

BIFFA WASTE SERVICES LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2001



Company Number : 946107

BIFFA WASTE SERVICES LIMITED

Directors: M J Bettington
R A S Costin
B J Griffiths
P T Jones
T W J Lowth
N H Manning
R B Tate
M Saville
R Tweedale

Secretary: W A F Clark

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31 March 2001.

PRINCIPAL ACTIVITY

The company operates collection, landfill and special waste services in the UK.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Turnover for the year was £234.0 million (2000: £219.6 million). The company made an operating profit of £23.1 million in the year (2000: £20.6 million).

During the acquisition of UK Waste Management Limited by Severn Trent plc during the year, a certain number of depots of a similar size were swapped between UK Waste Management Limited and Biffa Waste Services Limited.

FINANCIAL RESULTS AND DIVIDEND

| | £'000 |
|--|--------------------|
| Profit before taxation | 16,397 |
| Taxation | (6,224) |
| Profit after taxation, transferred to reserves | <hr/> 10,173 <hr/> |

Interim dividends of £9,519,000 (2000: £7,437,000) were paid during the year. The directors do not propose the payment of a final dividend (2000: nil).

INTRODUCTION OF THE EURO

The project for preparing systems and other applications for the introduction of the Euro is co-ordinated on a groupwide basis by the ultimate parent company. Further details of the actions that have and are being taken by the group to address this issue are disclosed in the report and financial statements of Severn Trent Plc for the year ended 31 March 2001.

No significant costs have been incurred by the company in connection with this project

DIRECTORS

The directors of the company at the date of this report are shown above. Mr R E Tweedale and Mr M Saville were appointed on 22 September 2000, and Mr T W J Lowth was appointed on 20 August 2001. Mr D A Brown resigned on 12 November 2001. The other directors served throughout the year.

DIRECTORS' INTERESTS

The company has been notified of the following interests in the ordinary shares of Severn Trent Plc.

| 65.41p Ordinary Shares | 31 March 2001 | 31 March 2000 |
|------------------------|------------------|------------------|
| B J Griffiths | 5,137 | 317 |
| R B Tate | 8,322 | 5,269 |
| N H Manning | 831 | - |

| Options over Ordinary Shares | 1 April 2000 | Granted | Lapsed | 31 March 2001 |
|---------------------------------|-----------------|---------|--------|------------------|
| B J Griffiths | 1,662 | 1,905 | - | 3,567 |
| R B Tate | 3,240 | - | - | 3,240 |

Share options were granted and are exercisable in accordance with the Severn Trent Executive Share Option Scheme and the Severn Trent Sharesave Scheme as appropriate. Details of prices and periods within which options are exercisable can be found in the financial statements of Severn Trent Plc.

No other director had any interest at 1 April 2000 or 31 March 2001 which is required to be disclosed in these financial statements.

EMPLOYEE INVOLVEMENT

Opportunity is given on a regular basis for managers to be questioned by employees at the company's operational centres about matters that concern them. Eligible employees may participate in the Sharesave Scheme and the Pension Scheme.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the company to give full consideration to suitable applications from disabled persons. Consideration will also be given to employees who become disabled to continue in their employment or to be retrained for other positions in the company.

SUPPLIER PAYMENT POLICY

The company has established policies with regard to the payment of its suppliers. The company agrees terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

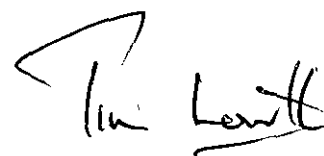
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ending 31 March 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and were reappointed auditors to the company at the Annual General Meeting.

