

Biffa Polymers Limited
(formerly Greenstar (WES) Limited)

**Directors' report and
financial statements**

Year ended 31 March 2011

Registered number 02729607

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Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Directors' report and financial statements

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Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Directors and other information

Directors

J Donaldson
M Marron
M Topham
I Wakelin

Secretary

H Ellson
K Woodward

Registered office

3rd Floor
The Gatehouse
Gatehouse Way
Aylesbury
Buckinghamshire
HP19 8DB

Bankers

Bank of Scotland
Ash House
Princeton Drive
Thornaby
Stockton on Tees
TS17 6PY

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Solicitors

B P Collins
Collins House
32-38 Station Road
Gerrards Cross
Buckinghamshire
SL9 8EL

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Directors' report

The directors present their annual report together with the audited financial statements of Biffa Polymers Limited *(formerly Greenstar (WES) Limited)* ("the Company") for the year ended 31 March 2011

Principal activity and business review

The Company is 100% owned by Greenstar UK Holdings Limited. The group of companies owned by Greenstar UK Holdings Limited collectively make up the Greenstar business in the United Kingdom. The Group is wholly owned by Biffa Group Limited and provides services and infrastructure in the UK waste and recycling industry.

On 8 June 2010 the Company's ultimate parent NTR plc entered into an agreement to sell its shareholding in Greenstar Holdings Limited to GS Acquisitions Limited, a company ultimately controlled by Montagu Private Equity and Global Infrastructure Partners. The sale completed on 6 August 2010. It was subsequently transferred to Biffa Group Limited, a waste management business also owned by Montagu Private Equity and Global Infrastructure Partners, on 13 August 2010.

On 6 August 2010, the Company became a 100% subsidiary of Greenstar UK Holdings Limited when the 25% non-controlling interest was acquired.

The principal activity of the Company is that of plastics recycling. During the year the Company, with the support of WRAP, built a Mixed Plastics recycling facility which is now operational.

The Company saw buoyant trading conditions throughout the year, and remains committed to recycling and its contribution to the environment.

During the year the Company changed its name to Biffa Polymers Limited.

Future developments

The directors plan to continue with the Company's current activity.

Principal risks and uncertainties

The Company faces the following key risks and uncertainties:

1. Much of the Company's revenues come from the sale of recovered materials such as plastics. The selling price of each of these commodities is subject to fluctuations, which can affect the Company's financial performance.
2. The Company operates in the waste and recycling industry. The economics of this industry are heavily affected by legislative and fiscal measures including but not limited to Landfill Tax, Waste Management Licensing, Hazardous Waste Regulations, the EU Packaging and Waste Electronics Directives and mandatory domestic recycling targets. Whilst these measures are, on the whole, of benefit to the Company's business model, its financial performance can be affected by any changes in the fiscal and legislative framework that governs the industry.
3. The Company handles waste and recyclable materials and its operations are subject to its compliance with various planning and licensing regulations. Infringement with these regulations could disrupt the Company's operations or leave it at risk of liability to prosecution.
4. The Company is affected by the downturn in the economy and the continued availability of finance due to its use of bank financing.

Biffa Polymers Limited

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Directors' report (continued)

Principal risks and uncertainties (continued)

The key performance indicators focused on by management include.

	2011	2010
	£'000	£'000
Revenue	13,538	10,013
EBIT	(996)	(1,395)
EBIT margin	(7.36%)	(13.9%)
Loss for the year	(1,088)	(1,248)

Key performance indicators are in line with Company targets

The company is also exposed regarding credit, price, market and liquidity risk considerations and these are addressed in the notes to the Financial Statements

Results and dividends

The results for the year are set out on page 8

There was no dividend paid during the year (2010 £nil). The directors do not recommend the payment of a dividend for the year ended 31 March 2011.

Directors and secretary

The directors and secretary who held office during the year and subsequent to the year end were as follows

J Donaldson

I Stark - resigned 6 August 2010

M Marron – appointed 25 January 2011

M Topham

I Wakelin

E Bolger (Secretary) - resigned 6 August 2010

H Ellson (Secretary) – appointed 1 November 2010

K Woodward (Secretary) – appointed 1 November 2010

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.

Biffa Polymers Limited

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Directors' report *(continued)*

Charitable and political donations

The Company made no charitable or political donations during the year (2010 £nil)

Post balance sheet events

There were no events after the balance sheet date to be disclosed

Going concern

Having made enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Refer to the notes to the financial statements for further discussion on going concern.

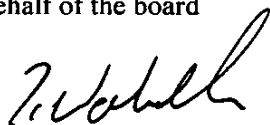
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is not relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Deloitte LLP were appointed as auditors during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP, Chartered Accountants, will therefore continue in office.

