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**BIFFA GS HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 25 MARCH 2022**

THURSDAY



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**BIFFA GS HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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| <b>Directors</b> | R Pike<br>M Topham<br>Biffa Corporate Services Limited |
|------------------|--|

|                          |          |
|--------------------------|----------|
| <b>Registered number</b> | 04602885 |
|--------------------------|----------|

|                          |   |
|--------------------------|---|
| <b>Registered office</b> | Coronation Road<br>Cressex<br>High Wycombe<br>Buckinghamshire<br>HP12 3TZ<br>United Kingdom |
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**BIFFA GS HOLDINGS LIMITED**

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## BIFFA GS HOLDINGS LIMITED

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

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#### Introduction

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

#### Our Strategy

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

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

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

The strategy fully supports Biffa's purpose to 'change the way people think about waste' and our vision to 'lead the way in UK sustainable waste management' and is underpinned by our Sustainability Strategy, 'Resourceful, Responsible', which was launched in March 2020.

#### Business review

The Company continued to operate as a holding and financing Company within the Biffa Group. The principal activities of its subsidiaries, the Biffa GS businesses, are the provision of integrated waste management services, comprising collection, treatment, recycling, and disposal of waste in the United Kingdom.

For a detailed review of the Company's position refer to the Statement of Financial Position.

Non-financial key performance indicators in respect of the Biffa Group are shown in the Annual Report and Accounts for Biffa plc for the period to 25 March 2022 (the ARA 2022), which do not form part of this report.

#### Principal risks

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

#### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company primarily uses funding from other group companies.

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**BIFFA GS HOLDINGS LIMITED**

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

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**Directors' statement of compliance with duty to promote the success of the Company**

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

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

This report was approved by the board on 16 December 2022 and signed on its behalf.

  
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**R Pike**  
Director

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## BIFFA GS HOLDINGS LIMITED

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

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

#### Principal activity

The Company's principal activity is that of a holding and financing Company. The Company is a member of the Biffa Group. The Company directly holds 77.6% of the share capital of Biffa GS UK Holdings Limited and indirectly holds the remaining 22.4% via Materials Recovery Nominees Ltd.

The principal activities of its subsidiaries, and indirectly held subsidiaries, the Biffa GS businesses, are the provision of integrated waste management services, comprising collection, treatment and recycling, and disposal of waste in the United Kingdom.

#### Results and dividends

The profit for the period, after taxation, amounted to £NIL (2021 - £NIL).

The results for the period are set out within the profit and loss account.

The Directors do not recommend the payment of a dividend in respect of the financial period (2021 - £NIL).

#### Going Concern

Biffa GS Holdings Limited is a holding company within the Biffa Group.

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

The Company will continue to have sufficient funds, through funding from its ultimate parent company, Biffa plc, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on Biffa Waste Services Limited not seeking repayment of the amounts currently due to them, allowing continued use of a Group-wide revolving credit facility and providing any additional financial support if required.

The Biffa Group has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period at least 12 months from the date of these financial statements. The Biffa Group had un-utilised committed bank facilities available of £341.0m as at the FY22 year end and cash and cash equivalents of £40.8m. This gives a closing leverage ratio (Net Debt / Adjusted EBITDA) of 2.9x on a covenant basis, substantially below the covenant limit of 4.5x. The large headroom on both liquidity and leverage puts the Biffa Group in a strong position to manage fluctuations in financial performance over the next 12 months. The going concern assumption for the Biffa Group has been assessed within the Annual Report and Accounts for Biffa plc for the year ended 25 March 2022, considering a number of the principal risks. Multiple low cases have been tested and the Group could continue to operate for at least the next 12 months in each of these low cases.

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

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**BIFFA GS HOLDINGS LIMITED**

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

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**Directors**

The Directors who served during the period were:

R Pike  
M Topham  
Biffa Corporate Services Limited

**Qualifying third party indemnity provisions**

The Company has made qualifying third party provisions as defined in the Companies Act 2006 (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.

**Audit exemption**

For the period ended 25 March 2022, the Company was entitled to exemption from audit under section 479A of the Act relating to subsidiary companies as disclosed in the Annual Report and Financial Statements of Biffa plc which can be obtained from the registered office at Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ.

