Biffa Polymers Limited

Director's report and
financial statements

52 week period ended 29 March 2013

Registered number 02729607

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Biffa Polymers Limited

Director's report and financial statements

Contents *Page*

Biffa Polymers Limited

Director's report

The director presents his annual report together with the audited financial statements of the Company for the 52 week period ended 29 March 2013

Principal activity

The principal activity of the Company is that of plastics recycling

The Company operates in the UK waste and recycling industry The Company is a member of a group of companies owned by Wasteholdco 1 Ltd ("The Biffa Group")

Review of the business

The Company has faced difficult trading conditions during the period

A new mixed plastics processing line was commissioned in the period This is the first integrated washing and sorting facility in the UK that is specifically designed to recycle rigid mixed plastics packaging During the period the Company experienced difficulty in getting a reliable source of mixed plastics to feed this facility and the resulting yield from the facility was much lower than expected The director therefore took the difficult decision towards the end of the period to temporarily month-ball this line and an impairment charge of £3,300,000 has been recognised in the period in respect of this line The other plastic recycling lines which the Company operates have continued to operate satisfactorily during the period

Future developments

Since the end of the period and following various trials, the Company has found a suitable feedstock, which makes the mixed plastics plant a financially viable operation and the plant is now expected to be running full time later in the year

Biffa Polymers Limited

Director's report *(continued)*

Risk and risk management strategy

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 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
3 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
4 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
5 The Company is affected by the downturn in the economy and the continued availability of finance due to its use of lease financing

The Company also faces a number of financial risks in the ordinary course of business, including credit risk, liquidity 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 director He seeks 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

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 director has 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

Biffa Polymers Limited

Director's report *(continued)*

Risk and risk management strategy *(continued)*

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

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 The Company had no derivative financial instruments in place during the period ended 29 March 2013 or the period ended 30 March 2012 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 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 £1,385,000 at 29 March 2013 *(2012 £767,000)*

Dırector's report *(contınued)*

Key performance indicators

The key performance ındıcators focused on by management ınclude

	2013	2012
	£'000	£'000
Revenue	**15,985**	16,395
EBIT	**(4,423)**	740
EBIT margın	**(27.7%)**	4 5%
(Loss)/Profit for the perıod	**(3,494)**	453

Key performance ındıcators have fallen short of the Company's budgets prıncıpally due to the ımpaırment of the mıxed plastıcs lıne, see above

Results and dividends

The results for the perıod are set out on page 10

There was no dıvıdend paıd durıng the perıod *(2012 £nıl)* The dırector does not recommend the payment of a dıvıdend for the perıod ended 29 March 2013

FRS 1 Reduced Disclosure Framework

The financıal statements have been prepared and approved by the dırector ın accordance wıth Fınancıal Reportıng Standard (FRS) 101 Reduced Dısclosure Framework ıssued by the Fınancıal Reportıng Councıl The Company has early adopted FRS 101 Reduced Dısclosure Framework ın these financıal statements to take advantage of the reduced dısclosures avaılable as the Company meets the definıtıon of a qualıfyıng entıty The financıal statements ın the prıor perıod were prepared ın accordance wıth Internatıonal Fınancıal Reportıng Standards ("IFRSs") as adopted by the European Unıon ("EU") and consequently no adjustments have arısen as a result of the adoptıon of FRS 101 Reduced Dısclosure Framework

Directors and secretaries

The dırectors and secretarıes who held office durıng the perıod and subsequent to the perıod end were as follows

J Donaldson (resıgned 25 June 2012)
M Marron (resıgned 31 July 2012)
J Casey (resıgned 11 October 2012)
I Wakelın
T Redburn (appoınted 11 October 2012, resıgned 15 February 2013)
M Corner-Jones (appoınted 11 October 2012, resıgned 15 February 2013)

H Ellson (Secretary, resıgned 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

Charitable and political donations

The Company made no charitable or political donations during the period *(2012 £nil)*

Policy on payment of creditors

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate and valid invoice

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Directors' Report

The Biffa Group executed a court approved capital restructuring arrangement, supported by the Biffa Group's, board approved, five year business plan and pursuant to Part 26 of the Companies Act 2006 on 28 January 2013 which completed on 30 January 2013 The result was that the group's total senior and sub-ordinated debt decreased from approximately £1 2 billion as at the date of the scheme of arrangement to £520 million through the issue of new debt instruments with repayment dates ranging between July 2015 and January 2018

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

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

After considering the above and making enquiries, the director has 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 accounts