On behalf of the board



I. Wakelin
Director

5 August 2011

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors

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

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

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

On behalf of the board



I Wakelin
Director

Independent auditor's report to the members of Biffa Polymers Limited

We have audited the financial statements of Biffa Polymers Limited for the year ended 31 March 2011 which comprise the Balance Sheet, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, Statement of Comprehensive Income and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, International Standards on Auditing (UK and Ireland). These standards require us to comply with the Audition Practices Boards' Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Biffa Polymers Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



Ross Howard FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

5 August 2011

Biffa Polymers Limited
(formerly Greenstar (WES) Limited)

Statement of comprehensive income
for the year ended 31 March 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Continuing operations			
Revenue	4	13,538	10,013
Cost of sales		(9,513)	(8,535)
Gross profit		4,025	1,478
Administration expenses		(5,021)	(2,873)
Loss from operating activities		(996)	(1,395)
Financial income	6	12	-
Financial expenses	6	(104)	(146)
Loss before income tax		(1,088)	(1,541)
Income tax credit	8	211	293
Loss for the financial year attributable to owners of the Company		(877)	(1,248)
Total comprehensive loss for the financial year		(877)	(1,248)

The accompanying notes form an integral part of the financial statements.

Biffa Polymers Limited
(formerly Greenstar (WES) Limited)

Statement of financial position
as at 31 March 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Non-current assets			
Property, plant and equipment	<i>9</i>	8,460	5,009
Deferred tax asset	<i>17</i>	959	629
Total non-current assets		9,419	5,638
Current assets			
Inventories	<i>10</i>	627	871
Trade and other receivables	<i>11</i>	2,924	2,539
Cash and cash equivalents	<i>12</i>	927	7
Total current assets		4,478	3,417
Total assets		13,897	9,055

Biffa Polymers Limited
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Statement of financial position (continued)
as at 31 March 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Equity			
Issued share capital	<i>13</i>	-	-
Share premium		43	43
Retained earnings		(2,841)	(1,964)
Total equity		(2,798)	(1,921)
Non-current liabilities			
Interest-bearing loans and borrowings	<i>14</i>	1,588	2,058
Provisions	<i>15</i>	1,206	575
Total non-current liabilities		2,794	2,633
Current liabilities			
Bank overdrafts	<i>12</i>	-	1,409
Interest-bearing loans and borrowings	<i>14</i>	5,312	2,402
Trade and other payables	<i>18</i>	8,478	4,468
Provisions	<i>15</i>	111	64
Total current liabilities		13,901	8,343
Total liabilities		16,695	10,976
Total equity and liabilities		13,897	9,055

Company number 02729607

The accompanying notes form an integral part of the financial statements

These financial statements were approved by the board of directors on 5 August 2011 and were signed on its behalf by



I Wakelin
Director

Biffa Polymers Limited
(formerly Greenstar (WES) Limited)

Statement of changes in equity
as at 31 March 2011

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2009	-	43	(716)	(673)
Total comprehensive income	-	-	(1,248)	(1,248)
At 31 March 2010	-	43	(1,964)	(1,921)
Total comprehensive income	-	-	(877)	(877)
At 31 March 2011	-	43	(2,841)	(2,798)

The accompanying notes form an integral part of the financial statements.

Biffa Polymers Limited
(formerly Greenstar (WES) Limited)

Statement of cash flows
for the year ended 31 March 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Cash flows from operating activities			
Loss for the year		(877)	(1,248)
<i>Adjustments for</i>			
Net financial expenses	6	92	146
Income tax credit	8	(-)	(293)
Depreciation	9	1,489	951
Loss on disposals of property, plant and equipment		18	-
Tax		(211)	-
		511	(444)
Change in inventories		244	(224)
Change in trade and other receivables		(385)	(498)
Change in trade and other payables		3,895	1,976
Change in provisions		678	639
		4,943	1,449
Interest received		12	-
Interest paid		(108)	(152)
Net cash generated from operating activities		4,847	1,297
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,724)	(1,214)
Net cash used in investing activities		(4,724)	(1,214)

Biffa Polymers Limited
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Statement of cash flows (continued)
for the year ended 31 March 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Cash flows from financing activities			
Payment of finance lease liabilities	<i>14</i>	(694)	(663)
Repayment of bank loans	<i>14</i>	-	(7)
Proceeds of related party loan	<i>14</i>	2,900	-
Net cash generated from/(used in) financing activities		2,206	(670)
Net increase/(decrease) in cash and cash equivalents		2,329	(587)
Cash and cash equivalents at beginning of year	<i>12</i>	(1,402)	(815)
Cash and cash equivalents at end of year	<i>12</i>	927	(1,402)

The accompanying notes form an integral part of the financial statements

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes to the financial statements

1 Reporting entity

Biffa Polymers Limited ("the Company") is a company incorporated and domiciled in the United Kingdom

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU")

(b) Measurement

The financial statements have been prepared on the historical cost basis

(c) Consolidation

The Company has taken advantage of the exemption under IAS 27 *Consolidated and Separate Financial Statements*, not to prepare consolidated financial statements. The ultimate parent company is WasteInvestments LLP. The immediate parent company is Greenstar UK Holdings Limited, incorporated in England and Wales, and a subsidiary of Biffa Group Limited. The smallest group in which the results of the Company are consolidated is that of Biffa Group Limited, incorporated in England and Wales, whose consolidated financial statements are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The largest group in which the results of the Company are consolidated is WasteInvestments LLP, whose consolidated financial statements can also be obtained from Companies House.

