

Greater Manchester Sites Limited
Directors' report and financial statements
for the year ended 31 March 2004

Registered Number 2566333



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for the year ended 31 March 2004

Contents

Directors and Advisors	1
Directors' report for the year ended 31 March 2004	2
Independent auditors' report to the members of Greater Manchester Sites Limited	4
Profit and loss account for the year ended 31 March 2004	6
Balance sheet as at 31 March 2004	7
Notes to the financial statements for the year ended 31 March 2004	8

Greater Manchester Sites Limited

Directors and Advisors

Directors

S T Jenkinson
G K Johnson
M J Bettington
T W J Lowth
D A Lancaster (Chair)
D R Knott

Secretary

G K Johnson FCA

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Keoghs
2 The Parklands
Bolton
BL6 4SE

Bankers

Royal Bank of Scotland PLC
1 – 5 Church Terrace
Oldham
OL1 3AU

Registered Office

P O Box 151
Higher Swan Lane
Bolton
BL3 3WW

Registered Number

2566333

Greater Manchester Sites Limited

Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements for the year ended 31 March 2004.

Principal activities

The principal activity of the company is the arrangement of the disposal of domestic and trade refuse.

Review of business

The profit and loss account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory.

The parent company's major contract is for the provision of waste disposal services to the Greater Manchester Waste Disposal Authority (GMWDA). This contract, which accounts for approaching £70 million of group turnover, terminates in March 2006.

The GMWDA is currently in the process of determining its procurement strategy for the successor contract. There are two key and inter-related drivers that will guide the process:

- the demands of European and UK procurement legislation to run a comprehensive procurement that is fair;
- the duty of the GMWDA to deliver 'best value' to local people.

Implicit in the specification for the new contract will be a requirement to ensure that recycling and landfill diversion targets are achieved. This is likely to require significant investment in new infrastructure and the GMWDA is considering a Public Finance Initiative solution to provide the capital.

The parent company will not be a bidder for the contract, either alone or with a partner of its own choice. However, potential bidders for the contract will have the opportunity to consider a number of possible outcomes for the parent company which may include:

- a share or asset sale; or
- a continuing role in GMWDA ownership, possibly acting as sub-contractor for the successful bidder

In preparing the financial statements the directors have considered the above situation and believe, taking into account the period until finalisation of this process, and the likelihood of the business and its assets and liabilities being maintained under future structures it is still appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the business and its assets and liabilities were to be broken up following the outcome of the procurement process.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2003: £nil). The loss for the year of £1,253 (2003: profit of £2,210) will be transferred from reserves.

Greater Manchester Sites Limited

Directors' report for the year ended 31 March 2004 (continued)

Directors and their interests

The directors who served during the year are given below:

S T Jenkinson (Managing Director)
G K Johnson (Finance Director)

Non-executive directors

D A Lancaster (Chair)
M J Bettington
T W J Lowth
D R Knott

None of the directors of the company has any beneficial interest in the shares of the company.

Changes in fixed assets

The company does not own any fixed assets.

Employees

The directors were the only employees of the company during the year.

Taxation status

The company is not a close company as defined by the provisions of the Income and Corporation Taxes Act 1988.

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.

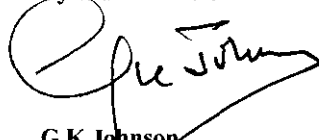
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been 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

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



G K Johnson
Company Secretary
17 January 2005

Greater Manchester Sites Limited

Independent auditors' report to the members of Greater Manchester Sites Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets and the related notes which have been prepared using the accounting policies set out in note 1 to the financial statements.

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 the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept and assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 audit 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.

Going Concern – fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty of the outcome of the tender process for the contract comprising some £70million of the parent company's turnover. In view of the significance of this uncertainty we consider that it should be brought to your attention, but our opinion is not qualified in this respect.

Greater Manchester Sites Limited

Independent Auditors' report to the members of Greater Manchester Sites Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company at 31 March 2004 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
17 January 2005

Greater Manchester Sites Limited

Profit and loss account for the year ended 31 March 2004

	Note	2004 £	2003 £
Turnover	2	31,957,514	31,404,798
Cost of sales		(31,945,379)	(31,390,006)
Gross profit		12,135	14,792
Administration expenses		(15,254)	(14,085)
Operating profit / (loss)		(3,119)	707
Interest receivable and similar income		1,347	2,022
(Loss)/profit on ordinary activities before taxation	5	(1,772)	2,729
Tax on (loss)/profit on ordinary activities	6	519	(519)
(Loss)/retained profit for the financial year		(1,253)	2,210

Statement of retained profits

	Note	2004 £	2003 £
Retained profit brought forward		78,601	76,391
(Loss)/profit for the year	10	(1,253)	2,210
Retained profits at 31 March 2004		77,348	78,601

All operations are derived from continuing activities.