**Matters covered in the Strategic Report**

Information on financial exposure and risk management is disclosed within the Strategic Report on page 1.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf.



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R Pike  
Director

Date: 16 December 2022

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## **BIFFA GS HOLDINGS LIMITED**

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

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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



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**BIFFA GS HOLDINGS LIMITED**

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

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|  | Note | 2022<br>£000 | 2021<br>£000 |
|--|------|--------------|--------------|
| Operating costs                        |      | (1,618)      | (1,444)      |
| Other operating income                 | 3    | 2,132        | 2,132        |
| <b>Operating profit</b>                |      | <b>514</b>   | <b>688</b>   |
| Interest payable and similar expenses  | 5    | (514)        | (688)        |
| <b>Profit before tax</b>               |      | <b>-</b>     | <b>-</b>     |
| Tax on profit                          |      | -            | -            |
| <b>Profit for the financial period</b> |      | <b>-</b>     | <b>-</b>     |

The notes on pages 10 to 22 form part of these financial statements.

**BIFFA GS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04602885**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 25 MARCH 2022**

|   | Note | 25 March<br>2022<br>£000 | 26 March<br>2021<br>£000 |
|---|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                          |                          |
| Tangible assets   | 7    | 18,474                   | 17,941                   |
| Investments   |      | 5,035                    | 5,035                    |
|   |      | <u>23,509</u>            | <u>22,976</u>            |
| Creditors: amounts falling due within one year          | 10   | (7,083)                  | (6,239)                  |
| <b>Net current liabilities</b>                          |      | <u>(7,083)</u>           | <u>(6,239)</u>           |
| <b>Total assets less current liabilities</b>            |      | <u>16,426</u>            | <u>16,737</u>            |
| Creditors: amounts falling due after more than one year | 11   | (16,697)                 | (17,008)                 |
| <b>Provisions for liabilities</b>                       |      |                          |                          |
| Other provisions  | 13   | (931)                    | (931)                    |
| <b>Net liabilities</b>                                  |      | <u>(1,202)</u>           | <u>(1,202)</u>           |

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**BIFFA GS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04602885**

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

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|                             |    | <b>25 March<br/>2022<br/>£000</b> | <b>26 March<br/>2021<br/>£000</b> |
|-----------------------------|----|-----------------------------------|-----------------------------------|
| <b>Capital and reserves</b> |    |                                   |                                   |
| Called up share capital     | 14 | <b>78,457</b>                     | 78,457                            |
| Share premium account       |    | <b>947</b>                        | 947                               |
| Profit and loss account     |    | <b>(80,606)</b>                   | (80,606)                          |
|                             |    | <u><b>(1,202)</b></u>             | <u>(1,202)</u>                    |

The members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2022.

  
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**R Pike**  
Director

The notes on pages 10 to 22 form part of these financial statements.

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**BIFFA GS HOLDINGS LIMITED**

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

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|                         | Called up<br>share capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|-------------------------|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| <b>At 27 March 2020</b> | <b>78,457</b>                      | <b>947</b>                          | <b>(80,606)</b>                    | <b>(1,202)</b>       |
| Result for the period   | -                                  | -                                   | -                                  | -                    |
| <b>At 26 March 2021</b> | <b>78,457</b>                      | <b>947</b>                          | <b>(80,606)</b>                    | <b>(1,202)</b>       |
| Result for the period   | -                                  | -                                   | -                                  | -                    |
| <b>At 25 March 2022</b> | <b>78,457</b>                      | <b>947</b>                          | <b>(80,606)</b>                    | <b>(1,202)</b>       |

The notes on pages 10 to 22 form part of these financial statements.