(d) Estimates and uncertainties

The preparation of financial statements in conformity with IFRSs as adopted by the EU, 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes to the financial statements *(continued)*

2 Basis of preparation *(continued)*

(e) Going concern

Greenstar UK Holdings Limited, the Company's parent company, has indicated its intention to continue to provide financial support to the Company to enable it to meet its debts as they fall due. Having carefully considered the Company's financial position and prospects, the directors consider it appropriate that the financial statements are prepared on a going concern basis.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency

(i) Functional and presentation currency

The Accounts are presented in Sterling, which is also the Company's functional currency. Items included in the Accounts of each of the Group's activities are measured using the currency of the primary economic environment in which the entity operates, which is primarily Sterling.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets that are carried at historical cost are not subsequently re-translated. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the fair values were determined.

(b) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment losses (see accounting policy (c)). Cost includes those costs, including employee and other costs, which are directly attributable to bringing assets into working condition for their intended use. The cost of self-constructed assets and acquired assets includes, where relevant, (i) the initial estimate at the time of installation of the assets of dismantling and removing the items and of restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for those costs during the period of use resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Costs in relation to assets in development and construction are capitalised, where, in the opinion of the directors, the related project will be successfully developed and the economic benefits arising from future operations will at least equal the amount of capitalised expenditure incurred to date. Depreciation commences when the asset is substantially complete and ready for its intended use.

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Owned assets (continued)

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment

(ii) Leased assets

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired by way of finance lease are stated at the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see accounting policy (c)). The capital element of finance lease obligation payments is recorded as a liability, while the interest element is charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding. Operating lease payments are accounted for as described in accounting policy (j)(i).

(iii) Subsequent expenditure

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis over its expected useful life as follows

Land and buildings leasehold	shorter of life of lease or 10 years
Plant and machinery	3-10 years
Computers	3-4 years
Fixtures and fittings	4-10 years

The residual value, if significant, and remaining useful lives are reassessed annually

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(c) Impairment

The carrying amounts of the Company's assets, other than inventories (see accounting policy (d)) and deferred tax assets (see accounting policy (k)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. Non-depreciable assets and goods are assessed annually for impairment. In assessing an asset for impairment, the recoverable amount of the asset or its cash generating unit is estimated. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Inventories

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

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(e) Financial instruments

Non-derivative financial instruments

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

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

(i) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at their cost less impairment losses (see accounting policy (c)).

(ii) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (c)).

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(v) Trade and other payables

Trade and other payables are stated at their expected settlement amount.

Biffa Polymers Limited

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Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(f) Classification of financial instruments issued by the Company

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

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

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

Biffa Polymers Limited

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Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(g) Provisions

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

(h) 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. Services are deemed to have been delivered when, and to the extent that, the Company has met its obligations under its service contracts. Payments received in advance of performance are deferred and recognised as revenue when the related service is delivered.

(i) Cost of sales

Cost of sales include those costs directly attributable to the Company's revenue streams including those direct costs associated with the Company's recycling operations.

(j) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the terms of the lease even if payments are not made on such a basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

(ii) Financial expenses and financial income

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

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset. Interest income is shown as an operating activity in the consolidated statement of cash flows. Dividend income is recognised in profit or loss on the date that the Company becomes unconditionally entitled to the dividend.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

Biffa Polymers Limited

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Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(k) Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; those arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to retained earnings in subsidiaries, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised

(l) Employee benefits - defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period in which the relevant employee service is received

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Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(m) New standards and interpretations not applied

In the current year, the following new and revised Standards and Interpretations have been adopted but have not affected the amounts reported in these financial statements

IFRIC 12 Service Concession Arrangements	This Interpretation sets out general principles on recognising and measuring the obligations and related rights in service concession arrangements
IFRS 3 (2008) Business Combinations, IAS 27 (2008) Consolidated and Separate Financial Statements, IAS 28 (2008) Investments in Associates	These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate IFRS 3(2008) has also introduced additional disclosure requirements for acquisitions
IFRIC 17 Distributions of Non-Cash Assets to Owners	The Interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled
IFRS 2 (amended) Group Cash-Settled Share-Based Payment Transactions	The amendment clarifies the accounting for share-based payment transactions between group entities
Amendment to IFRS 2 Share-Based Payment	IFRS 2 has been amended, following the issue of IFRS 3(2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2
Amendment to IAS 17 Leases	IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17
Amendment to IAS 39 Financial Instruments Recognition and Measurement	IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard

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Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(m) New standards and interpretations not applied (continued)