Biffa Polymers Limited

Director's report *(continued)*

Disclosure of information to auditor

The director who held office at the date of approval of this Director's Report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director to make himself 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

By order of the sole director

I Wakelin 30 October 2013
Director

Biffa Polymers Limited

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework

Under company law the director 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- follow Financial Reporting Standard 101 Reduced Disclosure Framework 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006 He is 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 director is 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

Signed by the sole director

I Wakelin 30 October 2013
Director

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 29 March 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21 The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework

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 Audit 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 director and auditor

As explained more fully in the Director's Responsibilities statement, the director is 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 director, 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 29 March 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 Director's 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

6 NOVEMBER 2013

Biffa Polymers Limited

Profit and loss account

for the 52 week period ended 29 March 2013

	Notes	**2013**	2012
		£'000	£'000
Continuing operations			
Turnover	*4*	**15,985**	16,395
Cost of sales		**(15,751)**	(13,975)
Impairment of Mixed Plastics facility	*6*	**(3,300)**	-
Gross (loss)/profit		**(3,066)**	2,420
Distribution costs		**(10)**	(28)
Administration expenses		**(1,347)**	(1,652)
(Loss)/profit from operating activities		**(4,423)**	740
Interest receivable & similar income	*7*	**5**	16
Interest payable and similar charges	*7*	**(62)**	(86)
(Loss)/profit on ordinary activities before income tax		**(4,480)**	670
Income tax credit/(charge)	*8*	**986**	(217)
(Loss)/profit for the financial period		**(3,494)**	453

The accompanying notes form an integral part of the financial statements

The Company has no gains or losses other than the (loss)/profit shown above and therefore no separate statement of total recognised gains and losses 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 29 March 2013

	Notes	**2013**	2012
		£'000	£'000
Fixed assets			
Tangible assets	*9*	**5,351**	9,698
Current assets			
Stocks	*11*	**1,385**	767
Debtors	*12*	**5,033**	4,504
Cash at bank and in hand		**594**	382
Total current assets		**7,012**	5,653
Creditors: amounts falling due within one year	*13*	**(16,869)**	(15,531)
Net current liabilities		**(9,857)**	(9,878)
Total assets less current liabilities		**(4,506)**	(180)
Creditors: amounts falling due after more than one year	*14*	**(1,127)**	(1,959)
Provisions for liabilities	*15*	**(206)**	(206)
Net liabilities		**(5,839)**	(2,345)
Capital and reserves			
Called up share capital	*17*	**-**	-
Share premium	*18*	**43**	43
Retained earnings	*18*	**(5,882)**	(2,388)
Total shareholder's deficit		**(5,839)**	(2,345)

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 sole director on 30th October 2013 and were signed on its behalf by

I Wakelin
Director

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 director in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework issued by the Financial Reporting Council The Company has early adopted FRS 101 Reduced Disclosure Framework in these financial statements to take advantage of the reduced disclosures available as the Company meets the definition of a qualifying entity The financial statements in the prior period were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and consequently no adjustments have arisen as a result of the adoption of FRS 101 Reduced Disclosure Framework

Details of the parent in whose consolidated financial statements the Company is included are shown in note 20 to the financial statements

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 Ltd
g) IAS 36 'Impairment of Assets' paragraphs 134(d)-(f) and 135(c)-(e)

(b) Measurement

The financial statements have been prepared on the historical cost basis

Biffa Polymers Limited

Notes to the financial statements *(continued)*

2 Basis of preparation *(continued)*

(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 Company is a 100% owned subsidiary of Greenstar UK Holdings Limited, a company incorporated in Great Britain

Between 30 March 2012 and 27 January 2013 the Company was ultimately controlled by Montagu Private Equity and Global Infrastructure Partners

On 28 January 2013 the Biffa Group executed a court approved capital restructuring arrangement, supported by the Biffa Group's, board approved, five year business plan, pursuant to Part 26 of the Companies Act 2006 which completed on 30 January 2013 Under the Scheme, the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Senior Creditors of Biffa Group Ltd

Following this capital restructuring arrangement, from 28 January 2013 until the date of these financial statements, the largest group in which the Company's results are consolidated is that headed by Wasteholdco 1 Ltd The principal shareholders of Wasteholdco1 Ltd are GL Europe Luxembourg SARL, Silver Oak Capital LLC and Sankanty European Investments SARL The smallest group in which the results of the Company are consolidated is that headed by Wasteholdco 2 Ltd which owns the entire shareholding of the Company via its holdings in subsidiary undertakings and is a subsidiary undertaking of Wastehold Co 1 Ltd Copies of the consolidated financial statements of Wasteholdco 1 Ltd can be obtained from the Jersey Financial Services Commission, PO Box 111, 14-18 Castle Street, St Helier, Jersey, JE4 9QD