On behalf of the Board



T W J Lowth
Director

27 June 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BIFFA WASTE SERVICES LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Reading

27 June 2002

BIFFA WASTE SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2001

| | Notes | 2001 £000 | 2000 £000 |
|---|-------|-------------------|---------------------|
| Turnover | 3 | 234,020 | 219,609 |
| Cost of sales | | (198,238) | (187,440) |
| Gross profit | | <u>35,782</u> | <u>32,169</u> |
| Distribution costs | | (5,148) | (4,915) |
| Administrative costs | | (7,554) | (6,669) |
| Operating profit before interest and taxation | | <u>23,080</u> | <u>20,585</u> |
| Income from investments | | 194 | 293 |
| Interest receivable | | 749 | 795 |
| Provision discount elimination | 14 | (641) | (544) |
| Interest payable | 4 | (6,985) | (6,210) |
| Profit on ordinary activities before taxation | 3,5 | <u>16,397</u> | <u>14,919</u> |
| Taxation on profit on ordinary activities | 7 | (6,224) | (2,636) |
| Profit for the financial year | | <u>10,173</u> | <u>12,283</u> |
| Interim dividend | 8 | (9,519) | (7,437) |
| Retained profit | 16 | <u><u>654</u></u> | <u><u>4,846</u></u> |

The profit for the financial year is derived wholly from continuing operations.

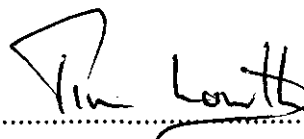
The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

BIFFA WASTE SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2001

| | Notes | 2001 £000 | 2000 £000 |
|---|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 193,334 | 131,013 |
| Intangible assets | 10 | 2,627 | 2,772 |
| Investments | 11 | 802 | 1,366 |
| | | <u>196,763</u> | <u>135,151</u> |
| CURRENT ASSETS | | | |
| Stocks of consumables | | 1,219 | 1,331 |
| Debtors | 12 | 83,124 | 77,634 |
| Cash at bank and in hand | | 7,008 | 4,771 |
| | | <u>91,351</u> | <u>83,736</u> |
| CREDITORS | | | |
| Amounts falling due within one year: | | | |
| Amounts owed to group undertakings | | (67,558) | (9,460) |
| Other creditors | 13 | (127,292) | (117,973) |
| | | <u>(194,850)</u> | <u>(127,433)</u> |
| NET CURRENT LIABILITIES | | <u>(103,499)</u> | <u>(43,697)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>93,264</u> | <u>91,454</u> |
| CREDITORS | | | |
| Amounts falling due after one year | 13 | (110) | (4) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 14 | (19,822) | (18,772) |
| NET ASSETS | | <u>73,332</u> | <u>72,678</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 103,660 | 103,660 |
| Revaluation reserve | 16 | 656 | 656 |
| Profit and loss account | 16 | (30,984) | (31,638) |
| EQUITY SHAREHOLDERS' FUNDS | 17 | <u>73,332</u> | <u>72,678</u> |

The financial statements on pages 6 to 21 were approved by the Board of Directors on 27 June 2002 and were signed on its behalf by:



T W J Lowth
Director

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with applicable accounting standards.

The following accounting standards have been adopted in these financial statements for the first time:

b) Landfill sites

The cost of landfill sites is capitalised as a tangible fixed asset. Cost includes site development and cell preparation costs.

c) Depreciation of tangible fixed assets

Provision for depreciation of tangible fixed assets, other than freehold land, is made by a charge against income based on the cost of such assets over their expected useful lives using the straight line method at the following rates:-

| | |
|-------------------------------|-----------------|
| Motor vehicles | 4-8 years |
| Plant | 5-8 years |
| Fixtures and office equipment | 5-10 years |
| Short leasehold property | Length of lease |
| Long leasehold property | 21-50 years |

The cost of landfill sites is amortised over the estimated life of each site on the basis of void usage. Cost includes the cost of acquiring and developing each site but does not include interest.

Each landfill site is divided into a number of operational cells. Cell preparation costs are depreciated over the estimated life of the cell on the basis of the usage of the void space within the cell concerned.

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

e) Deferred taxation

Deferred taxation relating to capital allowances and other timing differences is provided for to the extent that it is probable that a liability will crystallise in the foreseeable future.

f) Reinstatement of land and environmental control

Provision for the cost of reinstatement of landfill sites is made over the operational life of each site and charged to the profit and loss account on the basis of volume of void space used.