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

IFRS 9	Financial Instruments
IAS 24 (amended)	Related Party Disclosures
IAS 32 (amended)	Classification of Rights Issues
	Extinguishing Financial Liabilities with Equity Instruments
IFRIC 14 (amended)	Prepayments of a Minimum Funding Requirement
IFRS 13	Fair Value Measurement
IFRS 12	Disclosure of Interests in Other Entities
IFRS 11	Joint Arrangements
IFRS 10	Consolidated Financial Statements
IAS 28 (revised May 2011)	Investments in Associates and Joint Ventures
IAS 27 (revised May 2011)	Separate Financial Statements
Amendments to IAS 12 (Dec 2010)	Deferred Tax Recovery of Underlying Assets
Amendments to IFRS 1 (Dec 2010)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 (Oct 2010)	Disclosures – Transfers of Financial Assets
Improvements to IFRSs 2010 (May 2010)	Improvements to IFRSs 2010

The Company plans to adopt IFRS 9 for the period beginning on 1 April 2013 and this will impact both the measurement and disclosures of Financial Instruments

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Company in future periods

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Notes to the financial statements *(continued)*

4 Revenue

Revenue arises as follows

	2011 £'000	2010 £'000
Sale of goods	13,368	9,782
Provision of services	170	231
	13,538	10,013
	2011 £'000	2010 £'000
United Kingdom	13,132	9,634
Rest of Europe	406	379
	13,538	10,013

5 Employee benefits and transactions with executive directors and other key management personnel

The average number of persons employed by the Company during the year ended 31 March 2011 was 91 (2010 75) and is as follows:

	2011 No.	2010 No
Operations	75	62
Administration and marketing	16	13
	91	75

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Notes to the financial statements (continued)

5 Employee benefits and transactions with executive directors and other key management personnel (continued)

Staff costs comprise	2011	2010
	£'000	£'000
Wages and salaries	2,270	1,908
Social welfare costs	219	188
Pension costs	33	31
Redundancy costs	23	-
	2,545	2,127

In the opinion of the directors, executive directors comprise the key management of the Company

Key management personnel compensation is as follows

	2011	2010
	£'000	£'000
Emoluments	108	125
Social welfare costs	13	15
Pension costs	10	10
	131	150

Three of the directors in office at 31 March 2011 were paid by a fellow subsidiary company in the current year and prior year. The number of directors to whom retirement benefits are accruing under money purchase schemes was 1 (2010: 1). There were no loans to directors in the year ended 31 March 2011 (2010: £nil).

6 Financial income and expenses	2011	2010
	£'000	£'000
Financial income		
Bank interest receivable	12	-
Financial expenses		
Finance lease interest	85	111
Bank overdraft and other interest	19	35
	104	146

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Notes to the financial statements (continued)

7 Statutory and other information	2011 £'000	2010 £'000
Directors' remuneration	131	150
Auditor's remuneration - audit	5	10
Impairment of trade receivables	60	18
Depreciation of property, plant and equipment		
- owned	582	275
- leased	907	676
Operating lease rentals		
- premises	123	142
- other	69	63
Loss on disposal of property, plant and equipment	18	-

Auditor's remuneration was partially borne by a fellow subsidiary company during the current year

8 Income tax	2010 £'000	2010 £'000
Recognised in the income statement		
<i>Current tax</i>		
Current period	119	-
Total current tax credit	119	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(420)	(273)
Prior period deferred tax charge	16	(20)
Effect of change in rate	74	-
Total deferred tax credit	(330)	(293)
Total income tax credit	(211)	(293)

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted during the period. Accordingly, current tax has been provided for at a rate of 28% and deferred tax has been provided for at a rate of 26% in these financial statements. Further reductions to the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the government but have not yet been substantively enacted, so their effect has not been reflected in these financial statements.

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Notes to the financial statements *(continued)*

8 Income tax *(continued)*

The difference between the total income tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows

	2011 £'000	2010 £'000
Loss before income tax	(1,088)	(1,541)
Tax on loss before income tax at standard UK corporation tax rate of 28% (2010 28%)	(305)	(431)
<i>Effects of</i>		
Expenses not deductible for tax purposes	4	(45)
Group relief claimed	-	203
Prior period adjustment	16	(20)
Effect of change in rate	74	-
Total income tax credit for year	(211)	(293)

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Notes to the financial statements *(continued)*

9 Property, plant and equipment

	Land and buildings leasehold £'000	Plant and machinery £'000	Computers £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At 1 April 2009	20	6,146	66	11	6,243
Additions	-	1,192	16	6	1,214
At 31 March 2010	20	7,338	82	17	7,457
Additions	130	4,794	28	6	4,958
Disposals	-	(40)	(6)	(3)	(49)
At 31 March 2011	150	12,092	104	20	12,366
<i>Depreciation</i>					
At 1 April 2009	14	1,424	52	7	1,497
Charge for the year	2	938	9	2	951
At 31 March 2010	16	2,362	61	9	2,448
Charge for the year	4	1,466	12	7	1,489
Disposals	-	(25)	(5)	(1)	(31)
At 31 March 2011	20	3,803	68	15	3,906
<i>Carrying amounts</i>					
At 1 April 2009	6	4,772	14	4	4,746
At 31 March 2010	4	4,976	21	8	5,009
At 31 March 2011	130	8,289	36	5	8,460