(d) Estimates and uncertainties

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

2 Basis of preparation *(continued)*

(d) Estimates and uncertainties *(continued)*

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 debtors

The Company has made judgements when assessing the impairment of its trade debtors 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

(ii) Recoverability of plant & machinery

The Company has made judgements when assessing the impairment of its plant & machinery These include assessing the recoverable amount of the plant & machinery, which is the greater of its 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 equipment

Biffa Polymers Limited

Notes to the financial statements *(continued)*

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 Directors' Report on pages 1 to 6

The Biffa Group executed a court approved capital restructuring arrangement, supported by the Biffa Group's, board approved, five year business plan and pursuant to Part 26 of the Companies Act 2006 on 28 January 2013 which completed on 30 January 2013 The result was that the group's total senior and sub-ordinated debt decreased from approximately £1 2 billion as at the date of the scheme of arrangement to £520 million through the issue of new debt instruments with repayment dates ranging between July 2015 and January 2018

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

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

After considering the above and making enquiries, the director has 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 accounts

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 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

(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 director, 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) Tangible fixed assets *(continued)*

(i) Owned assets *(continued)*

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 charged to the profit and loss account 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 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

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

3 Significant accounting policies *(continued)*

(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

(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) 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

3 Significant accounting policies *(continued)*

(e) Financial instruments

Non-derivative financial instruments

Non derivative financial instruments comprise trade and other debtors, cash at bank and in hand, borrowings, and trade and other creditors 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 debtors

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

(iii) 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

(iv) 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 creditors

Trade creditors are stated at their expected settlement amount

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

3 Significant accounting policies *(continued)*

(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, 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 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

(k) Income tax

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

3 Significant accounting policies *(continued)*

(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

4 Turnover

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

	2013	2012
	£'000	£'000
Sale of goods	**15,588**	16,111
Provision of services	**397**	284
	15,985	16,395

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

	2013	2012
	£'000	£'000
United Kingdom	**15,016**	15,481
Rest of Europe	**915**	914
Asia	**54**	-
	15,985	16,395

5 Employee benefits and transactions with executive directors

The average number of persons employed by the Company during the periods ended 29 March 2013 and 30 March 2012 is as follows

	2013	2012
	No.	No
Operations	**105**	120
Administration	**15**	16
	120	136

5 Employee benefits and transactions with executive directors *(continued)*

Staff costs comprise

	2013	2012
	£'000	£'000
Wages and salaries	**3,039**	3,058
Social welfare costs	**276**	284
Pension costs	**13**	19
Redundancy costs	**40**	3
	3,368	3,364

Director's remuneration is analysed below

	2013	2012
	£'000	£'000
Emoluments	-	28
Social welfare costs	-	3
Compensation for loss of office	-	30
	-	61

The director in office at 29 March 2013 was paid by a fellow subsidiary company in the current period *(2012 three directors paid by fellow subsidiary companies)* The director is not accruing retirement benefits under money purchase schemes in the current or prior period There were no loans to the director in the current or prior period

6 Statutory and other information

	2013	2012
	£'000	£'000
Impairment/(release) of trade debtors	**80**	(10)
Depreciation of tangible fixed assets		
- owned	**1,183**	310
- leased	**539**	540
Impairment of Mixed Plastics facility	**3,300**	-
Operating lease rentals		
- premises	**182**	170
- other	**376**	281

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

Impairment of Mixed Plastics facility

During the period the Company experienced difficulty in getting a reliable source of mixed plastics to feed the Company's mixed plastics processing line and the resulting yield from the line was much lower than expected The director therefore took the difficult decision towards the end of the period to temporarily month-ball this line and an impairment charge of £3,300,000 has been recognised in the period in respect of this line This consists of a full impairment of the capitalised commissioning and pre-installation costs for the line of £1,916,000 and a partial impairment other capitalised items of £1,384,000 in plant & machinery which are no longer considered to be recoverable following the change of use of the line, see also Note 9

Biffa Polymers Limited

Notes to the financial statements *(continued)*

7 Interest receivable & interest payable

	2013 £'000	2012 £'000
Interest receivable & similar income		
Bank interest receivable	**5**	16
Interest payable & similar charges		
Finance lease interest	**53**	86
Bank overdraft and other interest	**9**	-
	62	86