Environmental control and aftercare costs are incurred over each site's operational life and these may continue for a considerable period thereafter. Provision for the total estimated costs of environmental control and aftercare is made over the operational life of each site and charged to the profit and loss account on the basis of volume of void space used.

g) Leased assets

Where assets are financed by leasing agreements that have rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to the profit and loss account in accordance with note 1 (c) above. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account.

All other leases are accounted for as operating leases, and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

h) Goodwill

Goodwill represents the excess of purchase consideration over the fair value of the separable assets acquired.

Following the introduction of FRS10, the company changed its accounting policy for goodwill. Goodwill arising on all acquisitions prior to 1 April 1998 was written off against the profit and loss account reserve. Purchased goodwill arising on acquisitions after 31 March 1998 is treated as an intangible fixed asset in the balance sheet and stated at cost less accumulated amortisation. Capitalised goodwill is amortised on a straight line basis over its useful economic life. Useful economic lives are currently estimated at 20 years.

i) Pension costs

The company contributes to the Severn Trent Water Pension Scheme and the Biffa Works Pension Scheme. Pension costs are determined actuarially so as to spread the cost of providing pension benefits over the estimated period of employees' pensionable service with the company.

j) Turnover

Turnover represents amounts invoiced for goods and services provided, excluding VAT.

2 CASHFLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements of Severn Trent Plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Severn Trent Plc group of companies or investees of the Severn Trent Plc group.

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

3 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit on ordinary activities before taxation is derived entirely from the collection, transport and disposal of industrial, commercial and domestic waste, with the majority of this being in the United Kingdom.

4 INTEREST PAYABLE

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| Interest payable on loans repayable within five years other than by instalments | | |
| Bank overdraft | 5,612 | 4,962 |
| Other third party | 52 | 21 |
| Group undertakings | 1,321 | 1,227 |
| | <u>6,985</u> | <u>6,210</u> |

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2001 £000 | 2000 £000 |
|---------------------------------------|---------------|---------------|
| After charging | | |
| Depreciation of tangible fixed assets | | |
| - landfill | 7,428 | 7,273 |
| - other owned | 22,958 | 15,329 |
| - other leased | 90 | 43 |
| Operating lease charges | 3,397 | 3,167 |
| Hire of plant and machinery | 5,406 | 4,235 |
| Amounts paid to auditors: | | |
| - As auditors | 102 | 48 |
| - Non audit work | 1 | 1 |
| | <u> </u> | <u> </u> |

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

| | | |
|--|----------------------|----------------------|
| 6 EMPLOYEES | 2001 | 2000 |
| | £000 | £000 |
| Staff costs during the year | | |
| Wages and salaries | 58,997 | 47,224 |
| Social security costs | 6,565 | 3,991 |
| Other pension costs (note 19) | 3,862 | 2,417 |
| | <u>69,424</u> | <u>53,632</u> |
| | <u><u>69,424</u></u> | <u><u>53,632</u></u> |
| The average monthly number of persons (including executive directors) employed by the company during the year was: | Number | Number |
| Full time employees | 2,768 | 2,182 |
| Part time employees | 38 | 32 |
| | <u>2,806</u> | <u>2,214</u> |
| | <u><u>2,806</u></u> | <u><u>2,214</u></u> |
| | 2001 | 2000 |
| | £000 | £000 |
| Directors' remuneration | | |
| Aggregate emoluments | <u>1,464</u> | <u>1,024</u> |
| | <u><u>1,464</u></u> | <u><u>1,024</u></u> |

No directors exercised share options in the year (2000: one). Four directors (2000: seven) became entitled to receive shares under long-term incentive schemes during the year. Retirement benefits are accruing to eight directors (2000: seven) under defined benefit schemes.

| | | |
|--------------------------------|-------------|-------------|
| | 2001 | 2000 |
| | £000 | £000 |
| Highest paid director | | |
| Aggregate emoluments | 273 | 174 |
| Defined benefit pension scheme | | |
| Accrued pension at end of year | 77 | 63 |

The highest paid director did not exercise share options but did receive shares under long-term incentive schemes during the year.

