

Biffa Polymers Limited

Directors' report and
financial statements

365 day period ended 30 March 2012

Registered number 02729607

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Biffa Polymers Limited

Directors' report and financial statements

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Biffa Polymers Limited

Directors' report

The directors present their annual report together with the audited financial statements of Biffa Polymers Limited for the 365 day period ended 30 March 2012

Principal activity

The principal activity of the Company is that of plastics recycling

The Company is a member of a group of companies owned by Biffa Group Ltd which collectively provide services and infrastructure in the UK waste and recycling industry

Review of the business and future developments

The Company has performed well despite the downturn in the economy and the difficult trading conditions during the period and remains committed to recycling and its contribution to the environment. The company's Polymer Recycling Facility showed continued improvement in production of mature products of food grade recycled High-density polyethylene (rHDPE) and extruded plastics in the period. The company's site at Redcar has also implemented various productivity initiatives to increase yields and reduce costs. In parallel, a new mixed plastics processing line was successfully commissioned after the end of the period which is hoped to deliver additional processing capacity in the future.

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 of 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 lease financing.

Biffa Polymers Limited

Directors' report *(continued)*

Key performance indicators

The key performance indicators focused on by management include

	2012	2011
	£'000	£'000
Revenue	16,395	13,538
EBIT	740	(996)
EBIT margin	4.5%	(7.36%)
Profit/(Loss) for the period	453	(1,088)

Key performance indicators are in line with Company budgets. The company is also exposed to credit, price, market and liquidity risk which are addressed in the notes to the Financial Statements.

Results and dividends

The results for the period are set out on page 8.

There was no dividend paid during the period (2011: £nil). The directors do not recommend the payment of a dividend for the period ended 30 March 2012.

Directors and secretaries

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

J. Donaldson (resigned 25 June 2012)
M. Marron (resigned 31 July 2012)
J. Casey (appointed 1 February 2012, resigned 11 October 2012)
M. Topham (resigned 1 February 2012)
I. Wakelin
T. Redburn (appointed 11 October 2012)
M. Corner-Jones (appointed 11 October 2012)

H. Ellson (Secretary, resigned 3 July 2012)
K. Woodward (Secretary)

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

Directors' report *(continued)*

Charitable and political donations

The Company made no charitable or political donations during the period (2011 *£nil*)

Post balance sheet events

With effect from 28 January 2013, by way of a scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006, the Biffa Group (comprising Biffa Group Ltd and its subsidiaries, including Biffa Polymers Ltd) was transferred into the ownership of new holding companies substantially owned by the Senior Creditors of Biffa Group Ltd under a new capital debt structure. The effect of the scheme of arrangement is to reduce the total book value of capital debt of the Biffa Group of approximately £1.2bn to £520m. Repayment dates for the new instruments range between July 2015 and January 2018. These changes do not affect the statement of financial position in Biffa Polymers Ltd.

Going concern

Over the summer of 2012 it became clear that the Biffa Group (comprising Biffa Group Ltd and its subsidiaries, including Biffa Polymers Ltd) was likely to breach certain of its financial covenants, despite the operating profit of the group for the period ended 30 March 2012. In addition, through meetings with the Biffa Group's lender community it became clear to the Board of the Group that the Group's current level of debt was unsustainable and its financial position was not sufficiently robust to provide a sound basis for its business going forward.

Consequently, a capital restructuring arrangement, supported by the Group's 5 year plan, was implemented on the 28 January 2013 by way of a court-approved scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006. Under the Scheme, the lenders' entitlement to debts due from Biffa Group Limited and its subsidiaries were released and the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Senior Creditors of Biffa Group Ltd under a new capital debt structure. These changes do not affect the statement of financial position in Biffa Polymers Ltd.

Biffa Group Limited, which owns the entire shareholding of the company via its holdings in subsidiary undertakings, has indicated its intention in writing to continue to provide financial support to the Company to enable it to meet its debts as they fall due. The directors have therefore formed a judgement, having made enquiries 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.

