
SPECIALIST WASTE RECYCLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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SPECIALIST WASTE RECYCLING LIMITED

COMPANY INFORMATION

Directors	R Pike (resigned 31 March 2023) M Topham Biffa Corporate Services (resigned 19 September 2023) P James (appointed 19 September 2023)
Company secretary	S Parsons
Registered number	SC324466
Registered office	101 Clydesmill Drive Cambuslang Glasgow Strathclyde G32 8RG United Kingdom

SPECIALIST WASTE RECYCLING LIMITED

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SPECIALIST WASTE RECYCLING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The Directors present here a strategic review of the business of Specialist Waste Recycling 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 (the "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.

With a focus on four investment areas in line with the waste hierarchy:

- Reduce – To pioneer and operate the UK's leading waste reduction and surplus produce redistribution services.
- Recycle – To develop recycling solutions which strengthen the UK circular economy.
- Recover – To invest in energy from waste infrastructure as a low carbon alternative to landfill for our customers' waste that can't be recycled.
- Collect – To build the UK's largest, most efficient, low carbon waste and recycling waste collection operation.

The strategy fully supports the Group'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.

UN Sustainable Development Goals

Sustainable waste management is a key driver for improving environmental, health, social and financial outcomes. The Group plays a vital role in helping the UK to address the climate change emergency and deliver sustainable economic growth. This is woven through our sustainable growth strategy and is demonstrated through our actions over the past two decades.

Our business has become more sustainable by:

- Improving the efficiency and emissions per tonne of waste in the Collections division.
- Broadening and enhancing our recycling and treatment capabilities.
- Reducing the scale of the landfill business.
- Utilising rail links to transport inert waste.
- Pioneering the transition to electric vehicles and alternative fuels.
- Caring for our people by tackling modern slavery and by promoting diversity and inclusion.
- Supporting our communities by funding biodiversity projects.
- Working with partners and customers to reduce waste. Our actions have enabled us to reduce the carbon intensity of our revenues by 85% over this period. We are breaking the link between the management of waste and carbon. But there is still more to do.

SPECIALIST WASTE RECYCLING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

UN Sustainable Development Goals (continued)

In March 2020 the Group launched 'Resourceful, Responsible' a 10-year Sustainability Strategy. The strategy is aligned to the UN's Sustainable Development Goals, and is centered around three key pillars:

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

It includes a commitment to unlock £1.25bn of investment in green economy infrastructure, whilst reducing our CO2 emissions by a further 50% in the coming decade. When combined with what the Group has achieved in the last 15 years, that will amount to a reduction in our CO2 emissions by over 80%. 'Resourceful, Responsible' is inextricably linked to the Group's strategic framework and investment in the green economy.

Results for the year

The principal activity of the Company during the period was the provision of waste management services in the United Kingdom.

These financial statements, for the year ended 31 March 2023, are the first the company has prepared in accordance with FRS 101. Accordingly, the company has prepared financial statements that comply with FRS 101 applicable as at 31 March 2023, together with the comparative period data for the year ended 31 March 2022. Due to this, the prior period operating profit was adjusted from £3.2m to £3.7m, profit after tax from £3.1m to £3.7m, and net assets from £15.7m to £16.3m.

During the current financial period, the Company recorded revenues of £42.6m (FY22: £38.6m), an operating profit of £5.4m (FY22: £3.8m) and a profit after tax of £5.4m (FY22: £3.7m). The improved performance is due to the current year being the first full year that was not impacted by covid-19 restrictions in some form. In addition, provisions in anticipation of the impact of covid-19 made in prior years were no longer deemed necessary and released in the year. The net assets are £21.8m (FY22: £16.3m) this is an increase of £5.5m, and is primarily due to the increase in amounts owed by group undertakings.

The Company does not monitor any non-financial Key Performance Indicators ("KPI's"). Non-financial KPI's in respect of the Biffa Group of companies are shown in the Financial Statements of Biffa Limited for the period to 31 March 2023, which do not form part of this report.