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 2001 £000 | 2000 £000 |
|--|-------------------|-------------------|
| Current year taxation | | |
| Corporation tax payable at 30% (2000: 30%) | 4,723 | - |
| Group relief payable at 30% (2000: 30%) | 3,767 | 3,923 |
| | <hr/> 8,490 | <hr/> 3,923 |
| Adjustment in respect of previous years | | |
| Corporation tax | - | (1,594) |
| Group relief | (2,266) | 307 |
| Total charge | <hr/> <hr/> 6,224 | <hr/> <hr/> 2,636 |

The tax charge for both the current and prior years has been increased by the disclaimer of capital allowances.

8 DIVIDENDS

| | 2001 £000 | 2000 £000 |
|---|--------------|--------------|
| Equity - ordinary | | |
| First interim paid: 4.36p (2000: 4.62p) per £1 share | 4,519 | 4,787 |
| Second interim paid: 4.82p (2000: 2.56p) per £1 share | 5,000 | 2,650 |
| | <hr/> 9,519 | <hr/> 7,437 |

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

9 TANGIBLE FIXED ASSETS

| | Land & buildings £000 | Landfill sites £000 | Plant, vehicles & equipment £000 | Total £000 |
|----------------------|-----------------------------|---------------------------|--|----------------|
| Cost or valuation | | | | |
| At 1 April 2000 | 11,497 | 101,018 | 145,848 | 258,363 |
| Additions | 914 | 2,669 | 26,964 | 30,547 |
| Intra-group transfer | 16,774 | - | 111,091 | 127,865 |
| Disposals | (663) | - | (11,860) | (12,523) |
| At 31 March 2001 | <u>28,522</u> | <u>103,687</u> | <u>272,043</u> | <u>404,252</u> |
| Depreciation | | | | |
| At 1 April 2000 | 2,189 | 40,473 | 84,688 | 127,350 |
| Charge for the year | 2,585 | 7,428 | 20,463 | 30,476 |
| Intra-group transfer | 3,172 | - | 58,478 | 61,650 |
| Disposals | (305) | - | (8,203) | (8,508) |
| Reallocations | 22 | (50) | (22) | (50) |
| At 31 March 2001 | <u>7,663</u> | <u>47,851</u> | <u>155,404</u> | <u>210,918</u> |
| Net book value | | | | |
| At 31 March 2001 | <u>20,859</u> | <u>55,836</u> | <u>116,639</u> | <u>193,334</u> |
| At 31 March 2000 | <u>9,308</u> | <u>60,545</u> | <u>61,160</u> | <u>131,013</u> |

The net book value of tangible fixed assets includes £33,478 (2000: £67,653) in respect of assets held under finance leases.

Certain of the company's freehold and long leasehold land and buildings were revalued on the basis of an open market valuation for existing use at 31 March 2000. Had these assets not been revalued land and buildings cost would have been £27,866,000 (2000: £10,841,000), accumulated depreciation would have been £7,643,000 (2000: £2,171,000) and net book value would have been £20,223,000 (2000: £8,670,000).

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

9 TANGIBLE FIXED ASSETS (Continued)

Cost or valuation at 31 March 2001 is represented by:-

| | Land & buildings £000 | Landfill sites £000 | Plant, vehicles & equipment £000 | Total £000 |
|----------------|-----------------------------|---------------------------|--|----------------|
| Cost | 26,618 | 103,687 | 272,043 | 402,348 |
| 1990 Valuation | 1,904 | - | - | 1,904 |
| | <u>28,522</u> | <u>103,687</u> | <u>272,043</u> | <u>404,252</u> |