Biffa Polymers Limited

Directors' report *(continued)*

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 no 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP was reappointed as auditor during the period and 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

30 Jan 2013

Biffa Polymers Limited

Statement of directors' responsibilities

for the 365 day period ended 30 March 2012

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

30 Jan

2013

Biffa Polymers Limited

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

We have audited the financial statements of Biffa Polymers Limited for the period ended 30 March 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 24. 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 30 March 2012 and of its profit for the period 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.

Biffa Polymers Limited

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 Auditor
London, United Kingdom

30 JANUARY 2013

Biffa Polymers Limited

Statement of comprehensive income for the 365 day period ended 30 March 2012

	Notes	2012 £'000	2011 £'000
Continuing operations			
Revenue	4	16,395	13,538
Cost of sales		(13,975)	*(13,013)
Gross profit		2,420	*525
Distribution costs		(28)	*(16)
Administration expenses		(1,652)	*(1,505)
Profit/(Loss) from operating activities		740	(996)
Financial income	6	16	12
Financial expenses	6	(86)	(104)
Profit/(Loss) before income tax		670	(1,088)
Income tax (charge)/credit	8	(217)	211
Profit/(Loss) for the financial period attributable to owners of the Company		453	(877)
Total comprehensive income/(loss) for the financial period		453	(877)

The accompanying notes form an integral part of the financial statements

The company has no gains or losses other than the loss shown above and therefore no separate statement of other comprehensive income has been presented

* Depreciation on plant and machinery and various other costs previously reported in administrative expenses have been reflected in cost of sales in the current period as it is considered that this better reflects their underlying nature. For consistency with the current period treatment, £3,500,000 of these expenses has been reclassified from administration expenses to cost of sales in the prior period. Similarly marketing expenses of £16,000 have been reclassified from administration expenses to distribution expenses in the prior period figures.

Biffa Polymers Limited

Statement of financial position as at 30 March 2012

	<i>Notes</i>	2012 £'000	2011 £'000
Non-current assets			
Property, plant and equipment	<i>9</i>	9,698	8,460
Deferred tax asset	<i>17</i>	903	959
Total non-current assets		10,601	9,419
Current assets			
Inventories	<i>10</i>	767	627
Trade and other receivables	<i>11</i>	3,601	2,924
Cash and cash equivalents	<i>12</i>	382	927
Total current assets		4,750	4,478
Total assets		15,351	13,897

Biffa Polymers Limited

Statement of financial position *(continued)* as at 30 March 2012

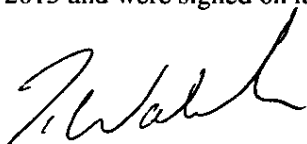
	<i>Notes</i>	2012 £'000	2011 £'000
Equity			
Issued share capital	13	-	-
Share premium		43	43
Retained earnings		(2,388)	(2,841)
Total equity		(2,345)	(2,798)
Non-current liabilities			
Interest-bearing loans and borrowings	14	890	1,588
Provisions	15	1,275	1,206
Total non-current liabilities		2,165	2,794
Current liabilities			
Interest-bearing loans and borrowings	14	698	5,312
Trade and other payables	18	14,714	8,478
Provisions	15	119	111
Total current liabilities		15,531	13,901
Total liabilities		17,696	16,695
Total equity and liabilities		15,351	13,897

Company number 02729607

The accompanying notes form an integral part of the financial statements

These financial statements were approved and authorised for issue by the board of directors on
30 JANUARY 2013 and were signed on its behalf by

I Wakeln
Director



Biffa Polymers Limited

Statement of changes in equity for the 365 day period ended 30 March 2012

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2010	-	43	(1,964)	(1,921)
Total comprehensive loss	-	-	(877)	(877)
At 31 March 2011	-	43	(2,841)	(2,798)
Total comprehensive income	-	-	453	453
At 30 March 2012	-	43	(2,388)	(2,345)