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Notes to the financial statements (continued)

9 Property, plant and equipment (continued)

The directors do not consider the remaining useful lives of property, plant and equipment to be materially different from the period over which the assets are being depreciated

Leased plant and machinery

The Company leases equipment, principally items of plant and machinery, under a number of finance lease agreements. At the end of each lease term the Company has the option to purchase the equipment at a beneficial price. The carrying amount of leasehold plant was as follows

	2011 £'000	2010 £'000
At beginning of year	2,864	3,540
Additions	234	-
Disposals	(3)	-
Depreciation for year	(907)	(676)
At end of year	2,188	2,864

Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on Waste Electrical and Electronic equipment was introduced on 13 August 2005. The Company has adopted a comprehensive policy on collection, treatment, recovery, reuse and recycling of waste and does not believe that the introduction of this directive has had a material effect on the carrying cost of property, plant and equipment purchased prior to 13 August 2005. The cost of collection, treatment, recovery and recycling of property, plant and equipment purchased subsequent to 13 August 2005 is financed through the payment of charges on acquisition. These charges are capitalised as part of the cost of the related asset and depreciated over the assets' expected useful life.

Obligations under finance leases are secured on related assets

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Notes to the financial statements (continued)

10 Inventories	2011	2010
	£'000	£'000
Consumables	429	616
Finished goods	198	255
	<u>627</u>	<u>871</u>

In the opinion of the Directors, there is no material difference between the carrying values of the Company's inventories and the fair value less costs to sell. The total amount of inventory recognised as an expense during the year was £7,254,000 (2010 £5,489,000).

11 Trade and other receivables	2011	2009
	£'000	£'000
Trade receivables	2,766	2,319
Other receivables and prepayments	158	220
	<u>2,924</u>	<u>2,539</u>

12 Cash and cash equivalents	2011	2010
	£'000	£'000
Bank balances, being cash and cash equivalents	927	7
Bank overdrafts, used for cash management purposes	-	(1,409)
	<u>927</u>	<u>(1,402)</u>

Biffa Polymers Limited

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Notes to the financial statements (continued)

13 Share capital	No. of shares	2011 £	No. of shares	2010 £
<i>Authorised</i>				
Ordinary shares of £1 each				
At beginning and end of year	100,000	100,000	100,000	100,000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each				
At beginning and end of year	118	118	118	118

Capital management

The Company defines share capital and share premium as its capital. The Company's shares are 100% owned by Biffa Group Limited. The directors' policy is to maintain a suitable balance between capital and external borrowings. The Company is not subject to any externally imposed capital requirements.

14 Interest-bearing loans and other borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	2011 £'000	2010 £'000
Non-current liabilities		
Finance lease obligations (11)	1,588	2,058
	1,588	2,058
	2011 £'000	2010 £'000
Current liabilities		
Finance lease obligations (11)	687	677
Related party loan (1) (a)	4,625	1,725
	5,312	2,402

Biffa Polymers Limited
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Notes to the financial statements *(continued)*

14 Interest-bearing loans and other borrowings *(continued)*

<i>(i) Bank, inter-group and related party borrowings</i>	2011	2010
	£'000	£'000
Due within one year	4,625	1,725
	4,625	1,725

(a) Loans due to Greenstar Environmental Limited, a fellow group company, are interest-free, unsecured and repayable on demand

<i>(ii) Finance lease obligations</i>	2011	2010
	£'000	£'000
Due within one year	687	677
Between one and five years	1,588	2,058
	2,275	2,735

15 Provisions	Grants £'000	Restoration £'000	Total £'000
At 31 March 2010	639	-	639
Provisions made during the year	472	206	678
At 31 March 2011	1,111	206	1,317

	2011	2010
	£'000	£'000
Current	111	64
Non-current	1,206	575
	1,317	639

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Notes to the financial statements (continued)

15 Provisions (continued)

The restoration provision related to expected dilapidation costs to be incurred at the end of a contract. The grants relate to a grant from The Waste and Resources Action Programme for capital expenditure on a Mixed Plastics recycling facility. A further receipt is expected on commissioning of the facility which is expected to be in late 2011. The provision will be released to the income statement over the expected useful life of the related assets once the expenditure is complete.

16 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held in external funds administered by independent trustees.

The Company's total pension costs in respect of its defined contribution plan for the year to 31 March 2011 were £33,000 (2010 £31,000). Pension costs outstanding at 31 March 2011 were £2,000 (2010 £1,000).

17 Deferred tax assets and liabilities

	2011		2010	
	Assets £'000	Total £'000	Assets £'000	Total £'000
Property, plant and equipment	717	717	359	359
Tax value of tax losses carried forward recognised	230	230	248	248
Provisions	12	12	22	22
	<u>959</u>	<u>959</u>	<u>629</u>	<u>629</u>

Biffa Polymers Limited

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Notes to the financial statements (continued)

17 Deferred tax assets and liabilities (continued)

The movement in temporary differences during the year was as follows

	Property, plant and equipment £'000	Losses forward £'000	Provisions £'000	Total £'000
At 1 April 2009	97	229	10	336
Recognised in income (see note 8)	262	19	12	293
At 31 March 2010	359	248	22	629
Recognised in income (see note 8)	358	(18)	(10)	330
At 31 March 2011	717	230	12	959

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted during the period. Accordingly, current tax has been provided for at a rate of 28% and deferred tax has been provided for at a rate of 26% in these financial statements. Further reductions to the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the government but have not yet been substantively enacted, so their effect has not been reflected in these financial statements.

