

Biffa Polymers Limited
Annual Report and Financial Statements
For the 53 weeks ended 30 March 2018

Company number: 02729607

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Biffa Polymers Limited
Company Information

Registered office

Coronation Road
Cressex Business Park
High Wycombe
Buckinghamshire
HP12 3TZ

Directors

M Topham
R Pike
Biffa Corporate Services Limited

Registered auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Biffa Polymers Limited
Annual Report and Financial Statements
For the 53 weeks ended 30 March 2018

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Biffa Polymers Limited
Strategic Report
For the 53 weeks ended 30 March 2018

The Directors present here a strategic review of the business of Biffa Polymers Limited (the Company) for the 53 week period ended 30 March 2018. This contains certain forward looking statements with respect to the financial condition, results, operations and business of the Company. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts.

Review of the business

The Company operates in the UK waste and recycling industry and is a member of a group of companies owned by Biffa Plc (the Biffa Group).

The Company operates a state of the art plastics reprocessing facility, providing tailored solutions for plastics converters and consumers whilst minimising the effects on the environment. It has the world's first food grade recycled High Density Polyethylene (HDPE) plant that recycles used milk bottles back into useable milk bottles. The Company also recovers Polypropylene-rich materials from a mixed recycling waste stream and converts them into a clean, washed regrind flake ready to be used in a range of applications in the agricultural, automotive and packaging sectors.

The installation of a second food grade HDPE plant was completed and successfully commissioned in 2017 ahead of schedule. The new line has exceeded production targets, resulting in a short-term increase in stock levels whilst the customer portfolio is being developed. For a detailed review of the Company's position refer to the Balance Sheet on page 10.

Future developments

The Company is continuing the development of new processes, alternate technologies and products.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's long term performance. These risks and uncertainties are monitored by the Directors on a regular basis.

The Directors and management team consider the risk implications of all significant business decisions and risks are reassessed on a regular basis to ensure that any changes in the Company's operations, or the external environment, are identified and appropriately managed.

The Company also faces a number of financial risks in the ordinary course of business, including credit risk, liquidity risk, operational risk, and market risk (interest rate risk and price risk). The most significant exposure relates to credit risk.

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.

Biffa Polymers Limited
Strategic Report (continued)
For the 53 weeks ended 30 March 2018

Principal risks and uncertainties (continued)

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.

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.

Trade debtors are monitored by geographic region and by customer. At the Balance Sheet date there were no significant concentrations of credit risk.

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(e), the Company's parent undertaking has indicated its intention in writing to continue to provide financial support to the Company.

Obligations under finance leases are secured on related assets.

Operational Risk

The Company is dependent on sourcing sufficient quantities of high grade material feedstock to keep its plant operating at high enough capacity to maintain its operating margins. The operational performance depends on the use of technology which may fail to meet expectations. To mitigate this risk the Company makes significant investment in new technologies and keeps abreast of developments in the market by maintaining good relationships with both its suppliers and customers and regularly reviews its service offerings to ensure they are fully compliant and meet the needs of its customers.

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 finance leases and intercompany payables. These are at a fixed rate and therefore not subject to short term fluctuations. The Company had no derivative financial instruments in place during the period ended 30 March 2018 or the period ended 24 March 2017 to manage exposures to interest rate risks.

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 (Packaging Recovery Notes) 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 £4.4m at 30 March 2018 (2017: £1.6m).

Biffa Polymers Limited
Strategic Report (continued)
For the 53 weeks ended 30 March 2018

Employee engagement

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

The Company puts employee engagement at the heart of its people strategy and plans and the Group remains committed to further increasing employee engagement. Currently at 53% the Group is 3 percentage points behind the UK average and within 13 percentage points of the upper quartile threshold. Although engagement levels reduced by 3 percentage points in 2018, over the last seven years there has been an average improvement of 3.7 percentage points annually, and remain ahead of our strategic target of 3 percentage points increase per year. Importantly employee engagement has informed our people strategy, particularly in the area of development and as a result we have invested significantly more in both technical training and management development.