In 2009, share options in NTR plc, the previous ultimate parent Company were granted to the former minority interest holders in Biffa GS UK Holdings Limited in consideration for their stake in Biffa GS UK Holdings Limited. The goodwill recognised on the acquisition of the minority interest was £946,836 based on the valuation of the share options granted to the minority interest holders in respect of their stake in the Company. This has been accounted for as a capital contribution reserve in equity

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## BIFFA GS HOLDINGS LIMITED

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

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#### 1. General information

Biffa GS Holdings Limited is a private Company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The principal activity of the Company is that of a holding company within the Biffa Group.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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

##### 2.3 Adoption of new and revised Standards

At the date of authorisation of these Financial Statements, the below Standards and amendments are effective for reporting periods beginning after 1 January 2021, but have not impacted on the Company's reporting:

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

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**BIFFA GS HOLDINGS LIMITED**

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

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**2. Accounting policies (continued)**

**2.4 New standards and interpretations not yet adopted**

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

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

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

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

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**2. Accounting policies (continued)**

**2.5 Leasing**

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

**2.6 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.

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**BIFFA GS HOLDINGS LIMITED**

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

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**2. Accounting policies (continued)**

**2.7 Presentational and functional currency**

*The Financial Statements are presented in Sterling, which is also the Company's functional currency.*

**2.8 Measurement**

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

**2.9 Consolidation**

*The Company is exempt from the preparation of consolidated Financial Statements under IAS 27, because it is included in the consolidated Financial Statements of Biffa plc, as detailed in note 15.*

**2.10 Estimates and uncertainties**

*The preparation of Financial Statements in conformity with 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. The key source of estimation uncertainty and critical accounting judgements in applying the Company's accounting policies is in the recoverability of investments in subsidiaries.*

*The carrying amounts of the Company's investments in subsidiaries are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. The recoverable amount of an investment is the greater of its net selling price and value in use.*

*The value in use of each trading subsidiary has been assessed using the estimated future cash flows of the subsidiary 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 investment. The net selling price has been determined as the net assets/(liabilities) as presented within the subsidiaries own Financial Statements as at 25 March 2022.*



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## BIFFA GS HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.11 Going concern

Biffa GS Holdings Limited is a holding company within the Biffa Group.

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

The Company will continue to have sufficient funds, through funding from its ultimate parent company, Biffa plc, and other companies within the Biffa Group to meet its liabilities as they fall due. This is dependent on Biffa Waste Services Limited not seeking repayment of the amounts currently due to them, allowing continued use of a Group-wide revolving credit facility and providing any additional financial support if required.

The Biffa Group has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period at least 12 months from the date of these financial statements. The Biffa Group had un-utilised committed bank facilities available of £341.0m as at the FY22 year end and cash and cash equivalents of £40.8m. This gives a closing leverage ratio (Net Debt / Adjusted EBITDA) of 2.9x on a covenant basis, substantially below the covenant limit of 4.5x. The large headroom on both liquidity and leverage puts the Biffa Group in a strong position to manage fluctuations in financial performance over the next 12 months. The going concern assumption for the Biffa Group has been assessed within the Annual Report and Accounts for Biffa plc for the year ended 25 March 2022, considering a number of the principal risks. Multiple low cases have been tested and the Group could continue to operate for at least the next 12 months in each of these low cases.

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

##### 2.12 Finance costs

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

##### 2.13 Tangible fixed assets

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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## BIFFA GS HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.16 Impairment

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. Non-depreciable assets 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 the recoverable value the net assets of the subsidiary entities have been referenced in order to estimate their fair value.

###### (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, if no impairment loss had been recognised.

##### 2.17 Financial instruments

###### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in subsidiary undertakings and amounts due to subsidiary undertakings. 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) Amounts due to subsidiary undertakings Amounts due to subsidiary undertakings are stated at their expected settlement amount.

(ii) Investments in subsidiary undertakings Investment in subsidiary undertakings are stated at their cost less impairment losses.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.17 Financial instruments (continued)**

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.

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

**Financial assets**

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

**At amortised cost**

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

**2.18 Taxation**

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 or receivable on the taxable income or allowable losses for the period, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable or receivable in respect of previous periods.

**3. Other operating income**

|                        | <b>2022</b>  | <b>2021</b>  |
|------------------------|--------------|--------------|
|                        | <b>£000</b>  | <b>£000</b>  |
| Other operating income | <b>2,132</b> | <b>2,132</b> |

Other operating income arises from the management recharge of depreciation charges and finance costs arising on leased assets the Company holds which are operated by other entities within the Biffa Group.