Land and buildings and landfill sites at net book value comprise:

| | 2001 | | 2000 | |
|-----------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | Land & buildings £000 | Landfill sites £000 | Land & buildings £000 | Landfill sites £000 |
| Freehold | 12,091 | 43,792 | 5,746 | 46,628 |
| Long leasehold | 8,241 | 8,356 | 3,123 | 9,041 |
| Short leasehold | 527 | 3,688 | 439 | 4,876 |
| | <u>20,859</u> | <u>55,836</u> | <u>9,308</u> | <u>60,545</u> |

| | | |
|--|--------------|--------------|
| Capital commitments | 2001 £000 | 2000 £000 |
| Capital expenditure contracted but not provided for at the year end | <u>6,356</u> | <u>5,581</u> |

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

10 INTANGIBLE ASSETS

| | |
|--------------------------|---------------------|
| | £000 |
| Goodwill: | |
| Cost | |
| At 1 April 2000 | 2,887 |
| Acquired during year | - |
| At 31 March 2001 | <u>2,887</u> |
| Accumulated amortisation | |
| At 1 April 2000 | 115 |
| Charge for the year | 145 |
| At 31 March 2001 | <u>260</u> |
| Net book value | |
| At 31 March 2001 | <u>2,627</u> |
| At 31 March 2000 | <u><u>2,772</u></u> |

11 INVESTMENTS

| | Shares £000 | Loans £000 | Total £000 |
|-------------------------------------|----------------|---------------|---------------|
| Investment in joint venture at cost | | | |
| At 1 April 2000 | 1 | 1,365 | 1,366 |
| Loans repaid | - | (564) | (564) |
| At 31 March 2001 | <u>1</u> | <u>801</u> | <u>802</u> |

The company owns 50% of the share capital of Biogeneration Limited. The remaining 50% is owned by PowerGen CHP Limited, a wholly owned subsidiary of PowerGen Plc. Biogeneration Limited's principal activity is the generation of electricity using methane produced by four of the company's landfill sites.

The company is not required to prepare consolidated financial statements because it is a wholly owned subsidiary of another company registered in England and Wales and its results are included in the financial statements of Severn Trent Plc.

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

12 DEBTORS

| | 2001 £000 | 2000 £000 |
|---|--------------|--------------|
| Amounts falling due within one year: | | |
| Trade debtors | 78,208 | 44,187 |
| Amounts owed by group undertakings | 47 | 27,778 |
| Corporation tax recoverable | - | 624 |
| Other debtors and prepayments | 1,507 | 1,460 |
| | <hr/> 79,762 | <hr/> 74,049 |
| Amounts falling due after more than one year: | | |
| Other debtors and prepayments | 3,362 | 3,585 |
| | <hr/> 83,124 | <hr/> 77,634 |

13 CREDITORS

| | 2001 £000 | 2000 £000 |
|--|---------------|---------------|
| Other amounts falling due within one year: | | |
| Bank overdraft - unsecured | 74,025 | 84,513 |
| Trade creditors | 17,579 | 12,736 |
| Corporation tax | 4,721 | - |
| Lease obligations | 169 | 30 |
| Other taxes and social security | 12,421 | 7,142 |
| Accruals and deferred income | 18,377 | 13,552 |
| | <hr/> 127,292 | <hr/> 117,973 |
| Amounts falling due after one year | | |
| Lease obligations | 110 | 4 |

The bank overdraft forms part of a group offset arrangement.

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

14 PROVISIONS FOR LIABILITIES AND CHARGES

Land reinstatement & environmental

£'000

| | |
|-----------------------------------|---------|
| At 1 April 2000 | 18,772 |
| Expense for the year | (3,593) |
| Charge to profit and loss account | 3,952 |
| Discount elimination | 641 |
| Transfers | 50 |

| | |
|------------------|---|
| At 31 March 2001 | <div style="border-top: 1px solid black; border-bottom: 3px double black;">19,822</div> |
|------------------|---|

As part of its normal activities, the company undertakes to reinstate its landfill sites and to maintain the sites and control leachate and methane emissions from the sites. Provision is made for these anticipated costs. Reinstatement costs are incurred as each site is filled, and in the period immediately after its closure. Maintenance and leachate and methane control costs are incurred as each site is filled and for a number of years post closure.

