goodwill is tested annually for impairment or if there is an indication of impairment. Gains and losses on the disposal of a cash generating unit include the carrying amount of goodwill relating to that cash generating unit.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Gains and losses on the disposal of a cash generating unit include the carrying amount of goodwill relating to that cash generating unit.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****2. Accounting policies (continued)****2.8 Revenue**

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

Waste collection revenue

The I&C business collects waste from customer sites. Revenue is recognised at a point in time when the waste is delivered to transfer stations or to a third party. The transaction price is based on contractually pre agreed prices for collecting and processing the waste. Due to the short time between start and completion of the performance obligations (usually on the same day), the revenue recognition and the allocation of the transaction price over performance obligations is usually straightforward and dependent on the daily collection and processing of waste.

Landfill revenue

The Company generates revenue from landfill activities by accepting customer waste onto site for disposal into void space. This revenue stream consists of gate fee revenue derived from the Company's operational assets and is based on measured tonnages received from customers. Performance obligations are satisfied as the customer waste is deposited onto the landfill site and revenue recognised at "a point in time."

Revenue from sale of recyclate materials

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

Energy revenue

The Company receives revenue from the sale of electricity from generating assets. These assets include anaerobic digestion and gas from landfill sites. Revenue from the sale of electricity is measured based upon metered output delivered at rates specified under agreed contract terms with our broker, EDF, under Power Purchase Agreements (PPA) or prevailing market rates. Energy generation revenues are recognised at "a point in time", being the point at which the power is supplied through the sale to the customer, via EDF, based on the quantity of units supplied.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****2. Accounting policies (continued)****2.11 Leases****The Company as a lessee**

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****2. Accounting policies (continued)****2.12 Government grants**

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Statement of Financial Position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.13 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

2. Accounting policies (continued)

2.13 Pensions (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.15 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

2. Accounting policies (continued)

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and Buildings	-	length of lease straight line method
Plant and machinery	-	4 to 20 years straight line method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Customer Contracts	-	3 to 20 years
IT development	-	3 to 5 years
Pre-contract costs	-	Expensed to the statement of profit or loss over the period of the contract

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

2. Accounting policies (continued)

2.19 Financial instruments (continued)

instruments transaction are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost or fair value through other comprehensive income are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Debt instruments at fair value through other comprehensive income

Debt instruments are subsequently measured at fair value through other comprehensive income where they are financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, *general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.* Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****2. Accounting policies (continued)****2.19 Financial instruments (continued)****Financial liabilities****Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the entity becomes party to the contractual provisions of the instrument and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

The Company designates certain derivatives as either a) fair value hedge (hedges of the fair value of recognised assets or liabilities); or b) cash flow hedge (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction); or c) net investment hedge (hedges of net investments in foreign operations).

The Company documents the transaction relationship between the hedging instruments and hedged items at inception. At inception and at each reporting date the Company assesses whether the derivatives used have been effective in offsetting changes in the fair value of hedged items. Movements in the hedging reserve are shown in the statement of changes in equity. At the reporting date the Company has no fair value hedges or net investment hedges.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

2. Accounting policies (continued)

2.20 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.21 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost of inventory is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****3. Critical accounting judgements and key sources of estimation uncertainty**

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

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

Judgements**Legal and tax cases**

The Company has provisions in place for ongoing litigation. Management exercises judgement in determining the amount of provision required. This provision is calculated using information provided by external professionals where applicable or management's best estimate.

The Biffa Group has been engaged in an EVP dispute with HMRC concerning historical landfill tax. As at 26 March 2021 £63.6m was held as a prepayment by the Company. The outcome of the dispute in May 2022 has been treated as an adjusting event for the year ending 25 March 2022 in accordance with IAS 10: Events After the Reporting Period, with these amounts being adjusted accordingly. Refer to Note 30 for further information.

The Biffa Group is also engaged in a dispute with HMRC in relation to the landfill tax treatment of sub-soils with low levels of contamination from asbestos. The Company has received a protective assessment of £8.5m, which has been paid. As the Group is currently disputing this assessment, and management believe it likely that they will win the dispute, the £8.5m payment is included in prepayments in the current year. Refer to Note 30 for further information.

The Biffa Group is currently the subject of an HMRC enquiry regarding certain aspects of its landfill tax compliance as part of concerns it has regarding possible misclassification of waste across the industry. The potential liability for the relevant period could range from approximately £170,000 up to a possible maximum of approximately £168m (being the total amount of protective assessments issued by HMRC to Biffa for the period in question, from March 2016 to March 2020) plus penalties and interest. The protective assessments have been issued before the conclusion of the Enquiry to ensure that any claim for payment of landfill tax that may be made by HMRC as a result of the Enquiry is not time-barred. There are a range of possible outcomes to the Enquiry and further speculation at this stage to the potential liability would therefore be misleading. Biffa strongly refutes HMRC's concerns. It is likely that it will be some time before the Enquiry reaches a conclusion.

Management has applied judgement in concluding on the different potential outcomes and their respective probabilities, in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets. It has been decided at this point that a provision of £20.0m should be recognised as at March 2022.

Estimates**Environmental and aftercare commitments of £47.9m.**

The Company operates a number of landfill sites in the UK. A significant cost of owning and operating a

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****3. Judgements in applying accounting policies (continued)**

landfill site in the UK arises after the land-filling operation ceases, due to the constructive and legal obligation to restore sites and then to care for them until it can be demonstrated that they present no ongoing risk to the environment. A provision is made for the costs associated with restoring and maintaining its landfill sites and controlling leachate and methane emissions from the sites. A number of factors create estimation uncertainty, including the impact of regulation, transportation costs, inflation and changes in the real discount rate.

The provisions incorporate our best estimates of the financial effects of these uncertainties, but future changes in any of these estimates could materially impact the calculation of the provision.

The associated outflows are estimated to arise over a period of up to 60 years depending on the date of each site closure. In determining the provision, the estimates for future expenditure required to settle the obligation are inflated using longer-term inflation rates of 3.33%, and discounted using the nominal risk free discount rate of 2.66%. The rates utilised reflect the period of the obligation on a site-by-site basis which varies between 10 and 60 years.

Retirement benefit accounting treatment relating to surplus of £167.0m

The Company operates the Biffa Pension Scheme (BPS) and Unfunded Unapproved Retirement Benefits Scheme (UURBS), which are accounted for under IAS 19 Employment Benefits. Pension accounting is a specialist area requiring the exercise of significant management judgement and the use of technical expertise to determine the surplus or deficit of the scheme in accordance with generally accepted actuarial practices. The assumptions used in valuing the defined benefit pension liabilities including the discount rate, mortality assumption and inflation level are complex and changes to the assumptions can have a material impact on the value of pension liabilities. As at the end of the financial year the Company recognised a retirement benefit surplus of £167.0m.

If the discount rate decreased by 0.5%, the defined benefit asset would decrease by £50.6m. If the inflation assumption increased by 0.5% the defined benefit asset would increase by £46.0m. If the life expectancy increases by one year for both men and women, the defined benefit asset would decrease by £15.8m.