18 Trade and other payables	2011 £'000	2010 £'000
Trade payables	1,874	1,680
Other payables and accruals	674	270
Social security and PAYE	68	59
VAT payable	279	69
Amounts owed to related parties (see note 21)	5,464	2,390
Group Relief	119	-
	8,478	4,468

Biffa Polymers Limited

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management

(a) Overview of risk exposures and risk management strategy

The Company faces a number of financial risks in the ordinary course of business, including credit risk, liquidity risk, interest rate risk and price risk. These are set out in more detail below. The most significant exposures relate to changes in interest rates, as well as the creditworthiness of the Company's counterparties.

The Company's overall risk management programme is the responsibility of the directors. They seek to minimise potential adverse effects on the Company's financial performance from fluctuations in financial markets and to manage these risks in a non-speculative manner.

(b) Financial assets and liabilities

The carrying value and fair values of financial assets and liabilities by category were as follows:

31 March 2011	Loans and receivables £'000	Liabilities at amortised cost £'000	Carrying value £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	927	-	927	927
Trade and other receivables	2,924	-	2,924	2,924
Financial liabilities				
Interest-bearing loans and borrowings	-	(6,900)	(6,900)	(6,908)
Trade and other payables	-	(8,359)	(8,359)	(8,359)
	<u>3,851</u>	<u>(15,259)</u>	<u>(11,408)</u>	<u>(11,416)</u>

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management (continued)

(b) Financial assets and liabilities (continued)

31 March 2010	Loans and receivables £'000	Liabilities at amortised cost £'000	Carrying value £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	7	-	7	7
Trade and other receivables	2,539	-	2,539	2,539
Financial liabilities				
Bank overdraft	-	(1,409)	(1,409)	(1,409)
Interest-bearing loans and borrowings	-	(4,460)	(4,460)	(4,461)
Trade and other payables	-	(4,468)	(4,468)	(4,468)
	<u>2,546</u>	<u>(10,337)</u>	<u>(7,791)</u>	<u>(7,792)</u>

(c) Basis for determining fair value

Set out below are the major methods and assumptions used in determining the fair values of the financial assets and liabilities disclosed in the preceding tables

Cash and cash equivalents

The nominal amount of cash and cash equivalents, all of which have a remaining maturity of three months, is deemed to reflect fair value at the balance sheet date

Receivables and payables

For receivables and payables with a remaining life of less than six months, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value. All other receivables and payables are discounted to fair value on initial recognition, and at balance sheet date

Bank overdrafts

The nominal amount of all bank overdrafts is deemed to reflect fair value at the balance sheet date

Interest-bearing loans and borrowings

For interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date

Biffa Polymers Limited

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management (continued)

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents

Trade and other receivables

The directors have a credit policy in place where credit evaluations are performed on all customers requiring credit over certain thresholds and credit limits are established for each customer. The Company's exposure to credit risk and credit limits are monitored regularly.

The carrying amount of financial assets, net of impairment provisions, represents the Company's maximum credit exposure

Cash and cash equivalents

Cash is held with financial institutions with the highest credit rating and subject to a minimum credit rating of "A"

The maximum exposure to credit risk is as follows	2011	2010
	£'000	£'000
Cash and cash equivalents	927	7
Trade and other receivables (excluding prepayments)	2,766	2,416
	3,693	2,423

Trade receivables are monitored by geographic region and by customer. At the balance sheet date there were no significant concentrations of credit risk.

The maximum exposure to credit risk on trade receivables by geographic region is as follows

	2011	2010
	£'000	£'000
United Kingdom	2,708	2,297
Rest of Europe	58	22
	2,766	2,319

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management (continued)

(d) Credit risk (continued)

The Company's most significant customer accounts for £857,000 of the trade receivables carrying amount at 31 March 2011 (2010 £519,000)

The following table details the ageing of gross trade receivables and the related impairment provisions in respect of specific amounts expected to be irrecoverable

	2011		2010	
	Gross £'000	Impairment £'000	Gross £'000	Impairment £'000
Not past due	1,506	-	1,233	-
Past due 0 – 30 days	948	-	952	-
Past due 31 – 120 days	292	-	181	(47)
Past due 121 days – one year	70	(50)	-	-
Impaired assets	-	-	24	(24)
	2,816	(50)	2,390	(71)

The allowance for impairments account is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The movement in the allowance for impairments in respect of trade receivables during the year was as follows

	2011 £'000	2010 £'000
At beginning of year	71	124
Impairment loss recognised	60	18
Bad debts written off	(81)	(71)
At end of year	50	71

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. It is the policy of the Company to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements. As set out in note 2(f), the Company's parent undertaking has indicated its intention to continue to provide financial support to the Company.