The accompanying notes form an integral part of the financial statements

Biffa Polymers Limited

Statement of cash flows for the 365 day period ended 30 March 2012

	<i>Notes</i>	2012 £'000	2011 £'000
Cash flows from operating activities			
Profit/(Loss) for the period		453	(877)
<i>Adjustments for</i>			
Net financial expenses	6	70	92
Income tax charge/(credit)	8	217	(211)
Depreciation	9	850	1,489
Loss on disposals of property, plant and equipment		-	18
		1,590	511
Change in inventories		(140)	244
Change in trade and other receivables		(677)	(385)
Change in trade and other payables		1,459	3,895
Change in provisions		77	678
		2,309	4,943
Interest received		16	12
Interest paid		(95)	(108)
Net cash generated from operating activities		2,230	4,847
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2,088)	(4,724)
Net cash used in investing activities		(2,088)	(4,724)

Biffa Polymers Limited

Statement of cash flows *(continued)* for the 365 day period ended 30 March 2012

	<i>Notes</i>	2012 £'000	2011 £'000
Cash flows from financing activities			
Payment of finance lease liabilities	<i>14</i>	(687)	(694)
Proceeds of related party loan	<i>14</i>	-	2,900
Net cash (used in)/generated from financing activities		(687)	2,206
Net (decrease)/increase in cash and cash equivalents		(545)	2,329
Cash and cash equivalents at beginning of period	<i>12</i>	927	(1,402)
Cash and cash equivalents at end of period	<i>12</i>	382	927

The accompanying notes form an integral part of the financial statements

The loan owed by Biffa Polymers Ltd to Greenstar Environmental Ltd of £4,625,000 at 31 March 2011 has been reclassified to amounts owed to related parties in trade and other payables during the period as the directors consider this better represents the nature of this item

Biffa Polymers Limited

Notes to the financial statements

1 Reporting entity

Biffa Polymers Limited ("the Company") is a company incorporated in Great Britain 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 Great Britain, 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 Great Britain, 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 critical accounting estimates are discussed in note 23.

Biffa Polymers Limited

Notes to the financial statements *(continued)*

2 Basis of preparation *(continued)*

(e) Going concern

Over the summer of 2012 it became clear that the Biffa Group (comprising Biffa Group Ltd and its subsidiaries, including Biffa Polymers Ltd) was likely to breach certain of its financial covenants, despite the operating profit of the group for the period ended 30 March 2012. In addition, through meetings with the Biffa Group's lender community it became clear to the Board of the Group that the Group's current level of debt was unsustainable and its financial position was not sufficiently robust to provide a sound basis for its business going forward.

Consequently, a capital restructuring arrangement, supported by the Group's 5 year plan was implemented on the 28 January 2013 by way of a court-approved scheme of arrangement for Biffa Group Limited pursuant to Part 26 of the Companies Act 2006. Under the Scheme, the lenders' entitlement to debts due from Biffa Group Limited and its subsidiaries were released and the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Senior Creditors of Biffa Group Ltd under a new capital debt structure. These changes do not affect the statement of financial position in Biffa Polymers Ltd.

Biffa Group Limited, which owns the entire shareholding of the company via its holdings in subsidiary undertakings, has indicated its intention in writing to continue to provide financial support to the Company to enable it to meet its debts as they fall due. The directors have therefore formed a judgement, having made enquiries 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.

Biffa Polymers Limited

Notes to the financial statements *(continued)*

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

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

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

Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(e) Financial instruments

Non-derivative financial instruments

Non derivative financial instruments comprise 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

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

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. Revenue from the sale of goods is recognised when the goods are despatched. 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

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.