All pension valuations are performed as at the year end reporting date.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£M	£M
Collections	534.4	471.2
Resources and Energy	272.3	149.6
Specialist Services	98.2	94.5
	904.9	715.3

All turnover arose within the United Kingdom.

During the current financial period the Company moved from recognising two operating divisions (Collections and Resources & Energy) to recognising three operating divisions (Collections, Resources & Energy and Specialist Services). Operations including Hazardous Waste, IRM and Biffpack which were formerly included in the Collections division are now reported in the Specialist Services Division. The Municipal and Industrial & Commercial operations are retained within the Collections division. The prior period comparatives by division have been updated to reflect these allocations.

5. Other operating income

	2022	2021
	£M	£M
Government grants received	-	11.0

During the prior period ended 26 March 2021, the Company utilised the Coronavirus Job Retention Scheme implemented by the United Kingdom government, where employees designated as being "furlough workers" were eligible to have 80% of their wage costs paid up to a maximum of £2,500 per month. During the current year, no government grant income was receivable from the Coronavirus Job Retention Scheme (2021: £11.0m).

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

6. Operating loss

The operating loss is stated after charging:

	2022	2021
	£M	£M
Staff expenses (note 12)	193.4	175.1
Depreciation of tangible fixed assets (note 17)		
- Owned assets	32.5	35.8
- Right of use assets	31.8	30.8
Amortisation of intangible assets	1.8	2.0
Operating leases expense	9.4	4.1
Adjusting items (note 7)	94.9	26.9
Utilisation of inventory (note 19)	40.5	32.7
(Profit)/Loss on disposal of property, plant and equipment	(5.4)	0.2
Expected credit loss recognised with Biffa Group undertakings	2.5	9.9
Expected credit loss recognised with third parties	1.1	1.7

7. Adjusting items

Adjusted performance is used by management to monitor financial performance as it aids comparability of the reported financial performance year to year. Management of the Company identify a number of Alternative Performance Measures ("APMs") in order to separately disclose an adjusted performance for the Company. The Directors believe that the presentation of the results in this way, which is not meant to be a substitute for or superior to IFRS measures, is relevant to an understanding of the Company's performance trends, financial performance and position. These APMs are also used to enhance the comparability of information between reporting periods and the Company's divisions, to aid the user in understanding the performance of the business. Our APMs and KPIs are aligned to our strategy and together form the basis of the performance measures for remuneration. Consequently, APMs are consistent with how the performance is planned and reported internally to the plc Board and Operating Committees to aid their decision making.

Management utilises an adjusting item framework that has been approved by the Board. This follows a three step process which considers the nature of the event, the financial materiality involved and the particular facts and circumstances.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

7. Adjusting items (continued)

	25 March 2022 £M	<i>26 March 2021 £M</i>
Cost of Sales:		
Acquisition-related expenses	8.8	2.0
HMRC Landfill Tax Enquiry	17.0	-
Asset impairment	-	21.8
Amortisation of acquisition intangibles	0.7	0.6
EVP dispute	63.6	-
	90.1	24.4
Admin Expenses:		
Strategy-related expenses	4.8	2.5
	94.9	26.9

Items of income and expense that are considered by management for designation as adjusting items include significant corporate restructuring costs, acquisition-related costs, write downs or impairments of non-current assets, movements on onerous contract provisions and strategy-related costs.

Acquisition related expenses

Delivery of the Company's strategy includes investment in acquisitions that enhance the quality of its operations. The exclusion of significant items arising from M&A activity is designed by the Board to align short-term operational decisions with this longer-term strategy. Accordingly, amounts arising on acquisitions are excluded from adjusted performance. The £8.8m (2021: £2.0m) of acquisition-related expenditure in the 52-week period ended 25 March 2022 relates to professional fees and other costs which are directly attributable to acquisitions.

HMRC Landfill Tax enquiry

Biffa Waste Services Limited is currently the subject of an enquiry by HMRC regarding its Landfill Tax compliance ("the Enquiry"), as part of concerns HMRC has regarding the potential misclassification of waste across the industry. Biffa strongly refutes HMRC's concerns, is fully co-operating with HMRC in relation to the Enquiry and is receiving advice from Ernst & Young ("EY"). To date, no formal claim for tax has been received from HMRC, there is no certainty that HMRC will bring a claim and it is likely that it will be some time before the Enquiry reaches a conclusion. In Biffa's view, based on advice received to date, there are a range of possible outcomes to the Enquiry, and it is difficult to accurately ascertain the quantum of any potential liability with any certainty or precision. A provision of £20.0m has been recognised at March 2022, increasing from the £3.0m held at March 2021. The £17.0m charge in the current year has been treated as an adjusting item.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

7. Adjusting items (continued)**Amortisation of acquisition intangibles**

Amortisation of acquisition intangibles represents the amount amortised by the Company in each period in respect of intangibles from prior acquisitions, which are reported separately from the Company's depreciation and amortisation charges. The performance of the acquired business is assessed through the underlying operational results.

Strategy related expenses

Strategy-related expenses of £4.8m (2021: £2.5m) arise from Company initiatives to reduce the ongoing cost base and improve efficiency in the business. These costs are substantial in scope and impact, and do not form part of activities that the Directors would consider part of our operational performance. Adjusting for these charges provides a measure of operating profitability that is comparable over time. Within the strategy-related costs is £4.6m relating to the Transformation Project which does not qualify for capitalisation (2021: £nil).

EVP tax dispute

The Biffa Group has been engaged in a dispute with HMRC concerning historical landfill tax. Biffa was unsuccessful in its Court of Appeal hearing held in March 2021 and has recently been refused leave to appeal by the Supreme Court. The amounts originally paid to HMRC are now deemed irrecoverable, with the EVP prepayment of £63.6m impaired to £nil. £15.5m taxation credit is recorded in the income statement following the recognition of a deferred tax asset arising from the impairment of the prepayment balance.

The £63.6m EVP prepayment write-off was partially offset by the write-off of a £42.8m payable in another Biffa Group company, Wasteholdco 1 Limited. The net impact of these transactions on Biffa Group profit before tax is a loss of £20.8m.

Asset impairment

During the prior period there was a £8.2m one-off cost related to the impairment of the Poplars Anaerobic Digestion plant within the Resources and Energy division. There was an additional £7.7m impairment to the Biffa Group wide IT system replacement programme; Project Fusion.