Future outlook

The Company will continue to provide waste management services in the United Kingdom and remains committed to ensuring its key objective of services excellence is maintained.

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.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group also monitors existing customer accounts on an ongoing basis and takes appropriate action where necessary to minimise any potential credit risk.

SPECIALIST WASTE RECYCLING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Liquidity risk

The Group retains sufficient cash to ensure it has sufficient available funds for operations and planned expansions. The Group also has access to longer term funding if required.

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 Group, it has applied the governance framework adopted by Biffa Limited and the matters that the Directors are responsible for considering under s.172 have been considered to an appropriate extent by the Biffa Limited Board (the "Board") in relation to both the Group and the Company. Further details of how the Board has considered the matters set out in s.172 (for the Group and the Company) are set out in the ARA 2023, which does not form part of this report. During the year, the Directors have also considered, both individually and together, relevant matters where appropriate.

Stakeholder engagement and sustainability

We have continued to focus on our purpose "to change the way people think about waste". Sustainability is at the heart of our business. We're committed to doing the right things to protect our planet, which includes minimising our carbon footprint whilst delivering the most environmental, social and financial value from the resources we collect. We are also proud to give something back to the communities we serve and in doing so create value for all our stakeholders.

We care about our customers and their needs. Every day we provide essential services to a wide range of customers across the UK from large corporates to thousands of local businesses and local authorities. We focus on delivering excellent services consistently, as promised, every time. Our sustainable approach, responsiveness to customer needs and delivery makes us the first choice for customers. Our suppliers play an important role in helping our business deliver for our customers. We form strong, sustainable and trusted partnerships and look to secure excellent value for money, whilst minimising risk in our supply chain.

Employee engagement

We want our people to be engaged in their work and with their workplace. Research shows that organisations with high levels of employee engagement are more efficient and effective and that highly engaged employees care about the future of their organisation and are motivated to help it achieve its objectives. We have doubled engagement over the past 10 years and our ambition is to be in the top 25% of all companies in the UK, which we are close to achieving.

The Biffa Group has a team of just under 11,000 talented and diverse colleagues who support Biffa's purpose of changing the way people think about waste. We pride ourselves on having an open and honest relationship with our workforce, empowering them to have their say, whilst ensuring they remain supported. We engage with each other respectfully, encourage each other and help make Biffa a fair, inclusive and fun place to work.

We also continue to maintain two-way engagement with our workforce, ensuring that they are kept up to date with the latest business developments and answering their questions. Our channels include regular all-employee video calls with our Group Executive Team, CEO vlogs, conferences and news updates via our intranet and employee app, Biffa Beat. Biffa Beat helps us to communicate and engage with our frontline workforce, enabling them to openly ask questions and voice their opinions at the touch of a button. This is further supported by the Biffa Involvement Group, a forum of over 100 employees that meet regularly to share ideas and feedback with both each other and the Group Executive Team.

SPECIALIST WASTE RECYCLING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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



P James
Director

Date: 20 December 2023

SPECIALIST WASTE RECYCLING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the financial statements for the period ended 31 March 2023. The prior period comparatives are for the period ended 31 March 2022 and the financial statements for the subsequent financial period will be prepared for the period to 31 March 2024.

Principal activity

The principal activity of the company continued to be that of professional waste management.

Results, future developments and dividends

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

The profit for the year, after taxation, amounted to £5.4m (2022 - £3.7m).

No ordinary dividends were paid (2022 - £NIL). The Directors do not recommend payment of a final dividend.

Directors

The Directors who served during the year were:

R Pike (resigned 31 March 2023)
M Topham
Biffa Corporate Services (resigned 19 September 2023)
P James (appointed 19 September 2023)

Secretary

During the period, S Parsons served as the Company Secretary.

Qualifying third party indemnity provisions

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.

Principal risks and uncertainties

Information on financial exposure and risk management is disclosed within the Strategic Report on page 2.

Going concern

The Company operates within the Collections division of the Biffa Group.