Biffa Polymers Limited

Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(m) New standards and interpretations not applied

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

Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters

The amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by Improving Disclosures about Financial Instruments (Amendments to IFRS 7)

IAS 24 (2009) Related Party Disclosures

The amendments to IAS 24 have updated the definition of a related party and of a related party transaction to clarify the intended meaning and remove inconsistencies. In addition, the revised standard provides an exemption from the disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state

IAS 32 Financial Instruments: Presentation: Classification of Rights Issues

Rights issues offered for a fixed amount of foreign currency practice appeared to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement

The amendments now enable recognition of an asset in the form of prepaid minimum funding contributions

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 provides guidance on how an entity should account for transactions where a creditor agrees to accept an entity's shares or other equity instruments to settle a financial liability fully or partially in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IAS 32 Financial Instruments: Presentation

Improvements to IFRSs 2010

The amendments made to standards under the 2010 improvements of IFRSs have had no impact on the company

Biffa Polymers Limited

Notes to the financial statements *(continued)*

3 Significant accounting policies *(continued)*

(m) New standards and interpretations not applied

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

IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (amended)	Disclosures – Transfers of Financial Assets
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1(amended)	Presentation of Items in Other Comprehensive Income
IAS 12 (amended)	Deferred Tax Recovery of Underlying Assets
IAS 19 (revised)	Employee Benefits
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
IAS 32 (amended)	Offsetting financial assets and liabilities
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

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

Biffa Polymers Limited

Notes to the financial statements *(continued)*

4 Revenue

The following is an analysis of the Company's revenue by business segment

	2012	2011
	£'000	£'000
Sale of goods	16,111	13,368
Provision of services	284	170
	16,395	13,538

The following is an analysis of the Company's revenue by geographical segment

	2012	2011
	£'000	£'000
United Kingdom	15,481	13,132
Rest of Europe	914	406
	16,395	13,538

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

The average number of persons employed by the Company during the periods ended 30 March 2012 and 31 March 2011 is as follows

	2012	2011
	No.	No.
Operations	120	75
Administration	16	16
	136	91

Biffa Polymers Limited

Notes to the financial statements *(continued)*

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

Staff costs comprise	2012	2011
	£'000	£'000
Wages and salaries	3,058	2,270
Social welfare costs	279	219
Pension costs	19	33
Redundancy costs	3	23
Other staff costs	5	-
	3,364	2,545

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

Key management personnel compensation is as follows

	2012	2011
	£'000	£'000
Emoluments	28	108
Social welfare costs	3	13
Compensation for loss of office	30	-
Pension costs	-	10
	61	131

Three of the directors in office at 30 March 2012 were paid by a fellow subsidiary company in the current period (*2011 three*) The number of directors to whom retirement benefits are accruing under money purchase schemes was nil (*2011 one*) There were no loans to directors in the period ended 30 March 2012 (*2011 £nil*)

6 Financial income and expenses

	2012	2011
	£'000	£'000
Financial income		
Bank interest receivable	16	12
Financial expenses		
Finance lease interest	86	85
Bank overdraft and other interest	-	19
	86	104

Biffa Polymers Limited

Notes to the financial statements *(continued)*

7 Statutory and other information	2012 £'000	2011 £'000
Auditor's remuneration - audit	-	5
Impairment of trade receivables	(10)	60
Depreciation of property, plant and equipment		
- owned	310	582
- leased	540	907
Operating lease rentals		
- premises	170	123
- other	281	69
Loss on disposal of property, plant and equipment	-	18

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

8 Income tax charge/(credit)	2012 £'000	2011 £'000
Recognised in the income statement		
<i>Current tax</i>		
Current period	276	119
Prior period adjustment	(115)	-
Total current tax charge	161	119
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(89)	(420)
Prior period adjustment	70	16
Effect of change in rate	75	74
Total deferred tax charge/(credit)	56	(330)
Total income tax charge/(credit)	217	(211)