8. Interest payable and similar expenses

	2022 £M	2021 £M
Interest on lease liabilities	6.5	6.2
Interest unwind on discounted provisions	1.6	1.2
Other interest payable	0.8	0.9
	8.9	8.3

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

9. Interest receivable

	2022 £M	2021 £M
Interest on net retirement benefit	2.3	3.1
Interest receivable from Group companies	0.4	-
	2.7	3.1
	2.7	3.1

10. Taxation

	2022 £M	2021 £M
Total current tax	-	-
Deferred tax		
Adjustment in respect of the current period	(8.6)	(3.5)
Adjustments in respect of the prior period	(2.0)	0.1
Adjustment attributable to changes in tax rates and laws	(2.7)	(11.0)
Total deferred tax	(13.3)	(14.4)
	(13.3)	(14.4)
Total tax credit for the period	(13.3)	(14.4)
	(13.3)	(14.4)

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

10. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022	2021
	£M	£M
Loss on ordinary activities before tax	(53.5)	(16.3)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(10.2)	(3.1)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4.5	0.7
Non-taxable income	(0.1)	(0.1)
Effect of change in rate	(2.7)	(11.0)
Group relief	-	(1.0)
Adjustments to tax expense in respect of prior periods	(2.0)	0.1
Effect of super deduction	(2.8)	-
Total tax credit for the period	(13.3)	(14.4)

Factors that may affect future tax charges

The Finance Act 2021, which provides for an increase in the main rate of corporation tax from 19% to 25% effective from 1 April 2023, was enacted on 24 May 2021. As deferred tax assets and liabilities are measured at the rate that are expected to apply in the periods of reversal, deferred tax balances at the balance sheet date have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

11. Auditor's remuneration

	2022	<i>2021</i>
	£M	<i>£M</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	0.5	<i>0.4</i>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	0.1	<i>0.1</i>
Total non-audit fees	0.1	<i>0.1</i>

Statutory audit fees for the audit of these financial statements of £0.5m (*2021 - £0.4m*) were paid in the period. Total auditor's remuneration of £1.0m (*2021 - £0.7m*) was expensed in respect of the audit of the Biffa Group all of which is borne by the Company.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

12. Employees

The average monthly number of persons (including Executive Directors) employed by the Company during the period was:

	2022 No.	2021 No.
Administration and operatives		
Staff	2,080	1,974
Operative	3,473	2,712
	5,553	4,686
	2022	2021
	£M	£M
Their aggregate remuneration comprised		
Wages and salaries	173.3	156.8
Social security costs	13.5	11.7
Other pension costs	5.7	5.1
Redundancy and termination payments	0.9	1.5
	193.4	175.1
Directors' remuneration		
	£M	£M
Aggregate emoluments	5.1	2.5
Remuneration of highest paid Director		
	£M	£M
Aggregate emoluments	1.3	1.0

2 Directors were remunerated by Biffa plc during the current and prior year. No Directors (2021: nil) became entitled to receive shares under long-term incentive schemes during the year. Retirement benefits are accruing to 2 Directors (2021: 2) under money purchase or defined benefit pension schemes. There were no transactions with Directors in the year other than the remuneration detailed above.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****13. Acquisition/reorganisation****Green Circle (Polymers) Limited**

On 25 June 2021, the Company acquired the trade and assets of Green Circle (Polymers) Limited in exchange for cash consideration of £5.6m and deferred cash consideration of £3.7m payable over a period of 13 years. The deferred consideration has an acquisition date fair value of £3.3m. This acquisition includes a 50,000 tonne capacity Plastics Recycling Facility ('PRF') at Grangemouth in Scotland, which helps to secure feed stock for our Seaham, Redcar and Washington Polymers plants.

Goodwill of £6.0m arising from the acquisition of Green Circle (Polymers) reflects the secured feed stock as well as being the only plastics recycling facility in Scotland putting it in an ideal position to process the materials collected through Scotland's Deposit Return Scheme ('DRS') which comes into force in 2022. The Green Circle acquisition is part of the business within the Resources & Energy division.

Since acquisition to the end of the financial year Green Circle (Polymers) has generated revenues of £4.2m and a loss before tax of £0.2m. If the Green Circle (Polymers) acquisition had been completed on the first day of the financial year, Company revenues for the year would have been £910.5m and Company loss for the period would have been unchanged.

Camo Ltd / Simply Waste hive up

On 25 March 2022, Biffa Waste Services Limited entered into an Asset Purchase Agreement with Camo Ltd, a direct subsidiary, in order to hive up the trade and assets of the Simply Waste business in exchange for consideration in the form of an intercompany payable. A total net asset value of £3.1m was transferred into Biffa Waste Services Limited, in exchange for an intercompany payable which remained outstanding as at 25 March 2022. The full breakdown of the net assets acquired is detailed below.

Camo Ltd as a direct subsidiary of the Company was held at a carrying amount of £32.8m prior to the hive up transaction. Subsequent to the hive up, the net assets held within Camo Ltd were equal to £9.5m with no future revenue generating activities. As such the investment in Camo Ltd was reduced by £23.3m to £9.5m. An equivalent increase of £23.3m was recognised within goodwill.

Since acquisition to the end of the financial year the Simply Waste business has generated revenues of £nil and a result before tax of £nil. If the Simply Waste business hive up had been completed on the first day of the financial year, Company revenues for the year would have been £931.8m and Company loss for the period would have been £49.8m.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

13. Acquisition/reorganisation (continued)

	Green circle	Simply Waste	Total
	£M	£M	£M
Goodwill	-	0.1	0.1
Property, plant and equipment	3.5	12.3	15.8
Debtors	-	5.8	5.8
Inventory	0.1	-	0.1
Cash and cash equivalents	-	1.0	1.0
Deferred tax (liability)/asset	(0.4)	(0.1)	(0.5)
Current tax (liability)/asset	-	(0.8)	(0.8)
Provisions	-	(0.1)	(0.1)
Creditors	-	(4.5)	(4.5)
Borrowings	(0.3)	(10.6)	(10.9)
Total net assets	2.9	3.1	6.0
Goodwill	6.0	23.3	29.3
Investment in Camo Ltd		(23.3)	(23.3)
	8.9	3.1	12.0
Total consideration			
Satisfied by:			
Cash	5.6	-	5.6
Deferred consideration	3.3	-	3.3
Intercompany payable	-	3.1	3.1
Total consideration liability	8.9	3.1	12.0
Net cash outflow arising on acquisition:			
Cash consideration	5.6	-	5.6
Less: cash and cash equivalent balances acquired	-	1.0	1.0
	5.6	1.0	6.6

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

14. Goodwill

	25 March 2022 £M
Cost	
At 26 March 2021	205.0
Arising from Camo Ltd Hive Up	23.3
Green Circle	6.0
At 25 March 2022	234.3
Amortisation	
At 26 March 2021	139.6
At 25 March 2022	139.6
Net book value	
At 25 March 2022	94.7
<i>At 26 March 2021</i>	<i>65.4</i>

15. Investments in subsidiaries

	Investments in subsidiary companies £M
Cost	
At 26 March 2021	173.4
Additions - Syracuse Waste Limited	46.7
Adjustment to CSG Deferred Consideration within Acquisition Accounting Period	(5.0)
Transfer to Goodwill upon Hive up from Camo Ltd	(23.3)
At 25 March 2022	191.8