Deferred taxation provided in the financial statements and the total unprovided asset/(liability) at 30% (2000: 30%) are as follows:

| | Amount Provided | | Amount Unprovided | |
|--------------------------------|--|--|--|--|
| | 2001 | 2000 | 2001 | 2000 |
| | £000 | £000 | £000 | £000 |
| Accelerated capital allowances | - | - | 4,674 | 2,283 |
| Other timing differences | - | - | 3,384 | 3,278 |
| | <div style="border-top: 1px solid black; border-bottom: 3px double black;">-</div> | <div style="border-top: 1px solid black; border-bottom: 3px double black;">-</div> | <div style="border-top: 1px solid black; border-bottom: 3px double black;">8,058</div> | <div style="border-top: 1px solid black; border-bottom: 3px double black;">5,561</div> |

15 CALLED UP SHARE CAPITAL

| | 2001 | 2000 |
|---|--|--|
| | £000 | £000 |
| Authorised, allotted, called up and fully paid: | | |
| 103,660,000 Ordinary shares of £1 each | <div style="border-top: 1px solid black; border-bottom: 3px double black;">103,660</div> | <div style="border-top: 1px solid black; border-bottom: 3px double black;">103,660</div> |

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

16 RESERVES

| | Revaluation Reserve | Profit & Loss Account |
|---------------------|------------------------|-----------------------------|
| | £000 | £000 |
| At 1 April 2000 | 656 | (31,638) |
| Profit for the year | - | 654 |
| At 31 March 2001 | <u>656</u> | <u>(30,984)</u> |

Total reserves available for distribution are £3,809,000 (2000: £6,394,000)

17 RECONCILIATION OF THE MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2001 £000 | 2000 £000 |
|-----------------------------|---------------|---------------|
| Profit for the year | 10,173 | 12,283 |
| Dividend | (9,519) | (7,437) |
| | <u>654</u> | <u>4,846</u> |
| Opening shareholders' funds | 72,678 | 67,832 |
| Closing shareholders' funds | <u>73,332</u> | <u>72,678</u> |

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

18 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:-

| | 2001 | | 2000 | |
|--|-----------------------------|---------------|-----------------------------|---------------|
| | Land & Buildings £000 | Other £000 | Land & Buildings £000 | Other £000 |
| Expiring within one year | 82 | 458 | 50 | 403 |
| Expiring between two and five years inclusive | 39 | 1,148 | 167 | 1,016 |
| Expiring in over five years | 1,015 | - | 1,022 | - |
| | <u>1,136</u> | <u>1,606</u> | <u>1,239</u> | <u>1,419</u> |

The company has entered into bonds and guarantees in the normal course of business. No liability is expected to arise in respect of either bonds or guarantees.

19 PENSION ARRANGEMENTS

The company participates in a number of pension schemes. The principal schemes are the Severn Trent Water Pension Scheme and the Biffa Works Pension Scheme.

- a) The Severn Trent Water Pension Scheme is operated by Severn Trent Plc. The scheme is of the defined benefit type and the assets are held in separate trustee administered funds. The latest actuarial valuation of the scheme was carried out at 31 March 1998. Particulars of this valuation of the scheme are contained in the financial statements of Severn Trent Plc.
- b) The Biffa Works Pension Scheme is of the defined contribution type, and the assets are held in separate trustee administered funds.

The total pension cost for the company was £3,960,000 (2000: £2,417,000).

BIFFA WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2001

20 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Biffa Holdings Limited.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking of the smallest and largest groups to consolidate these financial statements. Copies of Severn Trent Plc consolidated financial statements can be obtained from the Company Secretary at 2297 Coventry Road, Birmingham, B26 3PU.