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements

31 March 2011

	Carrying amount £'000	Contractual cash flows £'000	< 1 year £'000	1-5 years £'000	After 5 years £'000
Non-derivative financial liabilities					
Finance lease obligations	(2,275)	(2,450)	(779)	(1,671)	-
Related party loan	(4,625)	(4,625)	(4,625)	-	-
Trade and other payables	(8,359)	(8,359)	(8,359)	-	-
	<u>(15,259)</u>	<u>(15,434)</u>	<u>(13,763)</u>	<u>(1,671)</u>	<u>-</u>

31 March 2010

	Carrying amount £'000	Contractual cash flows £'000	< 1 year £'000	1-5 years £'000	After 5 years £'000
Non-derivative financial liabilities					
Bank overdrafts	(1,409)	(1,451)	(1,451)	-	-
Finance lease obligations	(2,735)	(2,946)	(769)	(2,177)	-
Related party loan	(1,725)	(1,725)	(1,725)	-	-
Trade and other payables	(4,468)	(4,468)	(4,468)	-	-
	<u>(10,337)</u>	<u>(10,590)</u>	<u>(8,413)</u>	<u>(2,177)</u>	<u>-</u>

Biffa Polymers Limited

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management (continued)

(e) Liquidity risk (continued)

The bank overdraft was secured by way of fixed and floating charges over the assets of the Company. Obligations under finance leases are secured on related assets.

(f) Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

In managing interest rate risk, the Company's objective is to reduce the impact of short-term fluctuations on the Company's income. Over the long-term, however, permanent changes in interest rates would have an impact on income. The Company is primarily financed by bank loans and finance leases. The Company had no derivative financial instruments in place during the year ended 31 March 2011 or the year ended 31 March 2010 to manage exposures to interest rate risks.

The Company's interest-bearing assets and liabilities are as follows:

	2011 £'000	2010 £'000
Variable rate assets	927	7
Fixed rate liabilities	(4,842)	(1,785)
Variable rate liabilities	(2,058)	(4,084)
	(5,973)	(5,862)

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Notes to the financial statements (continued)

19 Financial instruments and financial risk management (continued)

(f) Market risk (continued)

Interest rate risk (continued)

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price or mature

2011	Effective interest rate	Total £'000	< 1 year £'000	1-5 years £'000	Over 5 years £'000
Financial assets					
Cash and cash equivalents	3.00%	927	927	-	-
		<u>927</u>	<u>927</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Finance lease liabilities	3.78-10.09%	(2,275)	(687)	(1,588)	-
Related party loan	0.00%	(4,625)	(4,625)	-	-
		<u>(6,900)</u>	<u>(5,312)</u>	<u>(1,588)</u>	<u>-</u>

2010	Effective interest rate	Total £'000	< 1 year £'000	1-5 years £'000	Over 5 years £'000
Financial assets					
Cash and cash equivalents	3.00%	7	7	-	-
		<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Bank overdrafts	3.00%	(1,409)	(1,409)	-	-
Finance lease liabilities	3.57-5.75%	(2,735)	(677)	(2,058)	-
Related party loan	0.00%	(1,725)	(1,725)	-	-
		<u>(5,869)</u>	<u>(3,811)</u>	<u>(2,058)</u>	<u>-</u>

Biffa Polymers Limited

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Notes to the financial statements *(continued)*

19 Financial instruments and financial risk management *(continued)*

(f) Market risk *(continued)*

Interest rate risk (continued)

Sensitivity analysis

At 31 March 2011 it is estimated that an increase or a decrease of 100 basis points in interest rates would decrease or increase the Company's profit before tax by £26,000 (2010 £40,000)

Price risk

Price risk arises from the purchase of raw materials for use in the Company's recycling facilities and the sale of finished goods from the Company's recycling facilities. It also arises from the sale of PRN's in the Company's recycling operations.

The Company's objective is to reduce exposure to price risks on raw materials, work in progress and finished goods through a low stockholding and a high stock turnover. The Company had a total stockholding of £627,000 at 31 March 2011 (2010 £871,000).

Sensitivity analysis

At 31 March 2011 it is estimated that an increase or a decrease of one percentage point in PRN prices would increase or decrease the Company's profit by £380 (2010 £1,547).