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

15. Investments in subsidiaries (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Activity	Holding
O'Brien Waste Recycling Solutions Limited	England and Wales	Dormant	100%
O'Brien Waste Recycling Solutions Holdings Limited	England and Wales	Dormant	100%
Weir Recycling Services Limited	England and Wales	Dormant	100%
Amber Engineering Limited	England and Wales	Dormant	100%
Biffa Pension Scheme Trustees Limited	England and Wales	Dormant	100%
Specialist Waste Recycling Limited	England and Wales	Waste Management	100%
New Star Environmental Limited	England and Wales	Waste Management	100%
SWR Smash & Grab Limited	England and Wales	Waste Management	100%
RUR3 Environmental Limited	England and Wales	Waste Management	100%
SWR Newstar Limited	England and Wales	Dormant	100%
Company Shop Limited*	England and Wales	Other retail non specialist	100%
Community Shop C.I.C*	England and Wales	Other retail non specialist	100%
Camo Ltd	England and Wales	Waste Management	100%
Simply Waste Solutions Limited	England and Wales	Dormant	100%
Weir Waste Services Limited	England and Wales	Dormant	100%
Biffa Environmental Municipal Services	England and Wales	Waste Management	100%
Syracuse Waste Limited	England and Wales	Waste Management	100%
Biffa (West Sussex) Recycling Limited (formerly Viridor Waste (West Sussex) Limited)	England and Wales	Waste Management	100%
Lavelle & Sons Limited	England and Wales	Dormant	100%
Biffa (Corby) Limited (formerly Viridor Waste (Corby) Limited)	England and Wales	Dormant	100%
Biffa (Earls Barton) Limited (formerly Viridor Waste (Earls Barton) Limited)	England and Wales	Dormant	100%

The registered address of all subsidiary undertakings is Coronation Road, Cressex, High Wycombe, Buckinghamshire HP12 3TZ, other than those as per the footnotes below.

* Wentworth Way, Tankersley, Barnsley, South Yorkshire, S75 3DH

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

15. Investments in subsidiaries (continued)

On 31 August 2021, Biffa Waste Services Limited acquired 100% of the share capital of Syracuse Waste Limited and its subsidiaries from Viridor. Syracuse Waste Limited is a specially created entity into which Viridor hived down its collections business and certain recycling assets in order to enable the sale. The deal involves the transfer of approximately 21,000 existing Viridor business waste customers alongside a network of 15 depots across the UK. The acquisition is in line with the Group's growth strategy and complements the current operations across the Collections and Resources & Energy divisions.

On 24 February 2021, the Company acquired 100% of the share capital of Company Shop Limited, for £86.0m cash consideration and combined deferred and contingent consideration of £7.1m. Within the 12 month accounting measurement period for the acquisition the deferred consideration was reduced by £5.0m as a result of post acquisition performance.

On 8 October 2020, the Company acquired 10% of the share capital of Camo Ltd (which trades under the name of Simply Waste) for £31.0m cash consideration and deferred consideration of £1.7m. On 25 March 2022, the trade and assets of the Simply Waste business were hived up to Biffa Waste Services Limited in exchange for an intercompany payable which remained outstanding as at the year end date. As a result, the carrying value of the investment in CAMO Limited was reduced from £32.8m to £9.5m, via a transfer of £23.3m to goodwill. The £9.5m retained in investments is equal to the net assets of Camo Ltd as at 25 March 2022, which are judged to be recoverable at the year end reporting date.

As at the reporting date an impairment review of investments in subsidiaries was performed in order to assess the recoverable amount, referencing both external and internal sources of information, including to the aggregate net assets/(liabilities) as presented in the financial statements of the subsidiaries of the Company. Cashflow projections are not prepared for non-trading subsidiary undertakings and as such their value in use is deemed to be equal to the net realisable value. No impairment was required in the current or prior period.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

16. Intangible assets

	IT development £M	Contract costs £M	Customer Contracts £M	Total £M
Cost				
At 26 March 2021	6.5	5.0	4.8	16.3
Additions	2.2	-	-	2.2
Disposals	(1.5)	-	-	(1.5)
At 25 March 2022	<u>7.2</u>	<u>5.0</u>	<u>4.8</u>	<u>17.0</u>
Amortisation				
At 26 March 2021	1.8	2.0	1.8	5.6
Charge for the year	1.0	0.2	0.6	1.8
Disposals	(1.5)	-	-	(1.5)
At 25 March 2022	<u>1.3</u>	<u>2.2</u>	<u>2.4</u>	<u>5.9</u>
Net book value				
At 25 March 2022	<u><u>5.9</u></u>	<u><u>2.8</u></u>	<u><u>2.4</u></u>	<u><u>11.1</u></u>
At 26 March 2021	<u><u>4.7</u></u>	<u><u>3.0</u></u>	<u><u>3.0</u></u>	<u><u>10.7</u></u>

All amortisation expenses are recognised in profit or loss.

IT development costs include £1.6m assets under construction in relation to ongoing software development.

Development costs have been capitalised in accordance with the measurement and recognition bases of IAS 38 Intangible Assets. The costs relate to the development of IT infrastructure and processes.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

17. Tangible fixed assets

	Land and Buildings £M	Landfill sites £M	Plant and machinery £M	Assets under construction £M	Total £M
Cost					
At 26 March 2021	231.0	268.5	636.0	26.2	1,161.7
Additions	8.8	2.1	60.5	8.3	79.7
Transfers	(1.3)	0.3	34.5	(28.3)	5.2
Acquisitions	10.2	-	5.6	-	15.8
Disposals	(8.8)	-	(23.9)	-	(32.7)
At 25 March 2022	<u>239.9</u>	<u>270.9</u>	<u>712.7</u>	<u>6.2</u>	<u>1,229.7</u>
Depreciation					
At 26 March 2021	87.3	246.1	414.5	1.0	748.9
Expense for the year	11.2	2.4	50.7	-	64.3
Transfers	0.7	-	3.1	-	3.8
Disposals	(5.6)	-	(23.6)	-	(29.2)
At 25 March 2022	<u>93.6</u>	<u>248.5</u>	<u>444.7</u>	<u>1.0</u>	<u>787.8</u>
Net book value					
At 25 March 2022	<u>146.3</u>	<u>22.4</u>	<u>268.0</u>	<u>5.2</u>	<u>441.9</u>
At 26 March 2021	<u>143.7</u>	<u>22.4</u>	<u>221.5</u>	<u>25.2</u>	<u>412.8</u>

Transfers include the movement of fixed assets between other group undertakings within the Biffa Group. This is in addition to transfers from the land and environmental provision as detailed within note 24.

Landfill assets include £8.8m (2021 - £8.7m) in relation to future economic benefit to be derived as a result of actively fulfilling aftercare obligations that results in gas generation.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

17. Tangible fixed assets (continued)

Land and buildings and landfill sites at net book amount comprise:

	As at 25 March 2022	Landfill sites	As at 26 March 2021	Landfill sites
	Land and buildings £M	£M	Land and buildings £M	£M
Freehold	32.1	13.2	30.3	14.1
Long leasehold	41.9	9.2	38.0	8.3
Short leasehold	72.3	-	75.4	-
	146.3	22.4	143.7	22.4

At 25 March 2022, the Company had entered into contractual commitments for the acquisition of plant, property and equipment amounting to £11.0m (2021 - £6.6m).