Biffa Polymers Limited

Notes to the financial statements *(continued)*

8 Income tax charge/(credit)*(continued)*

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

	2012 £'000	2011 £'000
Profit/(Loss) before income tax	670	(1,088)
Tax on profit/(loss) before income tax at standard UK corporation tax rate of 26% (2011 28%)	174	(305)
<i>Effects of</i>		
Expenses not deductible for tax purposes	13	4
Prior period adjustment	(45)	16
Effect of change in rate	75	74
Total income tax charge/(credit) for the period	217	(211)

Legislation reducing the main rate of corporation tax from 26% to 24% with effect from 1 April 2012 was substantively enacted during the period. Accordingly, current tax has been provided for at a rate of 26% and deferred tax has been provided for at a rate of 24% in these financial statements. A reduction to the main rate of corporation tax of 1% to 23% with effect from 1 April 2013 has been substantively enacted after the end of the period. Further reductions to the main rate of corporation tax to 22%, with effect from 1 April 2013 and 21% with effect from 1 April 2014 have also been announced by government but have not yet been substantively enacted. The effect of these two rate reductions have not been reflected in these financial statements.

Biffa Polymers Limited

Notes to the financial statements *(continued)*

9 Property, plant and equipment

	Assets in the course of construction	Land and buildings leasehold	Plant and machinery	Computers	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2010 restated*	861	20	6,477	82	17	7,457
Additions restated*	4,232	119	575	28	4	4,958
Disposals	-	-	(40)	(6)	(3)	(49)
At 31 March 2011 restated*	5,093	139	7,012	104	18	12,366
Additions	1,926	-	157	5	-	2,088
At 30 March 2012	7,019	139	7,169	109	18	14,454
Depreciation						
At 1 April 2010	-	16	2,362	61	9	2,448
Charge for the period	-	4	1,466	12	7	1,489
Disposals	-	-	(25)	(5)	(1)	(31)
At 31 March 2011	-	20	3,803	68	15	3,906
Charge for the period	-	12	822	14	2	850
At 30 March 2012	-	32	4,625	82	17	4,756
Carrying amounts						
At 1 April 2010 restated	861	4	4,115	21	8	5,009
At 31 March 2011 restated	5,093	119	3,209	36	3	8,460
At 30 March 2012	7,019	107	2,544	27	1	9,698

* The prior period cost figures have been restated to separately disclose assets in the course of construction

Biffa Polymers Limited

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

	2012 £'000	2011 £'000
At beginning of period	2,188	2,864
Additions	-	234
Disposals	-	(3)
Depreciation for period	(540)	(907)
At end of period	1,648	2,188

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

Biffa Polymers Limited

Notes to the financial statements *(continued)*

10 Inventories	2012	2011
	£'000	£'000
Consumables	546	429
Finished goods	221	198
	767	627

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 period was £7,693,000 (2011: £7,254,000)

11 Trade and other receivables

	2012	2011
	£'000	£'000
Trade receivables (<i>see note 19 d</i>)	3,488	2,766
Other receivables and prepayments	108	158
Amounts due from related parties	5	-
	3,601	2,924

12 Cash and cash equivalents

	2012	2011
	£'000	£'000
Bank balances, being cash and cash equivalents	382	927
Cash and cash equivalents in the cash flow statement	382	927

Biffa Polymers Limited

Notes to the financial statements *(continued)*

13 Share capital	No. of shares	2012 £	No of shares	2011 £
<i>Authorised</i>				
Ordinary shares of £1 each				
At beginning and end of period	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 period	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.

	2012 £'000	2011 £'000
Non-current liabilities		
Finance lease obligations (11)	890	1,588
	890	1,588
	2012 £'000	2011 £'000
Current liabilities		
Finance lease obligations (11)	698	687
Related party loan (1) (a)	-	4,625
	698	5,312

Biffa Polymers Limited

Notes to the financial statements *(continued)*

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

<i>(i) Bank, inter-group and related party borrowings</i>	2012 £'000	2011 £'000
Due within one year	-	4,625
	-	4,625

- (a) Loans due to Greenstar Environmental Limited, a fellow group company, are interest-free, unsecured and repayable on demand. The loan owed by Biffa Polymers Ltd to Greenstar Environmental Ltd of £4,625,000 at 31 March 2011 has been reclassified to amounts owed to related parties in trade and other payables during the period as the directors consider this better represents the underlying nature of this balance.