The Company is committed to the continual development of the skills and knowledge and behaviours of its people, providing statutory and safety related training, quality role specific personal development programmes, 'core skills' and management capability building programmes. Opportunities for continual professional development are offered through a variety of approaches, including classroom based training, e-learning and on the job coaching and assignment to projects.

The Company promotes meritocracy, endeavouring to fill internal vacancies by internal appointments wherever possible. It builds constructive relationships with recognised trade unions and safeguards equality of opportunity and respect for colleagues in the workplace through its policies and practices.

It is the policy of the Company to give full consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities and to provide for the training, career development and promotion of disabled persons employed by the Company and the Biffa Group. The Company and the Biffa Group will endeavour to retain employees who become disabled during their employment and will provide for retraining where possible to allow such employees to fulfil their potential.

Key performance indicators

The key performance indicators focused on by management include:

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000	Movement %
Revenue	28,095	20,314	38.3%
EBIT	2,989	376	695.0%
EBIT margin	10.6%	1.8%	
Profit for the period	2,870	59	4,764.4%

The improved EBIT and EBIT margin is due to the second food grade HDPE plant installation noted in the Review of the Business on page 1 together with other operational improvements in the year.

Approved by the Board of Directors and signed on behalf of the Board;



R Pike
Director
1 February 2019

Biffa Polymers Limited
Directors' Report
For the 53 weeks ended 30 March 2018

Directors: M Topham
R Pike
Biffa Corporate Services Limited

The Directors present their Directors' Report together with the audited Financial Statements of the Company for the 53 week period ended 30 March 2018.

Results and dividends

The results for the period are set out on page 9.

There was no dividend paid during the period (2017: £nil). The Directors do not recommend the payment of a dividend for the period ended 30 March 2018.

Financial risk management and exposure

The principle financial risks and risk management strategies are detailed in the Strategic Report on page 1 and 2.

FRS 101 reduced disclosure framework

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

Directors and Company Secretary

The following changes to the board of Directors during the 53 weeks to 30 March 2018 and up until the date of this report are detailed below:

I Wakelin resigned as Director on 28 September 2018
M Topham appointed as Director on 28 September 2018
R Pike appointed as Director on 28 September 2018
R Hambrook appointed as Company Secretary on 28 September 2018

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3.

The Company is managed as part of the Biffa Group. The Biffa Group has committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements.

Biffa plc which owns the entire shareholding of the Company via its holdings in subsidiary undertakings has indicated its written intention to continue to provide financial support to the Company to enable it to meet its debts as they fall due for a minimum of one year following the signing date.

After considering the above and making enquiries, the Directors have a reasonable expectation that the Company is well placed to manage its business risks successfully, and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Biffa Polymers Limited
Directors' Report (continued)
For the 53 weeks ended 30 March 2018

Disclosure of information to auditor

Each of the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as Directors 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 (the Act).

Directors' indemnities

The Company has made qualifying third party provisions (as defined in the Act) for the benefit of its Directors. These provisions remain in force at the date of this Annual Report.

In accordance with the Company's articles, and to the extent permitted by law, the Company may indemnify its Directors out of its own funds to cover liabilities arising as a result of their office. The Group holds Directors' and Officers' Liability Insurance cover for any claim brought against Directors or Officers for wrongful acts in connection with their positions, but the cover does not extend to claims arising from dishonesty or fraud.

Auditor

Deloitte LLP was reappointed as auditor during the period and pursuant to Section 487 of the Act, the auditor will be deemed to be reappointed and Deloitte LLP, Statutory Auditor, will therefore continue in office.

Approved and signed on behalf of the Board;

A handwritten signature in black ink, appearing to be 'R Pike', with a large, sweeping initial 'R' and a smaller 'Pike' written below it.