The carrying amount of the Company's total right-of-use assets are analysed as follows:

	Land and buildings £m	Plant and equipment £m	Total £m
At 26 March 2021	106.0	93.6	199.6
Acquired through business combinations	8.5	4.3	12.8
Additions	8.4	20.4	28.8
Charge for the period	(10.8)	(21.0)	(31.8)
Reclassifications	1.8	0.2	2.0
Lease Modifications	0.7	-	0.7
At 25 March 2022	114.6	97.5	212.1

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

18. Deferred taxation

		2022
		£M
At beginning of period	22.4	22.4
Recognised in profit and loss	13.3	13.3
Recognised in other recognised gains and losses	(14.6)	(14.6)
Transfers/ Acquisitions	(0.5)	(0.5)
At end of period	20.6	20.6

	25 March	26 March
	2022	2021
	£M	£M
Deferred tax as at the year end	<u>20.6</u>	<u>22.4</u>

19. Stocks

	25 March	26 March
	2022	2021
	£M	£M
Finished goods	<u>27.0</u>	<u>16.0</u>

In the opinion of the Directors, there is no material difference between the carrying values of the Company's stocks and the fair value less costs to sell. The total amount of stock recognised as an expense during the period was £40.5m (2021 - £32.7m).

20. Cash and cash equivalents

	25 March	26 March
	2022	2021
	£M	£M
Cash at bank and in hand	<u>31.0</u>	<u>20.8</u>

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

21. Debtors

	25 March 2022 £M	26 March 2021 £M
Due after more than one year		
Funds on long term deposit	2.3	2.3
Prepayment in relation to EVP Dispute	-	63.6
Deferred tax asset	20.6	22.4
Derivatives	7.7	-
Amount owed by the parent	-	15.7
Amounts owed by subsidiaries	2.3	2.3
Amounts owed by others Group undertakings	196.2	270.0
	229.1	376.3
	229.1	376.3
	25 March 2022 £M	26 March 2021 £M
Due within one year		
Trade debtors	131.8	90.5
Accrued income	51.1	37.0
Prepayments	23.1	20.8
Other debtors	2.2	0.6
Derivative	3.8	0.3
Financial assets	0.6	-
Amounts owed by others Group undertakings	581.2	221.5
	793.8	370.7
	793.8	370.7

Amounts due from related parties are unsecured, non-interest bearing and repayable on demand. Balances due from actively trading entities within the Biffa Group structure are recognised as being due within 1 year due to the right of offset for intra group receivables/payables. Balances due from non-trading and dormant entities are presented as falling due after 1 year as they are unlikely to be settled within 12 months.

The Group has been engaged in a dispute with HMRC concerning historical Landfill Tax. In May 2022 the Group's request of leave to appeal was refused by the Supreme Court. The contested amount was paid to HMRC following the refinancing of the Group upon its IPO in October 2016. In addition to the payment of £61.9m, the Group paid £1.7m in interest in the period ended 24 March 2017. With the negative outcome confirmed, the £63.6m prepayment has been impaired to £nil, see note 31 for further details.

The derivatives recognised by the Company relate to forward foreign exchange contracts and commodities hedges. The financial assets recognised in the current period arises from an investment made in Lovejunk Limited.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

22. Creditors: Amounts falling due within one year

	25 March 2022 £M	<i>26 March 2021 £M</i>
Trade creditors	152.0	122.6
Other taxation and social security	41.3	43.9
Contract liabilities (i)	13.4	15.5
Accruals	66.2	43.5
Deferred consideration (ii)	3.9	9.4
Lease liabilities (note 28)	36.5	39.3
Amounts owed to parent (iii)	11.8	-
Amounts owed to subsidiaries (iii)	40.2	42.4
Amounts owed to other Group undertakings (iii)	854.7	500.2
	1,220.0	<i>816.8</i>

(i) The timing of payments received from customers, relative to the recording of revenue, can have a significant impact on the contract-related assets and liabilities recorded on the Company's Statement of Financial Position. Contract liability is what was previously referred to as deferred income under IAS 18. Included within contract liability is £NIL (2021 - £NIL) in relation to Government grants which will be recognised in less than one year.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 25 March 2022 are expected to satisfy performance obligations in the next 12 months.

(ii) Deferred consideration represents balances payable in relation to the acquisition activity of the business. Historically, this balance was presented within accruals but has now been presented separately for the current and prior period comparatives to provide better visibility for the users of the financial statements.

(iii) Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

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

	25 March 2022 £M	<i>26 March 2021 £M</i>
Lease liabilities (note 28)	138.1	146.2
Government grants	0.5	0.5
Derivatives	-	0.9
Deferred consideration	3.0	-
	141.6	<i>147.6</i>

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

24. Provisions

	Land reinstatement & environmental 2022 £M	Insurance 2022 £M	Dilapidations 2022 £M	HMRC Landfill Tax Enquiry 2022 £M	Other 2022 £M	Total funds 2022 £M
At 26 March 2021	46.9	8.0	5.6	-	0.8	61.3
Utilised	(3.2)	(2.0)	-	-	(0.4)	(5.6)
Expensed to profit and loss account	2.6	3.5	1.5	17.0	-	24.6
Discount elimination	1.6	-	-	-	-	1.6
Transferred from Payables	-	-	-	3.0	-	3.0
Acquired	-	-	0.1	-	-	0.1
As at 25 March 2022	47.9	9.5	7.2	20.0	0.4	85.0
				25 March 2022 £M	26 March 2021 £M	
Current				6.6	7.2	
Non-current				78.4	54.1	
				85.0	61.3	

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****24. Provisions (Continued)**

During the prior year, the provisions balances were split into 3 separate classifications, Land reinstatement & environmental, Insurance and Other. During the current period, the 'Other classification' has been split out so as to present dilapidation provisions as a separate classification, to show self-insurance within the insurance classification. This is in order to improve the relevance and comparability of the financial information presented

Land reinstatement and environmental

As part of its normal activities, the Company 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 inflated at a rate of 3.3% (2021 - 2.8%).

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.

As at the date of the Balance Sheet the associated outflows are estimated to arise over a period of up to 60 years depending on the date of each site closure.

Insurance

The associated outflows are estimated to arise over a period of up to six years from the balance sheet date. The Insurance provision includes self insurance by the Group on both low and high value items. Self insurance by the Group on low value items was previously recorded within the 'Other Provisions' classification. This presentation has been updated to better present the different provisions classifications in both the current period and prior period comparatives.

Dilapidations

Dilapidations arise on leased items where the Group recognises an obligation in order to return these items to their original condition as at the inception of the lease. Dilapidations were previously presented as part of the 'Other Items' classification. This presentation has been updated to better present the different provisions classifications in both the current period and prior period comparatives. Dilapidation provisions are utilised against cashflows arising at the end of lease contract periods, which range from one to thirteen years from 25 March 2022.