8 Income tax (credit)/charge

	2013 £'000	2012 £'000
Recognised in the profit and loss account		
Current tax		
Current period	**113**	276
Prior period adjustment	**-**	(115)
Total current tax charge	**113**	161
Deferred tax		
Origination and reversal of temporary differences	**(1,184)**	(89)
Prior period adjustment	**(2)**	70
Effect of change in rate	**87**	75
Total deferred tax (credit)/charge	**(1,099)**	56
Total income tax (credit)/charge	**(986)**	217

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

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

	2013	2012
	£'000	£'000
(Loss)/Profit before taxation	**(4,480)**	670
Tax on loss before income tax at standard UK corporation tax rate of 24% *(2012 26%)*	**(1,075)**	174
Effects of		
Expenses not deductible for tax purposes	**4**	13
Prior period adjustment	**(2)**	(45)
Effect of change in rate	**87**	75
Total income tax (credit)/charge for the period	**(986)**	217

Legislation reducing the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 was substantively enacted during the period Accordingly, current tax has been provided for at a rate of 24% and deferred tax has been provided for at a rate of 23%

Further reductions to the main rate of corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 have been substantively enacted since the end of the period The effect of these two rate reductions has not been reflected in these financial statements

Biffa Polymers Limited

Notes to the financial statements *(continued)*

9 Tangible fixed assets

	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 30 March 2012	7,019	139	7,169	109	18	14,454
Reclassification on completion of assets	**(7,019)**	**11**	**7,006**	**-**	**2**	**-**
Additions	**-**	**-**	**674**	**1**	**-**	**675**
At 29 March 2013	**-**	**150**	**14,849**	**110**	**20**	**15,129**
Depreciation						
At 30 March 2012	-	32	4,625	82	17	4,756
Impairment for the period	-	-	**3,300**	-	-	**3,300**
Charge for the period	-	**14**	**1,684**	**22**	**2**	**1,722**
At 29 March 2013	**-**	**46**	**9,609**	**104**	**19**	**9,778**
Carrying amounts						
At 29 March 2013	**-**	**104**	**5,240**	**6**	**1**	**5,351**
At 30 March 2012	7,019	107	2,544	27	1	9,698

9 Tangible fixed assets *(continued)*

The plant & machinery impairment relates to the Company's mixed plastics line which was temporarily moth-balled during the period An impairment charge of £3,300,000 has been recognised in respect of this line which consists of a full impairment of the capitalised commissioning costs for the line of £1,916,000 and a partial impairment of other capitalised items of £1,384,000 in plant & machinery which are no longer considered to be recoverable See also note 6 for details

The director does 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 carrying amount of leasehold plant was as follows

	2013	2012
	£'000	£'000
At beginning of period	**1,648**	2,188
Depreciation for period	**(539)**	(540)
At end of period	**1,109**	1,648

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

10 Deferred tax asset

	2013		2012	
	Assets	**Total**	Assets	Total
	£'000	**£'000**	£'000	£'000
Fixed asset timing differences	**1,939**	**1,939**	843	843
Other timing differences	**63**	**63**	60	60
	2,002	**2,002**	903	903

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 30 March 2012	843	-	60	903
Recognised in income ***(see note 8)***	**1,096**	**-**	**3**	**1,099**
At 29 March 2013 ***(note 12)***	**1,939**	**-**	**63**	**2,002**

Legislation reducing the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 was substantively enacted during the period Accordingly, current tax has been provided for at a rate of 24% and deferred tax has been provided for at a rate of 23%

Further reductions to the main rate of corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 have been substantively enacted since the end of the period The effect of these two rate reductions has not been reflected in these financial statements

Notes to the financial statements *(continued)*

11 Stocks

	2013 £'000	2012 £'000
Consumables	**620**	546
Finished goods	**765**	221
	1,385	767

In the opinion of the Director, 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 £4,138,000 *(2012 £7,693,000)*

12 Debtors

	2013 £'000	2012 £'000
Trade debtors	**2,873**	3,488
Deferred tax *(see note 10)*	**2,002**	903
Other debtors & prepayments	**158**	108
Amounts due from related parties	**-**	5
	5,033	4,504

The deferred tax asset is not recoverable within one year

Biffa Polymers Limited

Notes to the financial statements *(continued)*

13 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	**1,460**	1,463
Other creditors and accruals	**945**	839
Other taxation and social security	**196**	387
Group relief payable	**113**	276
Obligations under finance leases and hire purchase contracts *(note 16)*	**736**	698
Government grants	**178**	119
Amounts due to related parties	**13,241**	11,749
	16,869	15,531