Biffa Polymers Limited

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Notes to the financial statements *(continued)*

20 Commitments and guarantees

(i) Operating lease commitments

Total commitments payable under non cancellable operating leases are as follows

	2011			2010		
	Other* £'000	Premises £'000	Total £'000	Other* £'000	Premises £'000	Total £'000
Less than one year	79	148	227	46	142	188
Between one and five years	174	198	372	57	331	388
	<u>253</u>	<u>346</u>	<u>599</u>	<u>103</u>	<u>473</u>	<u>576</u>

* Principally plant and machinery

(ii) Capital commitments

The Company had the following capital commitments

	2011 £'000	2010 £'000
Contracted for	<u>230</u>	<u>2,711</u>

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes to the financial statements *(continued)*

21 Control of the Company and related party transactions

(i) Parent and ultimate controlling party

As at 31 March 2011, the Company is a 100% owned subsidiary of Greenstar UK Holdings Limited, a company incorporated in England and Wales, which is a subsidiary of Greenstar Holdings Limited, a company incorporated in England and Wales, which holds 100% of the issued ordinary share capital. Greenstar Holdings Limited is a subsidiary of Biffa Group Limited which holds 100% of the issued share capital. Biffa Group Limited thus has a total interest in Greenstar Holdings Limited of 100% and in the Company of 100%.

On 6 August 2010, the Company became a 100% subsidiary of Greenstar UK Holdings Limited when the 25% non-controlling interest was acquired.

Until 6 August 2010, Greenstar Holdings Limited was a wholly owned subsidiary of NTR plc, a company incorporated in the Republic of Ireland, and the results for the period to 6 August 2010 are included in the consolidated financial statements of NTR plc. The consolidated financial statements of NTR plc are available to the public and may be obtained from Burton Court, Burton Hall Road, Sandyford, Dublin 18, Ireland. GS Acquisitions Limited, a company ultimately controlled by Montagu Private Equity and Global Infrastructure Partners, acquired the entire shareholding of Greenstar Holdings Limited, and hence its subsidiaries, on August 6 2010.

The largest group in which the results of the Company are consolidated is that headed by WasteInvestmentsLLP. The smallest group in which they are consolidated is that headed by Biffa Group Limited. The consolidated financial statements of Biffa Group Limited and of WasteInvestments LLP are available to the public and may be obtained from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

(ii) Transactions with key management personnel

Transactions with key management personnel are disclosed in note 5.

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes (continued)

21 Control of the Company and related party transactions (continued)

(iii) Transactions with related parties and outstanding balances

During the current and previous financial years, the Company incurred expenses and earned income from the following related parties (NTR plc and subsidiary companies, and Greenstar UK Holdings Limited and subsidiary companies), which resulted in the following amounts being charged/(credited) to the income statement and being owed by/(to) the Company

	Transaction value		Balance outstanding	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Wespack Limited (a)	(170)	(646)	(753)	(598)
Other fellow subsidiaries (b)	124	88	4,711	146
Other fellow subsidiaries (c)	(19)	-	-	-
Other fellow subsidiaries (d)	(5)	(1)	-	-
Other fellow subsidiaries (e)	1,674	738	-	1,643
Greenstar Environmental Limited (f)	-	-	4,625	1,725
Other fellow subsidiaries (g)	-	11	-	3

- (a) Costs incurred by the Company on behalf of its subsidiary were recharged to it during the current year and prior year. These balances are interest-free and repayable on demand.
- (b) Costs incurred by other fellow subsidiaries of Greenstar UK Holdings Limited on behalf of the Company were recharged to it during the current year and prior year. These balances are interest-free and repayable on demand.
- (c) Costs incurred by the Company on behalf of other fellow subsidiaries of Greenstar UK Holdings Limited were recharged to them during the current year. These balances are interest-free and repayable on demand.
- (d) Recycling materials and services were sold to from other fellow subsidiaries of Greenstar UK Holdings Limited on an arm's length basis. These balances are interest-free and repayable on demand.
- (e) Purchases of recycling materials and services were made from other fellow subsidiaries of Greenstar UK Holdings Limited on an arm's length basis. These balances are interest-free and repayable on demand.
- (f) A loan was made to the Company by Greenstar Environmental Limited during the current year and prior year. This balance is unsecured, interest-free and repayable on demand.
- (g) Purchases of recycling materials and services were made from other fellow subsidiaries of NTR plc on an arm's length basis in the prior year. These balances were interest-free and repayable on demand.

22 Subsidiaries

At 31 March 2011, the Company had the following subsidiaries:

Held directly

Name	Activity	Domiciled	Ownership
Wespack Limited	Packaging compliance	UK	100%

Biffa Polymers Limited

(formerly Greenstar (WES) Limited)

Notes (continued)

23 Accounting estimates and judgements

Key sources of estimation uncertainty and critical accounting judgements in applying the Company's accounting policies

(i) Leases

The Company has made judgements in determining when substantially all the risks and rewards of ownership of lease assets are transferred from other entities

(ii) Recoverability of trade receivables

The Company has made judgements when assessing the impairment of its trade receivables. Outstanding balances have been grouped on the basis of similar risk characteristics such as past-due status, and impairment has been reviewed with reference to historical loss experience updated for current conditions

(iii) Deferred tax asset

The deferred tax asset recognised represents primarily trading losses carried forward at the expected effective income tax rate. Based on recent projections, the Directors are satisfied that future profits will be sufficient to recover the losses carried forward

24 Post balance sheet events

There were no events after the balance sheet date to be disclosed

25 Approval of financial statements

The financial statements were approved by the directors on 5 August 2011