Other

Other provisions relate to legal fees and life assurance. Previously Dilapidations and Self insurance on low value items provisions were also included within this balance, but have now been separately disclosed in both the current period and prior period comparatives.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

25. Share capital

	25 March 2022 £M	26 March 2021 £M
Authorised, allotted, called up and fully paid		
503,660,000 (2021 - 503,660,000) Ordinary shares of £1.00 each	<u>503.7</u>	<u>503.7</u>

26. Reserves**Revaluation reserve**

The revaluation reserve at the beginning and end of the period remained at £0.5m (2021: £0.5m)

27. Share based payments

The Company operates two share award plans:

- Performance Share Plan
- Sharesave Plan

The following conditional share awards granted to Directors and staff of the Company who are members of the Biffa Group Performance Share Plan have yet to vest. All shares referred to are shares issued by Biffa plc, the Company's ultimate parent Company:

	As at 25 March 2022 Number	As at 26 March 2021 Number
Date of grant:		
2 July 2018	708,090.0	711,931.7
11 December 2018	18,819.0	18,819.0
1 July 2019	1,075,822.0	1,114,761.0
1 July 2020	1,551,953.0	1,634,790.0
1 June 2021	29,792.0	739,128.0
14 June 2021	1,156,456.0	18,819.0
1 July 2019	1,114,761.0	1,217,693.0
1 July 2020	1,634,790.0	-
	<u>7,290,483.0</u>	<u>5,455,941.7</u>

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

27. Share based payments (continued)

A reconciliation of movements in the number of share awards is summarised as follows:

Date of Grant	Granted	Vested	Lapsed	25 March 2022
20 October 2016	1,700,689.0	(1,507,632.0)	(193,057.0)	-
24 January 2017	84,189.0	(59,324.0)	(24,865.0)	-
3 July 2017	1,668,216.0	(1,323,622.0)	(344,594.0)	-
1 September 2017	26,451.0	(26,451.0)	-	-
2 July 2018	902,651.0	-	(194,561.0)	708,090.0
11 December 2018	18,819.0	-	-	18,819.0
1 July 2019	1,217,693.0	-	(141,871.0)	1,075,822.0
1 July 2020	1,784,566.0	-	(232,613.0)	1,551,953.0
1 June 2021	29,792.0	-	-	29,792.0
14 June 2021	1,358,608.0	-	(202,152.0)	1,156,456.0
	<u>8,791,674.0</u>	<u>(2,917,029.0)</u>	<u>(1,333,713.0)</u>	<u>4,540,932.0</u>

The Biffa Group Performance Share Plan (PSP) provides for the grant of awards in the form of conditional free shares or nil cost options.

Share options issues under the PSP have a 3 year vesting period. Whether the share options vest is dependent upon:

- the extent to which the performance conditions of adjusted EPS targets for the fiscal year ending 3 years is subsequent to the grant date is achieved; and
- the performance of Biffa plc's relative total shareholder growth have been satisfied.

Shares in relation to the awards which have vested are released to participants after the final results for Biffa plc are announced for that financial year.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

27. Share based payments (continued)

The EPS fair value is equivalent to the share price at grant date on the basis that it is a non-market based measure.

Date of Grant	No. of options originally granted	Contractual life (years)	Share price at date of grant (pence)	No. of employees granted options	Expected volatility	Expected life (years)	Risk free rate	Fair value per option
20 October 2016	1,700,689	2.7	179.50	11	27%	2.7	0%	105.2
24 January 2017	84,189	2.4	186.80	4	27%	2.4	0%	109.3
03 July 2017	1,668,216	3.0	221.75	64	26%	3.0	0%	154.6
01 September 2017	26,451	2.8	228.75	1	26%	2.8	0%	161.8
02 July 2018	902,651	2.9	251.00	30	24%	2.9	1%	173.2
11 December 2018	18,819	2.9	192.20	1	24%	2.9	1%	114.1
01 July 2019	1,217,693	3.0	211.00	35	25%	3.0	1%	112.8
01 July 2020	1,784,566	3.0	201.00	75	27%	2.9	1%	107.7
01 June 2021	29,792	3.0	305.00	1	30%	2.1	0%	174.36
14 June 2021	1,358,608	3.0	293.50	38	29%	3.0	0%	187.62

The Company uses the stochastic model to value its share awards.

The expected volatility is a measure of the amount by which a share price is expected to fluctuate during the period. It is typically calculated based on statistical analysis of daily share prices over the length of the award period. Due to the recent listing of Biffa plc this information is not available. Instead it has been based on the volatility of another Company of similar size which operates in the same market.

In the financial year 2017, and each subsequent year, the Biffa Group launched the Biffa Sharesave Plan to all employees with six months or more continuous employment at the date of the scheme launch. The scheme is subject to HMRC rules which limit monthly contributions to £100. The scheme term is for three years and options may be exercised during the six months after completion of the Save as You Earn Contract.

During the current period, 1,577,133 (2021: 2,510,141) options were granted at a fair value of 350 pence (2021: 236 pence) to employees of the Company. As at 25 March 2022, there are 1,577,133 (2021: 2,156,115) options outstanding under the FY22 scheme and (2021: 325,435) options outstanding under the FY21 scheme.

	As at 25 March 2022	As at 26 March 2021
	£M	£M
Performance Share Plan	1.8	3.1
Sharesave	0.7	0.7
	<u>2.5</u>	<u>3.8</u>

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

28. Leases

Company as a lessee

This note provides information about the contractual terms of the Company's finance leases and hire purchase contracts.

Lease liabilities are due as follows:

	2022 £M	2021 £M
Current	36.5	39.3
Non-current	138.1	146.2
	<u>174.6</u>	<u>185.5</u>

The average lease term is 6.9 years (2021 - 14.5 years). For the period ended 25 March 2022, the effective borrowing rate was 3.3% (2021 - 3.2%).

	Minimum lease payments		Present value of minimum lease payments	
	2022 £M	2021 £M	2022 £M	2021 £M
Due in less than one year	41.6	44.7	36.5	39.3
Between one and two years	32.7	32.0	28.7	30.4
Between two and five years	57.8	66.8	49.4	55.0
Greater than five years	89.4	122.2	60.0	60.8
	<u>221.5</u>	<u>265.7</u>	<u>174.6</u>	<u>185.5</u>
Less future finance charges	(47.0)	(80.2)	-	-
	<u>174.5</u>	<u>185.5</u>	<u>174.6</u>	<u>185.5</u>

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

29. Pension and post-retirement benefits

Defined contribution schemes

	52 weeks to 25 March 2022	52 weeks to 26 March 2021
	£M	£M
Defined contribution expense	5.1	3.3

Defined benefit scheme

The Company operates a Defined Benefit Pension Scheme.

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. As at 1 November 2013, the DB section of the Scheme is closed to future accrual for the majority of members.