(ii) Finance lease obligations

	2012 £'000	2011 £'000
Due within one year	698	687
Between one and five years	890	1,588
	1,588	2,275

15 Provisions	Grants £'000	Restoration £'000	Total £'000
At 31 March 2011	1,111	206	1,317
Grants received	77	-	77
At 30 March 2012	1,188	206	1,394

	2012 £'000	2011 £'000
Current	119	111
Non-current	1,275	1,206
	1,394	1,317

Biffa Polymers Limited

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. 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 period to 30 March 2012 were £19,000 (2011 £33,000). Pension costs outstanding at 30 March 2012 were £2,000 (2011 £2,000).

17 Deferred tax assets and liabilities

	2012		2011	
	Assets	Total	Assets	Total
	£'000	£'000	£'000	£'000
Fixed asset timing differences	843	843	717	717
Tax value of tax losses carried forward recognised	-	-	230	230
Other timing differences	60	60	12	12
	<u>903</u>	<u>903</u>	<u>959</u>	<u>959</u>

Biffa Polymers Limited

Notes to the financial statements (continued)

17 Deferred tax assets and liabilities (continued)

The movement in temporary differences during the period was as follows

	Fixed Asset timing differences £'000	Losses forward £'000	Other timing differences £'000	Total £'000
At 1 April 2010	359	248	22	629
Recognised in income (see note 8)	358	(18)	(10)	330
At 31 March 2011	717	230	12	959
Recognised in income (see note 8)	126	(230)	48	(56)
At 30 March 2012	843	-	60	903

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

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

18 Trade and other payables

	2012 £'000	2011 £'000
Trade payables (see note 19e)	1,463	1,874
Other payables and accruals	839	674
Social security and PAYE	-	68
VAT payable	387	279
Amounts owed to related parties	11,749	5,464
Group Relief	276	119
	14,714	8,478

The related party loan owed by Biffa Polymers Ltd to Greenstar Environmental Ltd of £4,625,000 at 31 March 2011 has been reclassified to amounts owed to related parties in trade and other payables during the period as the directors consider this better represents the underlying nature of this balance.

Biffa Polymers Limited

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:

30 March 2012	Loans and receivables £'000	Liabilities at amortised cost £'000	Carrying value £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	382	-	382	382
Trade and other receivables (note 11)	3,601	-	3,601	3,601
Financial liabilities				
Interest-bearing loans and Borrowings (note 14)	-	(1,588)	(1,588)	(1,590)
Trade and other payables (note 18)	-	(14,714)	(14,714)	(14,714)
	<u>3,983</u>	<u>(16,302)</u>	<u>(12,319)</u>	<u>(12,321)</u>

Biffa Polymers Limited

Notes to the financial statements *(continued)*

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

(b) Financial assets and liabilities *(continued)*

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>

(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

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	2012	2011
	£'000	£'000
Cash and cash equivalents	382	927
Trade and other receivables (excluding prepayments)	3,493	2,766
	3,875	3,693

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:

	2012	2011
	£'000	£'000
United Kingdom	3,322	2,708
Rest of Europe	205	58
	3,527	2,766

Biffa Polymers Limited

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 £825,000 of the trade receivables carrying amount at 30 March 2012 *(2011 £857,000)*

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

	2012		2011	
	Gross £'000	Impairment £'000	Gross £'000	Impairment £'000
Not past due	2,127	(21)	1,506	-
Past due 0 – 30 days	1,063	(11)	948	-
Past due 31 – 120 days	338	(7)	292	-
Past due 121 days – one year	-	-	70	(50)
Past due more than 1 year	(1)	-	-	-
Impaired assets	-	-	-	-
	<u>3,527</u>	<u>(39)</u>	<u>2,816</u>	<u>(50)</u>