R Pike
Director

1 February 2019

Biffa Polymers Limited
Statement of Directors' Responsibilities
For the 53 weeks ended 30 March 2018

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 period. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the Directors must not approve the Financial Statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

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

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

Biffa Polymers Limited
Independent Auditor's Report to the Members of Biffa Polymers Limited
For the 53 weeks ended 30 March 2018

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 March 2018 and of its profit for the period of 53 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Biffa Polymers Limited
Independent Auditor's Report to the Members of Biffa Polymers Limited (continued)
For the 53 weeks ended 30 March 2018

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

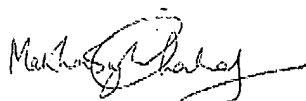
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Makhan Chahal, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
1 February 2019

Biffa Polymers Limited
Profit and Loss Account
For the 53 week period ended 30 March 2018

	Notes	53 weeks to 30 March 2018	52 weeks to 24 March 2017
		£'000	£'000
Continuing operations			
Turnover	4	28,095	20,314
Cost of sales		(23,197)	(18,905)
Gross profit		4,898	1,409
Administration expenses		(1,909)	(1,160)
Distribution costs		-	(22)
Other income: government grants		-	149
Profit from operating activities	5	2,989	376
Interest receivable & similar income		1	2
Interest payable & similar expenses		(7)	(7)
Profit before taxation		2,983	371
Taxation	6	(113)	(312)
Profit for the period		2,870	59

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

The Company has no income and expenses other than the profit/(loss) above and therefore no separate Statement of Other Comprehensive Income has been presented.

There is no material difference between the result for the period stated above and its historical cost equivalents.

Biffa Polymers Limited
Balance Sheet
As at 30 March 2018

	Notes	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Non-current assets			
Tangible assets	8	1,705	1,911
Deferred tax asset	9	1,429	1,542
		<u>3,134</u>	<u>3,453</u>
Current assets			
Stocks	10	4,384	1,568
Debtors	11	11,047	10,632
Cash at bank and in hand		1,766	387
		<u>17,197</u>	<u>12,587</u>
Total current assets		<u>17,197</u>	<u>12,587</u>
Creditors: amounts falling due within one year	12	<u>(23,508)</u>	<u>(22,007)</u>
Net current liabilities		<u>(6,311)</u>	<u>(9,420)</u>
Total assets less current liabilities		<u>(3,177)</u>	<u>(5,967)</u>
Creditors: amounts falling due after more than one year	13	(138)	(218)
Provisions for liabilities	14	<u>(206)</u>	<u>(206)</u>
Net liabilities		<u>(3,521)</u>	<u>(6,391)</u>
Capital and reserves			
Called up share capital	15	-	-
Share premium		43	43
Profit and loss account		<u>(3,564)</u>	<u>(6,434)</u>
Total shareholder's deficit		<u>(3,521)</u>	<u>(6,391)</u>

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 Directors on 1 February 2019 and were signed by:



R Pike
Director

Biffa Polymers Limited
Statement of Changes in Equity
For the 53 week period 30 March 2018

	Called up share capital £'000 (note 15)	Share premium £'000	Profit and loss account £'000	Called up share capital £'000
At 25 March 2016	-	43	(6,493)	(6,450)
Total comprehensive expense	-	-	59	59
At 24 March 2017	-	43	(6,434)	(6,391)
Total comprehensive income	-	-	2,870	2,870
At 30 March 2018	-	43	(3,564)	(3,521)

Biffa Polymers Limited
Notes to the Financial Statements
For the 53 weeks ended 30 March 2018

1 Reporting entity

Biffa Polymers Limited is a private company, limited by shares, incorporated in the United Kingdom under the Act and is registered in England and Wales. The Company's registered address is shown on the Company Information page.