The Biffa Group has performed strongly again throughout FY23, growing Revenue and Adjusted EBITDA despite continued headwinds in the form of inflationary pressures, supply chain disruption and a challenging economic outlook.

The Company will continue to have sufficient funds, through funding from the Group's parent company, Biffa Topco Limited, and other companies within the Biffa Group to meet its liabilities as they fall due. At the year end the Biffa Group had unutilised committed bank facilities available of £102.0m and cash and cash equivalents of £41.3m. This gives a closing leverage ratio (Net Debt:Adjusted EBITDA) of 3.4x on a covenant basis, substantially below the covenant limit of 4.0x corresponding to the new debt facilities effective from 23 May 2023. The headroom on the 4.0x interest cover covenant limit is significantly greater than the headroom on the leverage covenant.

SPECIALIST WASTE RECYCLING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Going concern (continued)

Since the year end, the Biffa Group has restructured its debt by increasing its rolling credit facility by £150m, increasing its term loans by £135m and replacing its existing £345m of private placements with £260m of new private placements. The net impact of these changes is an increase in total liquidity of £200m. Cash flow forecasts indicate that the Biffa Group will maintain strong levels of net available liquidity throughout the next 12 months, so the Group would have sufficient liquidity to fund a large one-off cash payment.

The going concern assumption for the Biffa Group has been assessed within the Annual Report and Accounts for Biffa Limited for the year ended 31 March 2023, considering a number of the principal risks. Management have applied reverse stress tests to determine the extent to which key financial measures could worsen over the next 12 months before covenant limits are breached. Interest cover headroom is expected to be noticeably lower than previous periods due to increased floating rate exposure and a sharp rise in interest rates, so certain downside scenarios could cause a breach of interest cover simultaneously with leverage ratio. However sufficient headroom is expected over the next 12 months so that a breach of either covenant would still require a significant worsening in EBITDA and cash flow alongside a rise in interest rates. Interest cover headroom is expected to reduce further at September 2024, making a potential breach due to a worsening of performance or a rise in interest rate expectations more likely than at March 2024. An amendment to the covenant has been approved by lenders and if required we could further improve headroom by carrying out a number of cash improvement initiatives such as delaying capital expenditure, cancelling non-essential costs and working capital management. It may also be possible to enter into an interest rate swap to reduce the exposure to any further adverse interest rate movements. On this basis we consider the likelihood of a future covenant breach at September 2024 to be remote.

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.

Employee engagement

The company puts employee engagement at the heart of its people strategy and plans, as detailed within the Strategic Report.

Audit exemption

For the period ended 31 March 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies as disclosed in the Annual Report and Accounts of Biffa Limited, which can be obtained from the registered office at Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ.

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.



P James
Director

Date: 20 December 2023

SPECIALIST WASTE RECYCLING LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

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.

SPECIALIST WASTE RECYCLING LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	As restated 2022 £
Turnover	4	42,600,485	38,636,570
Cost of sales		(34,899,992)	(31,561,212)
Gross profit		7,700,493	7,075,358
Administrative expenses		(2,281,765)	(3,319,301)
Operating profit	5	5,418,728	3,756,057
Interest receivable and similar income	7	5,831	126
Interest payable and similar expenses	8	(8,348)	(10,683)
Profit before tax		5,416,211	3,745,500
Profit for the financial year		5,416,211	3,745,500

There were no recognised gains and losses for 2023 or 2022 other than those included in the Income Statement. Therefore no separate Statement of Comprehensive Income has been prepared.

These financial statements, for the year ended 31 March 2023, are the first the company has prepared in accordance with FRS 101. Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 March 2023, together with the comparative period data for the year ended 31 March 2022.

The notes on pages 12 to 30 form part of these financial statements.