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 period was as follows

	2012 £'000	2011 £'000
At beginning of period	50	71
Impairment (reversed)/recognised	(10)	60
Bad debts written off	(1)	(81)
	<u>39</u>	<u>50</u>

Biffa Polymers Limited

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 in writing 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

30 March 2012

	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 <i>(note 14)</i>	(1,588)	(1,671)	(755)	(916)	-
Trade and other payables <i>(note 18)</i>	(14,714)	(14,714)	(14,714)	-	-
	<u>(16,302)</u>	<u>(16,385)</u>	<u>(15,469)</u>	<u>(916)</u>	<u>-</u>

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>

Biffa Polymers Limited

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 period ended 30 March 2012 or the year ended 31 March 2011 to manage exposures to interest rate risks.

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

	2012 £'000	2011 £'000
Variable rate assets	382	927
Fixed rate liabilities	(148)	(4,842)
Variable rate liabilities	(1,440)	(2,058)
	(1,206)	(5,973)

Biffa Polymers Limited

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

2012	Effective interest rate	Total £'000	< 1 year £'000	1-5 years £'000	Over 5 years £'000
Financial assets					
Cash and cash equivalents	0.25 %	382	382	-	-
		<u>382</u>	<u>382</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Finance lease liabilities	4.12-10.09 %	(1,588)	(698)	(890)	-
		<u>(1,588)</u>	<u>(698)</u>	<u>(890)</u>	<u>-</u>
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>

Biffa Polymers Limited

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 30 March 2012 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 £11,000 (2011 £26,000)

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 £767,000 at 30 March 2012 (2011 £627,000).

Sensitivity analysis

At 30 March 2012 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 £263 (2011 £380).

Biffa Polymers Limited

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

	Other*	2012 Premises	Total	Other*	2011 Premises	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	165	148	313	79	148	227
Between one and five years	583	594	1,177	174	198	372
More than five years	-	668	668	-	-	-
	<u>748</u>	<u>1,410</u>	<u>2,158</u>	<u>253</u>	<u>346</u>	<u>599</u>
	<u><u>748</u></u>	<u><u>1,410</u></u>	<u><u>2,158</u></u>	<u><u>253</u></u>	<u><u>346</u></u>	<u><u>599</u></u>

* Principally plant and machinery

(ii) Capital commitments

The Company had the following capital commitments

	2012 £'000	2011 £'000
Contracted for	<u>11</u>	<u>230</u>

Biffa Polymers Limited

Notes to the financial statements *(continued)*

21 Control of the Company and related party transactions

(i) Parent and ultimate controlling party

As at 30 March 2012, the Company is a 100% owned subsidiary of Greenstar UK Holdings Limited, a company incorporated in Great Britain Biffa Group Limited, a company ultimately controlled by Montagu Private Equity and Global Infrastructure Partners, owns the entire shareholding of the company via its holdings in subsidiary undertakings

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

Notes to the financial statements *(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 periods, 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	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Wespack Ltd (a)	(20)	(170)	733	753
Wespack Ltd (b)	-	-	200	-
Greenstar Environmental Ltd (c)	2,044	124	9,901	4,711
Greenstar Environmental Ltd (d)	(10)	(19)	-	-
Greenstar Environmental Ltd (e)	-	1,674	-	-
Greenstar Environmental Ltd (f)	-	(5)	-	-
Greenstar Environmental Limited (g)	-	-	375	4,625
Greenstar Environmental Limited (h)	(115)	-	4	-
Biffa Waste Services Ltd (i)	(31)	-	(5)	-
Biffa Waste Services Ltd (j)	2,668	-	536	-
Group relief (k)	276	119	276	119
			12,020	10,208