The Scheme is administered by Trustees and the assets are held separately to the legal entity that is the Group. The Trustee board of the Scheme is composed of an independent Trustee, and other employer and member nominated trustees (where the legal minimum proportion of member nominated trustees has been upheld). The Trustees are required by law to act in the best interests of the members of the Scheme. The Trustees are responsible for the investment policy with regard to the assets of the Scheme.

There is an additional £1.5m (2021: £1.6m) of unfunded defined benefit promises which has been included within the liabilities. The accounting policy used to recognise the actuarial gains and losses is the Other Comprehensive Income (OCI) approach.

The scheme has a surplus that is fully recognised on the basis that future economic benefits are unconditionally available in the form of a reduction in the future cash contributions or as a cash refund.

Investment risk

The present value of the defined benefit Scheme liability is calculated using a discount rate determined by reference to yields available on high quality AA rated corporate bond yields; in other words, from the position of being fully funded then if the return on the Scheme assets was below this rate, it would create a deficit in the Scheme. Currently the Scheme has around 58% of assets invested in return seeking assets and 42% of assets in protection assets in order to manage the investment risk.

Interest risk

A decrease in the corporate bond yield will increase the Scheme liability; however, this will be partially offset by an increase in the value on the Scheme's corporate bond assets.

Longevity risk

The present value of the defined benefit Scheme liability is calculated by reference to the best estimate of the mortality of Scheme members both during and after their employment. An increase in the life expectancy of the Scheme members will increase the Scheme's liability.

Inflation risk

The present value of the defined benefit Scheme liability is calculated by reference to the future expected pension indexation (both indexation in deferment and pension increases in payment), which will depend on future inflation expectations. As such, an increase in the expectation of future inflation will increase the Scheme's liability.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

29. Pension and post-retirement benefits (continued)

The lump sum death benefits paid to the dependants of Scheme members are insured with an external insurance Company. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Reconciliation of present value of plan liabilities:

	25 March 2022 £M	<i>26 March 2021 £M</i>
Reconciliation of present value of plan liabilities		
At the beginning of the year	465.0	421.2
Current service cost	0.4	0.3
Interest cost	9.1	10.1
Net remeasurement (gains)/losses – financial	(51.0)	53.7
Net remeasurement (gains)/losses – demographic	(3.6)	3.6
Net remeasurement losses/(gains) – experience	1.4	(3.6)
Benefits paid	(15.7)	(20.4)
Contributions by scheme participants	0.1	0.1
At the end of the year	405.7	<i>465.0</i>

Reconciliation of present value of plan assets:

	25 March 2022 £M	<i>26 March 2021 £M</i>
At the beginning of the year	577.6	546.3
Interest income	11.4	13.2
Return on assets, excluding interest income	(4.4)	34.7
Contributions by employers	4.7	4.7
Benefits paid	(15.6)	(20.4)
Scheme administrative cost	(1.1)	(1.0)
Contributions by scheme participants	0.1	0.1
At the end of the year	572.7	<i>577.6</i>

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

29. Pension and post-retirement benefits (continued)

Composition of plan assets:

	25 March 2022 £M	26 March 2021 £M
Equities	88.1	119.9
Bonds	317.4	251.0
Property & infrastructure	20.8	33.5
Hedge funds	56.3	82.9
Other	90.1	90.3
Total plan assets	572.7	577.6
	25 March 2022 £M	26 March 2021 £M
Fair value of plan assets	572.7	577.6
Present value of plan liabilities	(405.7)	(465.0)
Net pension scheme surplus	167.0	112.6

The fair value of all of the above asset classes are determined based on quoted (bid) market prices. Virtually all equity and debt instruments have quoted prices in active markets. Derivatives are classified as Level 2 instruments and hedge funds and property as Level 3 instruments. It is the policy of the Scheme to use hedge funds and liability driven investments to hedge some of its exposure to interest rate and inflation risks. This policy has been implemented during the current and prior years.

The amounts recognised in profit or loss are as follows:

	25 March 2022 £M	26 March 2021 £M
Current service cost	0.4	0.3
Administrative cost	1.1	1.0
Net interest on plan assets	(2.3)	(3.1)
Total	(0.8)	(1.8)

The cumulative amount of actuarial gains and (losses) recognised in the Statement of Comprehensive Income was £48.8m (2021 - £(19.0m)).

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

29. Pension and post-retirement benefits (continued)

The current service cost is included in operating costs in profit or loss and the net interest expense is included within finance charges in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

A full actuarial valuation of the scheme was carried out as at 31 March 2019 and has been updated to 26 March 2021 by a qualified independent actuary.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	2.90	2.00
Rate of salary increases	3.90	3.05
Rate of inflation - RPI (Pre-retirement)	4.20	3.05
- Post-retirement- Pensioners	3.70	3.00
- Post-retirement- Non-Pensioners	3.10	3.00
Rate of inflation - CPI (Pre-retirement)	3.40	2.55
- Post-retirement- Pensioners	3.20	2.75
- Post-retirement- Non-Pensioners	2.90	2.75
Pension increases - RPI upto 6% (Pensioners)	3.45	3.00
Pension increases - RPI upto 6% (Non-Pensioners)	2.95	3.00
Pension increases - RPI upto 5% (Pensioners)	3.30	2.90
Pension increases - RPI upto 5% (Non-Pensioners)	2.80	2.90
Pension increases - RPI upto 2.5% (Pensioners)	2.15	2.05
Pension increases - RPI upto 2.5% (Non-Pensioners)	1.90	2.05
Pension increases - CPI upto 2.5% (Pensioners)	2.25	2.20
Pension increases - CPI upto 2.5% (Non-Pensioners)	2.10	2.20

Biffa Pension Scheme Life Expectancies

The expected future lifetime of a male pensioner currently aged 65 is 21.2 years (2021: 21.3).

The expected future lifetime from age 65 of a male member currently aged 45 is 22.5 years (2021: 22.6).

The expected future lifetime of a female pensioner currently aged 65 is 23.2 years (2021: 23.2).

The expected future lifetime from age 65 of a female member currently aged 45 is 25.2 years (2021: 24.9).

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

29. Pension and post-retirement benefits (continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, expected future inflation and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate decreased by 0.5%, the defined benefit asset would decrease by £50.6m.

If the inflation assumption increased by 0.5% the defined benefit asset would increase by £46.0m.

If the life expectancy increases by one year for both men and women, the defined benefit asset would decrease by £15.8m.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The Scheme's participating employers are Biffa Waste Services Limited, Island Waste Services Limited, Biffa Leicester Limited and Biffa West Sussex Limited. These subsidiaries fund the cost of any protected members' future accrual (to the extent that any protected members remain working for each of these companies) earned on a yearly basis. Protected members pay a range of fixed contributions of pensionable salary depending on what section of the Scheme they are in. These contributions range from 3% to 6% of pensionable salary. The residual contribution (including past service augmentations) is paid by the above entities of the Biffa Group. These contributions, required to fund the accrual, are agreed between Biffa Corporate Holdings Limited and the Trustees of the Scheme following each triennial valuation of the Scheme.