2 Basis of preparation

(a) Statement of compliance

The Financial Statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework issued by the Financial Reporting Council. The Company adopted FRS 101 Reduced Disclosure Framework to take advantage of the reduced disclosures available as the Company meets the definition of a qualifying entity.

As permitted by FRS 101, exemptions from applying the following requirements have been adopted:

- a) IFRS 7 'Financial Instruments: Disclosures';
- b) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 38 (requirement to present comparative information), 39(c) and 134-136;
- c) IAS 16 'Property, Plant and Equipment' paragraph 73(e)
- d) IAS 7 'Statement of Cash Flows';
- e) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- f) IAS 24 'Related Party Disclosures' paragraph 17, and the Company has also taken advantage of the exemption from the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Biffa Group Limited
- g) IAS 36 'Impairment of Assets' paragraphs 134(d)-(f) and 135(c)-(e)

The adoption of the amendments to IFRSs and new interpretations that are mandatorily effective during the year has not had any material impact on the disclosures or on the amounts being reported.

The Financial Statements for 2018 have been prepared for the 53-week period ended 30 March 2018. The prior year was a 52-week period, to 24 March 2017. The upcoming year will also be a 52-week period, up to 29 March 2019.

Whilst the current period incorporated an additional week of trading, it included nine public holidays, whereas the prior period included seven public holidays. We consider these two factors offset one another to the extent that the results for the two periods are directly comparable without the need for adjustments.

(b) Measurement

The Financial Statements have been prepared on the historical cost basis.

(c) Consolidation

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

(d) Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and 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 that have significant effect on the Financial Statements and critical accounting estimates are discussed below.

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

The Company has no key sources of estimation uncertainty

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

2 Basis of preparation (continued)

(e) Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3.

The Company is managed as part of the Biffa Group. The Biffa Group have committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements.

Biffa plc which owns the entire shareholding of the Company via its holdings in subsidiary undertakings has indicated its written intention to continue to provide financial support to the Company to enable it to meet its debts as they fall due for a minimum of 52 weeks following the signing date.

After considering the above and making enquiries, the Directors have a reasonable expectation that the Company is well placed to manage its business risks successfully, and have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

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 Financial Statements are presented in Sterling, which is also the Company's functional currency. Items included in the Financial Statements of the Company 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.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

3 Significant accounting policies (continued)

(b) Tangible fixed assets

(i) Owned assets

Tangible fixed assets 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.

When parts of an item of have different useful lives, those components are accounted for as separate items of tangible fixed assets.

(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 expensed to the Profit and Loss Account over the period of the lease to produce a constant rate of expense 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 tangible fixed assets 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 Profit and Loss Account as an expense as incurred.

(iv) Depreciation

Depreciation is provided on all tangible fixed assets 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:

Leasehold property	shorter of life of lease or 10 years
Plant and machinery	3 to 10 years
Computers	3 to 4 years
Fixtures and fittings	4 to 10 years

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

(c) Impairment

The carrying amounts of the Company's assets, other than stocks (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.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

3 Significant accounting policies (continued)

(c) Impairment (continued)

(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.

(d) Stocks

Stocks 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.

(e) Financial instruments

Non-derivative financial instruments

Non derivative financial instruments comprise trade and other debtors, cash at bank and in hand, borrowings, trade and other creditors and amounts due to related parties. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual rights to the cash flows from the financial assets expire, are extinguished or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the 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) Trade and other debtors

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

(ii) Cash at bank and in hand

Cash at bank and in hand 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 at bank and in hand.

(iii) Trade and other creditors and amounts due to related parties

Trade and other creditors and amounts due to related parties are stated at their expected settlement amount.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

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.

(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) Turnover

Turnover represents the fair value of goods and services delivered to customers in the normal course of business, net of trade discounts and VAT. Turnover 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 Profit and Loss Account 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) Interest payable and interest receivable

Interest payable and interest receivable comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses and gains that are recognised in the profit and loss and the unwinding of discounts on provisions.