SPECIALIST WASTE RECYCLING LIMITED
REGISTERED NUMBER: SC324466

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	31 March 2023 £	As restated 31 March 2022 £	As restated 1 April 2021 £
Fixed assets				
Goodwill		7,802,382	7,802,382	-
Tangible fixed assets	11	258,152	234,624	451,720
Investments		-	-	7,802,382
		<u>8,060,534</u>	<u>8,037,006</u>	<u>8,254,102</u>
Current assets				
Debtors	12	25,309,157	19,168,652	12,337,964
Bank and cash balances	13	1,679,718	2,353,077	665,793
		<u>26,988,875</u>	<u>21,521,729</u>	<u>13,003,757</u>
Creditors: amounts falling due within one year	14	(13,198,656)	(13,058,577)	(8,439,898)
Net current assets		<u>13,790,219</u>	<u>8,463,152</u>	<u>4,563,859</u>
Total assets less current liabilities		<u>21,850,753</u>	<u>16,500,158</u>	<u>12,817,961</u>
Creditors: amounts falling due after one year	15	(87,778)	(153,394)	(216,696)
Net assets		<u>21,762,975</u>	<u>16,346,764</u>	<u>12,601,265</u>

SPECIALIST WASTE RECYCLING LIMITED
REGISTERED NUMBER: SC324466

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

		31 March 2023 £	<i>As restated 31 March 2022 £</i>	<i>As restated 1 April 2022 £</i>
Capital and reserves				
Called up share capital	16	2,430,251	2,430,251	2,430,251
Share premium account		7,354,369	7,354,369	7,354,369
Retained earnings		11,978,355	6,562,144	2,816,645
		21,762,975	16,346,764	12,601,265

The members have not required the Company to obtain an audit for the year 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 by:



P James
Director

Date: 20 December 2023

The notes on pages 12 to 30 form part of these financial statements.

SPECIALIST WASTE RECYCLING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 April 2021 (as restated)	2,430,251	7,354,369	2,816,644	12,601,264
Profit for the year (as restated)	-	-	3,745,500	3,745,500
At 1 April 2022 (as restated)	<u>2,430,251</u>	<u>7,354,369</u>	<u>6,562,144</u>	<u>16,346,764</u>
Profit for the year	-	-	5,416,211	5,416,211
At 31 March 2023	<u>2,430,251</u>	<u>7,354,369</u>	<u>11,978,355</u>	<u>21,762,975</u>

The notes on pages 12 to 30 form part of these financial statements.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Specialist Waste Recycling Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The registered office changed on 25th July 2023 to 101 Clydesmill Drive, Cambuslang, Glasgow, Strathclyde, United Kingdom, G32 8RG. The principal activity of the Company during the period was the provision of waste management services in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

For all periods up to and including the year ended 31 March 2022, the company prepared its financial statements in accordance with FRS 102. These financial statements for the year ended 31 March 2023 are the first the company has prepared in accordance with IFRS. Refer to Note 2.6 for information on how the company UK-adopted IFRS.

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.

Information on the impact of first-time adoption of FRS 101 is given in note 17.

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 (see note 3).

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

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 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- 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 Limited as at 31 March 2023 and these financial statements may be obtained from ARA 2023.

2.3 New and amended IFRS Standards that are effective for the current year:

At the date of authorisation of these Financial Statements, the below Standards and amendments are effective for reporting periods beginning after 1 January 2022, but have not impacted on the Company's reporting:

- 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 IFRS 3 Business Combinations: References 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

The adoption of the Standards listed above did not have a material impact on the financial statements of the Company

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 New standards and interpretations not yet effective

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 Insurance Contracts.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 1: Noncurrent Liabilities with Covenants
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

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.

2.5 Going concern

The Company operates within the Collections division of the Biffa Group.

The Biffa Group has performed strongly again throughout FY23, growing Revenue and Adjusted EBITDA despite continued headwinds in the form of inflationary pressures, supply chain disruption and a challenging economic outlook.

The Company will continue to have sufficient funds, through funding from the Group's parent company, Biffa Topco Limited, and other companies within the Biffa Group to meet its liabilities as they fall due.