The government grants creditor relates to a grant from The Waste and Resources Action Programme for capital expenditure on the Mixed Plastics recycling facility The creditor is being released to the profit and loss account over the expected useful life of the related assets

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

14 Creditors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Obligations under finance leases and hire purchase contracts *(note 16)*	**206**	890
Government grants	**921**	1,069
	1,127	1,959

The grants relate to a grant from The Waste and Resources Action Programme for capital expenditure on a Mixed Plastics recycling facility The creditor is being released to the profit and loss account over the period in which depreciation is recognised on these assets

15 Provision for liabilities

	2013	2012
	£'000	£'000
Restoration provision	**206**	206
	206	206

The provision relates to expected dilapidation costs to be incurred at the end of a contract and does not fall due within one year

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	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Amounts payable under finance leases				
Within one year	**736**	698	**760**	755
Due in less than one year	**736**	698	**760**	755
Between one and two years	**206**	684	**207**	708
Between two and five years	**-**	206	**-**	208
Due in more than one year	**206**	890	**207**	916
	942	1,588	**967**	1,671
Less future charges	**-**	-	**(25)**	(83)
Present value of lease obligations	**942**	1,588	**942**	1,588

Biffa Polymers Limited

Notes to the financial statements *(continued)*

17 Share capital

	No. of shares	2013 £	No of shares	2012 £
Authorised				
Ordinary shares of £1 each				
At beginning and end of period	**100,000**	**100,000**	100,000	100,000
Allotted, called up 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 Group Limited The Director's policy is to maintain a suitable balance between capital and external borrowings The Company is not subject to any externally imposed capital requirements

18 Shareholder's deficit

	Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total £'000
At 30 March 2012	-	43	(2,388)	(2,345)
Loss for the period	-	-	**(3,494)**	**(3,494)**
At 29 March 2013	-	**43**	**(5,882)**	**(5,839)**

Biffa Polymers Limited

Notes to the financial statements *(continued)*

19 Commitments and guarantees

(i) Operating lease commitments

Total commitments payable under non cancellable operating leases are as follows

	2013			2012		
	Other*	**Premises**	**Total**	Other*	Premises	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Less than one year	**151**	**148**	**299**	165	148	313
Between one and five years	**418**	**594**	**1,012**	583	594	1,177
More than five years	**-**	**520**	**520**	-	668	668
	569	**1,262**	**1,831**	748	1,410	2,158

* Principally plant and machinery

(ii) Capital commitments

The Company had the following capital commitments

	2013	2012
	£'000	£'000
Contracted for	**43**	11

20 Parent and ultimate controlling party

The Company is a 100% owned subsidiary of Greenstar UK Holdings Limited, a company incorporated in Great Britain

Between 30 March 2012 and 27 January 2013 the Company was ultimately controlled by Montagu Private Equity and Global Infrastructure Partners

On 28 January 2013 the Biffa Group executed a court approved capital restructuring arrangement, supported by the Biffa Group's, board approved, five year business plan, pursuant to Part 26 of the Companies Act 2006 which completed on 30 January 2013 Under the Scheme, the Biffa Group was transferred into the ownership of new holding companies substantially owned by the Senior Creditors of Biffa Group Ltd

Following this capital restructuring arrangement, from 28 January 2013 until the date of these financial statements, the largest group in which the Company's results are consolidated is that headed by Wasteholdco 1 Ltd The principal shareholders of Wasteholdco1 Ltd are GL Europe Luxembourg SARL, Silver Oak Capital LLC and Sankanty European Investments SARL The smallest group in which the results of the Company are consolidated is that headed by Wasteholdco 2 Ltd which owns the entire shareholding of the Company via its holdings in subsidiary undertakings and is a subsidiary undertaking of Wastehold Co 1 Ltd Copies of the consolidated financial statements of Wasteholdco 1 Ltd can be obtained from the Jersey Financial Services Commission, PO Box 111, 14-18 Castle Street, St Helier, Jersey, JE4 9QD

21 Subsidiaries

At 29 March 2013, the Company had the following subsidiaries

Held directly

Name	Activity	Domiciled	Ownership
Wespack Limited	*Inactive	UK	100%

* The company ceased trading in the period ended 30 March 2012

22 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 29 March 2013 were £13,000 *(2012 £19,000)* Pension costs outstanding at 29 March 2013 were £nil *(2012 £2,000)*