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**BIFFA GS HOLDINGS LIMITED**

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

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**4. Employees**

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £NIL).

**5. Interest payable and similar expenses**

|                               | 2022<br>£000 | 2021<br>£000 |
|-------------------------------|--------------|--------------|
| Interest on lease liabilities | 514          | 688          |

**6. Taxation**

|   | 2022<br>£000 | 2021<br>£000 |
|---|--------------|--------------|
| Total current tax                         | -            | -            |
| Taxation on profit on ordinary activities | -            | -            |

**Factors affecting tax charge for the period**

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

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| Profit on ordinary activities before tax   | -            | -            |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | -            | -            |
| Effects of:  |              |              |
| Non-taxable income   | -            | 274          |
| Group relief   | -            | (274)        |
| Total tax charge for the period  | -            | -            |

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**BIFFA GS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. Taxation (continued)****Factors that may affect future tax charges**

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

A potential deferred tax asset of £233,000 (2021 - £183,930) in connection with timing differences has not been recognised due to the uncertainty of future taxable profits arising.

**7. Tangible fixed assets**

|                                       | <b>Right-of-use<br/>leasehold<br/>property<br/>£000</b> |
|---------------------------------------|---|
| <b>Cost</b>                           |   |
| At 26 March 2021                      | <b>20,547</b>   |
| Additions                             | <b>2,151</b>  |
| At 25 March 2022                      | <b>22,698</b>   |
| <b>Depreciation</b>                   |   |
| At 26 March 2021                      | <b>2,606</b>  |
| Charge for the period on owned assets | <b>1,618</b>  |
| At 25 March 2022                      | <b>4,224</b>  |
| <b>Net book value</b>                 |   |
| At 25 March 2022                      | <b>18,474</b>   |
| At 26 March 2021                      | <b>17,941</b>   |

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**BIFFA GS HOLDINGS LIMITED**

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FOR THE PERIOD ENDED 25 MARCH 2022**

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**7. Tangible fixed assets (continued)**

The net book value of land and buildings may be further analysed as follows:

|                        | <b>25 March<br/>2022<br/>£000</b> | <b>26 March<br/>2021<br/>£000</b> |
|------------------------|-----------------------------------|-----------------------------------|
| Right-of-use leasehold | <b>18,474</b>                     | <b>17,941</b>                     |

**8. Fixed asset investments**

|   | <b>25 March<br/>2022<br/>£000</b> |
|---|-----------------------------------|
| <b>Movements in non-current investments</b> |                                   |
| <b>Cost</b>                                 |                                   |
| At 26 March 2021 and 25 March 2022          | <b>80,756</b>                     |
| <b>Amounts provided</b>                     |                                   |
| At 26 March 2021 and 25 March 2022          | <b>(75,721)</b>                   |
| <b>Carrying Value</b>                       |                                   |
| <b>As at 25 March 2022</b>                  | <b>5,035</b>                      |
| <b>As at 26 March 2021</b>                  | <b>5,035</b>                      |

The Company's investments in subsidiary undertakings are reviewed at each Balance Sheet date on a subsidiary by subsidiary basis to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss when the carrying amount exceeds its recoverable amount. The recoverable amount of an investment is the greater of its net selling price and value in use.

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FOR THE PERIOD ENDED 25 MARCH 2022**

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**9. Principal subsidiary undertakings**

At 25 March 2022, the Company had the following subsidiaries:

| <b>Name</b>                          | <b>Activity</b> | <b>Domiciled</b> | <b>Holding</b> |
|--------------------------------------|-----------------|------------------|----------------|
| Biffa GS UK Holding Limited          | Holding company | UK               | 100 %          |
| Materials Recovery Nurninees Limited | Trust Company   | UK               | 100 %          |