At the year end the Biffa Group had unutilised committed bank facilities available of £102.0m and cash and cash equivalents of £41.3m. This gives a closing leverage ratio (Net Debt:Adjusted EBITDA) of 3.4x on a covenant basis, substantially below the covenant limit of 4.0x corresponding to the new debt facilities effective from 23 May 2023. The headroom on the 4.0x interest cover covenant limit is significantly greater than the headroom on the leverage covenant.

Since the year end, the Biffa Group has restructured its debt by increasing its rolling credit facility by £150m, increasing its term loans by £135m and replacing its existing £345m of private placements with £260m of new private placements. The net impact of these changes is an increase in total liquidity of £200m. Cash flow forecasts indicate that the Biffa Group will maintain strong levels of net available liquidity throughout the next 12 months, so the Group would have sufficient liquidity to fund a large one-off cash payment.

The going concern assumption for the Biffa Group has been assessed within the Annual Report and Accounts for Biffa Limited for the year ended 31 March 2023, considering a number of the principal risks. Management have applied reverse stress tests to determine the extent to which key financial measures could worsen over the next 12 months before covenant limits are breached. Interest cover headroom is expected to be noticeably lower than previous periods due to increased floating rate

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Going concern (continued)

exposure and a sharp rise in interest rates, so certain downside scenarios could cause a breach of interest cover simultaneously with leverage ratio. However sufficient headroom is expected over the next 12 months so that a breach of either covenant would still require a significant worsening in EBITDA and cash flow alongside a rise in interest rates. Interest cover headroom is expected to reduce further at September 2024, making a potential breach due to a worsening of performance or a rise in interest rate expectations more likely than at March 2024. An amendment to the covenant has been approved by lenders and if required we could further improve headroom by carrying out a number of cash improvement initiatives such as delaying capital expenditure, cancelling non-essential costs and working capital management. It may also be possible to enter into an interest rate swap to reduce the exposure to any further adverse interest rate movements. On this basis we consider the likelihood of a future covenant breach at September 2024 to be remote.

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.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.6 Impact of new international reporting standards, amendments and interpretations

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Balance Sheet (extract)

	31 March 2022 As originally presented £	IFRS 16 £	IFRS 3 £	31 March 2022 As restated £
Fixed assets				
Intangible assets	7,022,144	-	780,238	7,802,382
Tangible assets	428	234,196	-	234,624
	<u>7,022,572</u>	<u>234,196</u>	<u>780,238</u>	<u>8,037,006</u>
Current assets				
Debtors	19,168,652	-	-	19,168,652
Cash at bank and in hand	2,353,077	-	-	2,353,077
Total current assets	<u>21,521,729</u>	<u>-</u>	<u>-</u>	<u>21,521,729</u>
Creditors: amounts falling due within one year	(12,876,641)	(181,936)	-	(13,058,577)
Total assets less current liabilities	<u>15,667,660</u>	<u>52,260</u>	<u>780,238</u>	<u>16,500,158</u>
Creditors: amounts falling due after more than one year	-	(153,393)	-	(153,393)
Net assets	<u>15,667,660</u>	<u>(101,133)</u>	<u>780,238</u>	<u>16,346,765</u>
Capital and reserves				
Called up share capital	2,430,251	-	-	2,430,251
Share premium account	7,354,369	-	-	7,354,369
Profit and loss account	5,883,040	(101,133)	780,238	6,562,145
	<u>15,667,660</u>	<u>(101,133)</u>	<u>780,238</u>	<u>16,346,765</u>

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.6 Impact of new international reporting standards, amendments and interpretations (continued)