In accordance with the Pensions Act 2004, the Scheme's liability is measured using a prudent discount rate at the triennial valuation, but some asset outperformance is allowed for when calculating the deficit recovery contributions paid for by the participating employers. Additional liabilities stemming from past service due to augmentation of benefits are added to the Scheme's deficit. The average duration of the benefit obligation at 25 March 2022 is approximately 20 years (2021 - 21 years).

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****30. Financial commitments and contingent liabilities**

The Company 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 Company holds for its landfill sites. The Company satisfies these financial security requirements by providing financial security bonds. The amount of financial security which is required is determined in conjunction with the regulatory agencies, as is the method by which assurance is provided. The Company has existing bond arrangements in England and Wales of approximately £86.7m (2021: £82.9m) outstanding in respect of the Biffa Group's permitted waste activities where the Biffa Group has obligations under the Environment Agency's "fit and proper person" test to make adequate financial provision in order to undertake those activities. Additionally, the Company has bonds to a value of £16.1m (2021: £14.6m) in connection with security for performance of local authority contracts. No liability is expected to arise in respect of these bonds.

Hazardous soils

The Group is also engaged in a dispute with HMRC in relation to the landfill tax treatment of sub-soils with low levels of contamination from asbestos. At the date of signing of the accounts the outcome is not certain, however the Group has received a protective assessment of £8.5m, which has been paid and is included in prepayments in the current year as the Group is disputing this assessment. The Group is subject to a number of other HMRC enquiries which are on-going.

HMRC

Biffa Waste Services Limited ("BWSL") is currently the subject of an enquiry by HMRC regarding certain aspects of its Landfill Tax compliance (the "Enquiry"), as part of concerns HMRC has primarily relating to the interpretation of the qualifying fines regime set out in LFT1. HMRC also raised concerns, based on its interpretation of BWSL's data, over the potential conduct of BWSL and specific customers, which may have led to the incorrect rate of Landfill Tax being paid. Biffa strongly refutes HMRC's concerns, is fully co-operating with HMRC in relation to the Enquiry and is receiving advice from Ernst & Young ("EY"). To date, no formal claim for tax has been received from HMRC, there is no certainty that HMRC will bring a claim and it is likely that it will be some time before the Enquiry reaches a conclusion.

Whilst a provision has been made for £20.0m relating to specific amounts asserted by HMRC to date, HMRC has also raised broader concerns about certain aspects of Biffa's compliance with the qualifying fines regime set out in LFT1. The Directors do not consider that a liability is likely to arise for those broader concerns, and therefore this is treated as a contingent liability.

BWSL's potential additional liability for Landfill Tax for the relevant period could be up to approximately £154 million (being the additional amount raised in protective assessments less the provision made excluding costs), plus penalties, interest and further costs in responding to the Enquiry. The total protective assessments figure has increased from the amount of £153m disclosed by the Group on 7 June 2022, due to the Group subsequently receiving further protective assessments of £15m from HMRC.

The protective assessments have been issued before the conclusion of the Enquiry to ensure that any claim for payment of Landfill Tax that may be made by HMRC as a result of the Enquiry, is not time-barred.

EVP

The EVP dispute with HMRC in relation to the landfill tax treatment of certain materials used in the engineering of landfill sites from September 2009 to May 2012 came to end in May 2022. This is fully explained in Note 31.

BIFFA WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022**

31. EVP related items

The Biffa Group has been engaged in a dispute with HMRC concerning historical Landfill Tax.

HMRC claimed that the Group was liable for £61.9m of Landfill Tax in respect of certain waste materials deposited in Biffa's landfill sites from 2009 to 2012 ('EVP'). Biffa contested that the material was used in the sites for an engineering purpose and was not therefore subject to Landfill Tax. Notwithstanding the Group's opinion on the tax treatment of this material, since 2012 all materials of this nature have been subjected to Landfill Tax. The matter was heard by the First Tier Tax Tribunal which found in HMRC's favour, before Biffa won the Upper Tax Tribunal for the EVP case. HMRC however requested a further hearing from the Court of Appeal which took place in March 2021. Biffa was unsuccessful in the hearing with the Court of Appeal and the Directors sought leave to appeal the decision to the Supreme Court. In May 2022 the Group's request of leave to appeal was refused by the Supreme Court.

The contested amount was paid by Biffa Waste Services Limited to HMRC following the refinancing of the Group upon its IPO in October 2016. In addition to the payment of £61.9m, the Company paid £1.7m in interest in the period ended 24 March 2017. The Directors, having taken appropriate advice, did not believe that a liability to tax exists and accordingly treated the payment of the tax and associated interest as a prepayment.

With the negative outcome confirmed, the £63.6m prepayment has been impaired to £nil and a corresponding deferred tax asset of £15.5m has been recognised

These transactions have been included in the financial statements for the year ending 25 March 2022 because, despite the outcome of the appeal arising after the year end date, the event is considered to be an adjusting event in line with IAS 10: Events After the Reporting Period.

32. Related party transactions

The Company has taken the available exemption under FRS 101 'Reduced Disclosure Framework' from disclosing the transactions with fellow 100% held subsidiaries of Biffa plc.

There were no transactions with Directors in the year (2021: £nil) other than those detailed in note 12.

BIFFA WASTE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2022****33. Post balance sheet events**

Since the year end, the Company acquired certain trade and assets of DJB Recycling Limited, a Sheffield-based waste collection and recycling business, for a maximum cash consideration of £1.9m. The business generated revenue of c. £4.7m in the last 12 months, employed 31 people, had a fleet of 13 vehicles and operated from 2 sites in Sheffield prior to completion. The deal completed on 30 June 2022.

In July, the Biffa Group was appointed as the logistics provider for the DRS for Scotland by CSL with responsibility for collecting counting and sorting bottles and cans from c.30,000 locations. DRS will start in August 2023 and drinks containers will carry a 20p refundable deposit with the aim of reducing litter and increasing recycling by at least 90%.

On 2 November 2022 the Company completed the acquisition of Forge Recycling (Holdings) Limited, a Leeds-based I&C collections business with approximately 100 employees and 3,800 customers, for a cash consideration of £18.6m with a further £5.5m of contingent consideration.

In May 2022 the Group was unsuccessful in its appeal to the Supreme Court in relation to the EVP Dispute. Given this qualifies as an adjusting event in accordance with IAS 10: Events after the Reporting Period, certain EVP related balances have been reduced accordingly in the current period. Refer to Note 31 for further information.

On 27 September 2022, the plc Board and Bears Bidco Limited (a company controlled by funds managed by affiliates of ECP V, LLC ("ECP")) announced that they had reached agreement on the acquisition, by Bears Bidco Limited, of the entire issued ordinary share capital of Biffa plc, for consideration of £1.3bn. The acquisition became effective on 26 January 2023 by means of a scheme of arrangement under Part 26 of the Companies Act 2006. ECP is a leading investor in the fields of sustainability, energy transition and renewables, and as such is aligned with the core values of the Biffa Group.

34. Controlling party

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

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