Held indirectly via Biffa GS UK Holdings Limited:

| <b>Name</b>                              | <b>Activity</b>    | <b>Domiciled</b> | <b>Holding</b> |
|--|--------------------|------------------|----------------|
| Biffa Municipal Limited                  | Municipal services | UK               | 100 %          |
| Biffa GS Environmental Limited           | Inactive*          | UK               | 100 %          |
| Biffa GS Environmental Recycling Limited | Inactive*          | UK               | 100 %          |
| Biffa GS (M&B) Limited                   | Inactive*          | UK               | 100 %          |
| Biffa GS (FC) Limited                    | Inactive*          | UK               | 100 %          |
| Biffa GS (LPP) Limited                   | Inactive*          | UK               | 100 %          |
| Biffa GS (RUR) Limited                   | Dormant            | UK               | 100 %          |
| Biffa (WES) Limited                      | Waste management   | UK               | 100 %          |

The registered office for all subsidiary entities is Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ

**10. Creditors: Amounts falling due within one year**

|                                    | <b>25 March<br/>2022<br/>£000</b> | <b>26 March<br/>2021<br/>£000</b> |
|------------------------------------|-----------------------------------|-----------------------------------|
| Amounts owed to group undertakings | <b>5,756</b>                      | <b>4,958</b>                      |
| Lease liabilities                  | <b>1,327</b>                      | <b>1,281</b>                      |
|                                    | <b>7,083</b>                      | <b>6,239</b>                      |

Amounts due to subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

**11. Creditors: Amounts falling due after more than one year**

|                   | <b>25 March<br/>2022<br/>£000</b> | <b>26 March<br/>2021<br/>£000</b> |
|-------------------|-----------------------------------|-----------------------------------|
| Lease liabilities | <b>16,697</b>                     | <b>17,008</b>                     |

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**BIFFA GS HOLDINGS LIMITED**

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

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**12. Lease liabilities**

Future minimum lease payments for:

|  | <b>25 March<br/>2022<br/>£000</b> | <i>26 March<br/>2021<br/>£000</i> |
|--|-----------------------------------|-----------------------------------|
| Within one year                              | 1,918                             | 1,881                             |
| Between 2-5 years                            | 7,671                             | 7,501                             |
| Over 5 years                                 | 12,537                            | 24,060                            |
|  | <u>22,126</u>                     | <u>33,442</u>                     |
| Future finance charges and other adjustments | (4,102)                           | (15,153)                          |
|  | <u>18,024</u>                     | <u>18,289</u>                     |

The present value of minimum lease payments is analysed as follows:

|                   | <b>25 March<br/>2022<br/>£000</b> | <i>26 March<br/>2021<br/>£000</i> |
|-------------------|-----------------------------------|-----------------------------------|
| Within one year   | 1,327                             | 1,281                             |
| Between 2-5 years | 5,775                             | 5,510                             |
| Over 5 years      | 10,922                            | 11,498                            |
|                   | <u>18,024</u>                     | <u>18,289</u>                     |

**13. Provisions**

|                  | <b>Restoration<br/>provision<br/>£000</b> |
|------------------|---|
| At 27 March 2021 | 931                                       |
| At 25 March 2022 | <u>931</u>                                |

The provision relates to the Directors' best estimate of expected dilapidation costs to be incurred at the end of a contract. The liability is expected to be settled in 2033.



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**14. Share capital**

|   | <b>25 March<br/>2022<br/>£000</b> | <b>26 March<br/>2021<br/>£000</b> |
|---|-----------------------------------|-----------------------------------|
| <b>Allotted, called up and fully paid</b>                     |                                   |                                   |
| 78,500,000 (2021 - 78,500,000) Ordinary shares of £1.00 each* | <b>78,457</b>                     | <b>78,457</b>                     |

\* £78,500,000 allotted called and fully paid share capital raised offset by share issue costs of £43,000.

**Capital management**

The Company defines share capital and share premium as its capital. The Company's ordinary shares are wholly owned by GS Acquisitions Limited. The Directors' policy is to maintain a suitable balance between capital and external borrowings and is not subject to any externally imposed capital requirements.

**15. Controlling party**

The Company is a 100% owned subsidiary of GS Acquisitions Limited, a Company incorporated in Great Britain which holds 100% of the issued ordinary share capital.

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