- (a) Costs incurred by the Company on behalf of its subsidiary, Wespack Ltd were recharged to it during the current period and prior period. These balances are interest-free and repayable on demand.
- (b) Wespack Ltd advanced excess cash to the company during the year for treasury management purposes. This balance is interest-free and repayable on demand.
- (c) Costs incurred by Greenstar Environmental Ltd, a fellow subsidiary of Greenstar UK Holdings Limited, on behalf of the Company were recharged to it during the current period and prior period. These balances are interest-free and repayable on demand.
- (d) Costs incurred by the Company on behalf of Greenstar Environmental Limited were recharged to it during the current period.
- (e) Purchases of recycling materials and services were made from Greenstar Environmental Ltd on an arm's length basis during the prior year. These balances are interest-free and repayable on demand.
- (f) Recycling materials and services were sold to Greenstar Environmental Ltd, on an arm's length basis in the prior year. These balances are interest-free and repayable on demand.
- (g) The Company was advanced excess cash by Greenstar Environmental Limited during the prior period and returned excess cash to Greenstar Environmental Limited during the current period, for treasury management purposes. This balance is unsecured, interest-free and repayable on demand.

Biffa Polymers Limited

Notes to the financial statements *(continued)*

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

(iii) Transactions with related parties and outstanding balances (continued)

- (h) In the prior period, the company was charged for group relief surrendered to it from the previous year by other group companies. These amounts have been revised during the current period (see note 8) and have been transferred to the balance owed to Greenstar Environmental Limited. These balances are interest-free and repayable on demand.
- (i) Recycling materials and services were sold to Biffa Waste Services Ltd, a fellow subsidiary of Biffa Group Ltd on an arm's length basis in the current and prior years. These balances are interest-free and repayable on demand.
- (j) Purchases of recycling materials and services were made from Biffa Waste Services Ltd on an arm's length basis during the current and prior years. These balances are interest-free and repayable on demand.
- (k) In the current and prior periods the company was charged for group relief surrendered to it by other group companies. These balances are interest-free and repayable on demand.

The related party balances outstanding are presented in the financial statements as

	Balance outstanding	
	2012	2011
	£'000	£'000
Amounts due from related parties in trade and other receivables <i>(note 11)</i>	(5)	-
Loans due to related parties in interest-bearing loans and other borrowings <i>(note 14)</i>	-	4,625
Amounts due to related parties in trade and other payables <i>(note 18)</i>	11,749	5,464
Group relief in trade and other payables <i>(note 18)</i>	276	119
	12,020	10,208

Biffa Polymers Limited

Notes to the financial statements *(continued)*

22 Subsidiaries

At 30 March 2012, the Company had the following subsidiaries

Held directly

Name	Activity	Domiciled	Ownership
Wespack Limited	Packaging compliance	UK	100%

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.

Biffa Polymers Limited

Notes to the financial statements (*continued*)

24 Post balance sheet events

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

The scheme of arrangement implemented a restructuring of the BGL Group whereby the Group's businesses and undertakings is now under the new ownership of a number of its senior lenders. The restructuring enables the restructured Biffa group to enjoy a stronger capital foundation by having fewer finance liabilities (as the group's total external debt decreased from £1.2 billion as at the date of the scheme of arrangement to £520m) and new financing arrangements on improved terms, including the provision of new money to make investments in the business going forward. The restructured debt will be held by the Company's new parent companies and will be secured by BGL through loan notes.

As part of the restructuring, BGL's immediate parent, Wasteshareholderco2, released BGL and its subsidiaries from all of the intercompany debt owed by BGL and its subsidiaries to Wasteshareholderco2 and subscribed for additional ordinary share capital in BGL in consideration for the payment of £5.875 million in cash. Wasteshareholderco2 subsequently transferred the entire issued share capital of BGL to WasteHoldco3 Ltd for a nominal amount.

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