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

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)
For the 53 weeks ended 30 March 2018

3 Significant accounting policies (continued)

(k) Taxation

Income tax on the profit for the period 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 period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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.

(m) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

4 Turnover

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

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000
Sale of goods	26,024	19,260
Provision of services	2,071	1,054
	28,095	20,314

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

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000
United Kingdom	25,419	16,721
Rest of European Union	2,674	3,593
Rest of World	2	-
	28,095	20,314

5 Profit from operating activities

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000
Impairment of trade debtors	11	2
Depreciation of tangible fixed assets (note 8)		
- owned	650	1,373
- leased	158	137
Operating lease rentals		
- premises	227	305
- other	438	259
Profit on disposal of fixed assets	-	43
Stock consumed during the period	9,800	7,144
Foreign exchange loss	31	10

Auditor's remuneration of £8,000 (2017: £3,000) was borne by Biffa Waste Services Limited, a fellow group undertaking during the current and prior period. There were no non-audit fees (2017: £nil). All operating leases are held by Biffa Waste Services Limited and recharged to the Company. The Financial Statements for that Company can be obtained from the registered office at Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

6 Taxation

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000
Recognised in the Profit and Loss Account		
Current tax:		
Current period	-	-
Prior period adjustment	-	51
	-	51
Total current tax expense		
Deferred tax:		
Origination and reversal of temporary differences	256	302
Prior period adjustment	(116)	4
Effect of change in rate	(27)	(45)
	113	261
Total deferred tax expense		
	113	312
Taxation	113	312

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:

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000
Profit before taxation	2,983	371
Taxation on loss before income tax at standard rate		
UK corporation tax rate of 19% (2017: 20%)	567	74
Effects of:		
Expenses not deductible for tax purposes	13	(11)
Prior period adjustment	(116)	54
Effect of change in rate	(27)	(45)
Group relief	(324)	240
	113	312
Taxation	113	312

Finance (No.2) Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was enacted on 15 September 2016. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at the Balance Sheet date have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

7 Staff Costs

The average monthly number of persons employed by the Company during the period is as follows:

	53 weeks to 30 March 2018 No.	52 weeks to 24 March 2017 No.
Operations	93	87
Administration	25	20
	118	107

Staff costs comprise:

	53 weeks to 30 March 2018 £'000	52 weeks to 24 March 2017 £'000
Wages and salaries	3,713	3,120
Social welfare costs	335	274
Pension costs	53	43
	4,101	3,437

Directors' emoluments during the current and prior periods were paid by Biffa plc and no amounts were allocated to the Company. These can be referenced from the consolidated Financial Statements of Biffa plc, as detailed in note 21. The Directors are not accruing retirement benefits under money purchase schemes in the current or prior period. There were no loans to the Directors in the current or prior period.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

8 Tangible fixed assets

	Land and buildings short leasehold	Plant and machinery	Fixtures and fittings	Computers	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 24 March 2017	288	11,442	35	106	11,871
Additions	27	572	-	-	599
Disposals	-	(7)	-	-	(7)
Reclassifications	76	(76)	-	-	-
Transfers*	-	9	-	-	9
At 30 March 2018	391	11,940	35	106	12,472
Depreciation					
At 24 March 2017	(163)	(9,657)	(34)	(106)	(9,960)
Expense for the period	(64)	(743)	(1)	-	(808)
Disposals	-	7	-	-	7
Transfers	-	(6)	-	-	(6)
At 30 March 2018	(227)	(10,399)	(35)	(106)	(10,767)
Carrying amounts					
At 30 March 2018	164	1,541	-	-	1,705
At 24 March 2017	125	1,785	1	-	1,911

* Transfers includes the transfer of assets from other group companies

The Directors do not consider the remaining useful lives of tangible fixed assets 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 net carrying amount of leasehold equipment was £216,000 (2017: £308,000), with a depreciation expense of £94,000 (2017: £90,000) in the period.