	31 March 2021 As originally presented £	IFRS 16 £	1 April 2021 As restated £
Fixed assets			
Tangible assets	150,430	301,290	451,720
Investments	7,802,382	-	7,802,382
	<u>7,952,812</u>	<u>301,290</u>	<u>8,254,102</u>
Current assets			
Debtors	12,337,964	-	12,337,964
Cash at bank and in hand	665,793	-	665,793
Total current assets	<u>13,003,757</u>	<u>-</u>	<u>13,003,757</u>
Creditors: amounts falling due within one year	(8,437,561)	(2,337)	(8,439,898)
Total assets less current liabilities	<u>12,519,008</u>	<u>298,953</u>	<u>12,817,961</u>
Creditors: amounts falling due after more than one year	-	(216,696)	(216,696)
Net assets	<u><u>12,519,008</u></u>	<u><u>82,257</u></u>	<u><u>12,601,265</u></u>
Capital and reserves			
Called up share capital	2,430,251	-	2,430,251
Share premium account	7,354,369	-	7,354,369
Profit and loss account	2,734,389	82,257	2,816,646
	<u><u>12,519,008</u></u>	<u><u>82,257</u></u>	<u><u>12,601,265</u></u>

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sales of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.8 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Balance Sheet.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.8 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' line, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.9.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold land and buildings	-	10% straight line
Plant and machinery	-	20% - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 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.

2.12 Intangible assets - Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Impairment

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Recoverable amount is the higher of fair value less costs of disposal 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 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.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.17 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

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

Financial assets

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

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with FRS 102 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 Company considers there to be no key sources of estimation uncertainty or judgements.

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	£	£
Waste management services	42,600,485	38,636,570

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2023	<i>As restated</i> 2022
	£	£
Expenses relating to short-term leases	31,566	28,826

6. Employees

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	2,099,253	2,314,042
Social security costs	182,859	178,258
Cost of defined contribution scheme	74,299	70,604
	2,356,411	2,562,904

The average monthly number of employees, including the Directors, during the year was as follows:

	2023	2022
	No.	No.
Direct	4	3
Administration	53	56
	57	59

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Interest receivable and similar income

	2023	2022
	£	£
Interest on bank deposits	5,831	126

8. Interest payable and similar expenses

	2023	2022
	£	£
Interest on lease	8,348	10,683

9. Taxation

The Company has no tax charge in the period (2022 - *£NIL*).

Factors affecting tax charge for the period

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023	<i>As restated</i> 2022
	£	£
Profit on ordinary activities before tax	5,416,208	3,745,500
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,029,080	711,645
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,515	3,515
Capital allowances for year in excess of depreciation	24,702	5,900
Group relief	(1,057,297)	(721,060)
Total tax charge/(credit) for the period	-	-

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.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Goodwill

	2023 £
Cost	
At 1 April 2022	7,802,382
At 31 March 2023	<u>7,802,382</u>
Amortisation	
At 1 April 2022 (as previously stated)	(780,238)
Impact of change in accounting policy	<u>780,238</u>
At 1 April 2022 (as restated)	-
Net book value	
At 31 March 2023	<u>7,802,382</u>
At 31 March 2022 (as restated)	<u>7,802,382</u>

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 April 2022 (as previously stated)	-	494,245	494,245
Impact of change in accounting policy	301,290	-	301,290
At 1 April 2022 (as restated)	301,290	494,245	795,535
Additions	-	153,538	153,538
Disposals	-	(150,483)	(150,483)
At 31 March 2023	301,290	497,300	798,590
Depreciation			
At 1 April 2022 (as previously stated)	-	493,817	493,817
Impact of change in accounting policy	67,094	-	67,094
At 1 April 2022 (as restated)	67,094	493,817	560,911
Charge for the year on owned assets	-	62,916	62,916
Charge for the year on right-of-use assets	67,094	-	67,094
Disposals	-	(150,483)	(150,483)
At 31 March 2023	134,188	406,250	540,438
Net book value			
At 31 March 2023	167,102	91,050	258,152
At 31 March 2022 (as restated)	234,196	428	234,624

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

	2023 £	As restated 2022 £
Long leasehold	167,102	234,196
	167,102	234,196

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Debtors

	2023 £	2022 £
Trade debtors	6,993,605	6,779,290
Amounts owed by group undertakings	18,061,155	11,987,383
Other debtors	950	950
Prepayments and accrued income	233,752	313,569
Tax recoverable	19,695	87,460
	<u>25,309,157</u>	<u>19,168,652</u>

Balances due from Group undertakings are unsecured, non-interest bearing and repayable on demand.

13. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>1,679,718</u>	<u>2,353,077</u>

14. Creditors: Amounts falling due within one year

	2023 £	As restated 2022 £
Trade creditors	4,452,098	4,198,807
Amounts owed to group undertakings	3,746,849	3,747,449
Other taxation and social security	341,973	354,623
Lease liabilities	48,115	63,303
Other creditors	547,763	611,581
Accruals and deferred income	4,061,858	4,082,814
	<u>13,198,656</u>	<u>13,058,577</u>

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Creditors: Amounts falling due after more than one year

	2023	<i>As restated</i> 2022
	£	£
Lease liabilities	87,778	153,394
	87,778	153,394

16. Share capital

	2023	2022
	£	£
Authorised		
25,000,000 (2022 - 25,000,000) Ordinary shares of £0.10 each	2,500,000	2,500,000
Allotted, called up and fully paid		
24,302,507 (2022 - 24,302,507) Ordinary shares of £0.10 each	2,430,251	2,430,251

17. First time adoption of FRS 101

The Company transitioned to FRS 101 from previously extant FRS 102 as at 1 April 2021. The impact of the transition to FRS 101 is as follows:

Reconciliation of equity at 1 April 2021

	£
Equity at 1 April 2021 under previous FRS 102	12,519,008
IFRS 16	82,257
Equity at 1 April 2021 under FRS 101	12,601,265

Reconciliation of equity at 31 March 2022

	£
Equity at 31 March 2022 under previous FRS 102	15,667,660
IFRS 16	(101,133)
IFRS 3	780,238
Equity at 31 March 2022 under FRS 101	16,346,765

SPECIALIST WASTE RECYCLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. First time adoption of FRS 101 (continued)

Reconciliation of profit and loss account for the year ended 31 March 2022

	£
Profit for the year under previous FRS 102	3,148,652
IFRS 16	(183,390)
IFRS 3	780,238
Profit for the year ended 31 March 2022 under FRS 101	3,745,500

The following were changes in accounting policies arising from the transition to FRS 101:

1 Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS (as explained in Note 2.8), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. These figures are included in the parent's consolidated financial statements. As a result, the company recognised an increase of £135,893 (FY22: £NIL) of lease liabilities and £167,102 (FY22: £NIL) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings.

2 Intangible assets - Goodwill

Under local GAAP, goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Under IFRS (as explained in Note 2.12), goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss.

At the date of transition to IFRS, the company derecognised previous amortisation in relation to goodwill. As a result, goodwill was increased by £780,238 to £7,802,382 (FY22: £7,022,145). The corresponding entry was recognised in retained earnings.

SPECIALIST WASTE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. Leases

Company as a lessee

The Company has a lease contract for a property which is used as its head office. The lease term is until 11th October 2025. The company's obligations under this lease is secured by the lessor's title to the leased property. Generally, the company is restricted from assigning and subleasing the property.

The Company also leases an office space and vehicles which are on monthly rolling contracts. The company applies the 'short-term' lease recognition exemption for these leases.

Lease liabilities are due as follows:

	2023 £	As restated 2022 £
Not later than one year	48,115	63,303
Between one year and five years	87,778	153,394
	<u>135,893</u>	<u>216,697</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2023 £	As restated 2022 £
Expenses relating to short-term leases	<u>31,566</u>	<u>28,826</u>

19. Controlling party

The immediate parent undertaking is Biffa Waste Services Limited, a company incorporated in England and Wales, whose registered office is Coronation Road, Cressex, High Wycombe, Bucks, HP12 3TZ.

The Company's results are consolidated into the accounts of Biffa Limited, a company incorporated in England and Wales, whose registered office is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ. Biffa Limited is the parent company of the smallest and largest group in which the Company's results are consolidated. Copies of the consolidated financial statements can be obtained from the registered office and online at <https://www.biffa.co.uk/our-sustainable-business/about-us/annual-report>.

The ultimate controlling party is ECP ControlCo, LLC, registered in Delaware, United States.