Obligations under finance leases are secured on related assets.

9 Deferred tax asset

	As at 30 March 2018		As at 24 March 2017	
	Assets	Total	Assets	Total
	£'000	£'000	£'000	£'000
Fixed asset timing differences	1,387	1,387	1,535	1,535
Other timing differences	42	42	7	7
	<u>1,429</u>	<u>1,429</u>	<u>1,542</u>	<u>1,542</u>

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

9 Deferred tax asset (continued)

The movement in temporary differences during the period was as follows:

	Fixed asset timing differences £'000	Other timing differences £'000	Total £'000
At 24 March 2017	1,535	7	1,542
Recognised in profit and loss (note 7)	(148)	35	(113)
At 30 March 2018	1,387	42	1,429

10 Stocks

	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Consumables	1,117	830
Finished goods	3,267	738
	4,384	1,568

In the opinion of the Directors, there is no material difference between the carrying values of the Company's stocks and the fair value less costs to sell. The total amount of stock recognised as an expense during the period was £9,800,000 (2017: £7,144,000).

11 Debtors

	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Amounts falling due in less than one year		
Trade debtors	4,744	4,100
Other debtors & prepayments	49	237
Current tax receivable	8	49
Amounts due from other group undertakings	6,246	6,246
	11,047	10,632

Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

12 Creditors: amounts falling due within one year

	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Trade creditors	2,027	1,346
Other creditors and accruals	1,138	1,156
Taxation and social security	203	29
Obligations under finance leases and hire purchase contracts (note 17)	80	89
Amounts due to other group undertakings	19,011	18,338
Amounts due to subsidiary undertakings	1,049	1,049
	<u>23,508</u>	<u>22,007</u>

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

13 Creditors: amounts falling due after more than one year

	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Obligations under finance leases and hire purchase contracts (note 17)	138	218

14 Provision for liabilities

	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Restoration provision	206	206

The provision relates to management's best estimate of expected dilapidation costs to be incurred at the end of a contract and is not expected to be payable until 2020.

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

15 Called Up Share capital

	As at 30 March 2018		As at 24 March 2017	
	No. of shares	£	No. of shares	£
Ordinary shares of £1 each				
At beginning and end of period	100,000	100,000	100,000	100,000
Issued and fully paid				
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 GS UK Holdings 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.

16 Obligations under finance leases and hire purchase contracts

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

	Present value of minimum lease payments		Minimum lease payments	
	As at 30 March 2018 £'000	As at 24 March 2017 £'000	As at 30 March 2018 £'000	As at 24 March 2017 £'000
Amounts payable under finance leases				
Due in less than one year	80	89	99	110
Between one and two years	63	80	80	99
Between two and five years	75	138	88	169
Due in more than one year	138	218	168	268
	218	307	267	378
Less future expenses	-	-	(49)	(71)
Present value of lease obligations	218	307	218	307

Biffa Polymers Limited
Notes to the Financial Statements (continued)
For the 53 weeks ended 30 March 2018

16 Obligations under finance leases and hire purchase contracts (continued)

The average lease term is 5 years. For the period ended 30 March 2018, the effective borrowing rate was 8.5% (2017: 7.0%). All lease obligations are denominated in Sterling.

17 Commitments and guarantees

(i) Operating lease commitments

Total commitments payable under non cancellable operating leases are as follows:

	Premises	
	As at	As at
	30 March	24 March
	2018	2017
	£'000	£'000
Less than one year	181	162
Between one and five years	243	381
	424	543

(ii) Capital commitments

The Company had no capital commitments at 30 March 2018 (2017: £nil)

18 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 ended 30 March 2018 were £53,000 (2017: £43,000). Pension costs outstanding at 30 March 2018 were £10,000 (2017: £2,000).

19 Parent and ultimate controlling party

The Company is a 100% owned subsidiary of Biffa GS UK Holdings Limited, a Company incorporated in the United Kingdom.

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