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

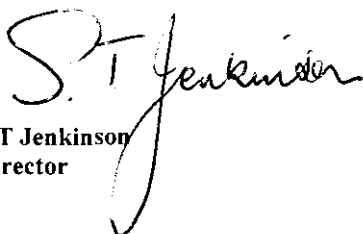
There is no difference between the profit on ordinary activities before taxation and the (loss)/retained profit for the year stated above and their historical cost equivalents.

Greater Manchester Sites Limited

Balance sheet as at 31 March 2004

	Note	2004 £	2003 £
Current assets			
Debtors	7	2,888,807	3,165,522
Cash at bank and in hand		45,950	60,403
		2,934,757	3,225,925
Creditors: amounts falling due within one year	8	2,856,409	3,146,324
Net assets		78,348	79,601
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account		77,348	78,601
Equity shareholders' funds	10	78,348	79,601

The financial statements on pages 5 to 10 were approved by the board of directors on 17 January 2005 and were signed on its behalf by:


S T Jenkinson
Director

Greater Manchester Sites Limited

Notes to the financial statements for the year ended 31 March 2004

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

Under "Review of the Business" in the Directors' Report the situation regarding a tender process for the contract which provides some £70 million of turnover to the parent company's is described. This contract is due to be retendered, with effect from March 2006.

The ultimate outcome of the process cannot be predicted, as there are several alternative structures to effect the retender process. However the directors believe, taking into account the period until finalisation of this process, and the likelihood of the business and its assets and liabilities being maintained under future structures, that it is appropriate to prepare the financial statements for the year to 31 March 2004 on a going concern basis. The financial statements do not include any adjustments that would result if the business and its assets and liabilities were to be broken up.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Cash flow statement

The company qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Turnover

Turnover includes landfill tax, but excludes value added tax, and comprises charges made for the disposal of trade and domestic waste. Turnover is recognised on completion of the service.

Deferred taxation

Provision for deferred tax is made in accordance with FRS 19 – Deferred Tax. Deferred taxation is not discounted.

2 Turnover and profit on ordinary activities before taxation

The company's turnover and profit derive entirely from sales made in the United Kingdom.

3 Directors' emoluments

The directors received no emoluments during the year (2003: £Nil).

4 Employee information

There were no employees during the year (2003: nil)

Greater Manchester Sites Limited

5 Operating profit/(loss)

	2004 £	2003 £
Operating profit/(loss) is arrived at after charging:		
Auditors' remuneration for:		
Audit services	4,500	3,500
Non-audit services	1,500	1,500

6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax	(173)	519
Adjustments in respect of prior periods	(346)	
Tax (credit) charge on profits on ordinary activities	(519)	519

(b) Factors affecting the company tax charge in the year

The tax assessed for the year is lower than the standard rate of corporation tax of 30% (2003: equal to the marginal rate of 19%). The differences are explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	(1,772)	2,729
Tax on ordinary activities at 30% (2003: 19%)	(532)	519
Effects of:		
Permanent differences	532	-
Utilisation of losses	(173)	-
Adjustment to tax charge in respect of prior period	(346)	-
Current tax (credit)/charge for the year	(519)	519

The company has neither a deferred tax asset or liability.

7 Debtors

	2004 £	2003 £
Amounts owed by immediate parent company	2,888,807	3,165,522

Greater Manchester Sites Limited

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	-	-
Trade creditors	2,844,889	3,138,177
United Kingdom Corporation Tax	-	519
Other tax and social security	5,520	1,628
Accruals and deferred income	6,000	6,000
	2,856,409	3,146,324

9 Called up share capital

	2004 £	2003 £
Authorised		
500 ordinary "A" shares of £1 each	500	500
500 ordinary "B" shares of £1 each	500	500
	1,000	1,000
Allotted, called up and fully paid		
500 ordinary "A" shares of £1 each	500	500
500 ordinary "B" shares of £1 each	500	500
	1,000	1,000

"A" and "B" ordinary shares rank *pari passu*.

10 Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	79,601	77,391
(Loss)/profit for the financial year	(1,253)	2,210
Closing shareholders' funds	78,348	79,601

11 Related party transactions

Greater Manchester Sites Limited is a subsidiary of Greater Manchester Waste Limited, with which it had inter-company sales of £31,957,514 (2003: £31,404,798) during the year. This turnover was generated as a result of the arrangement for domestic and trade refuse disposal on behalf of its parent company. Greater Manchester Waste Limited also charged Greater Manchester Sites Limited a management fee of £8,500 (2003: £8,802).

Greater Manchester Sites Limited

11. Related party transactions (continued)

Balances due from Greater Manchester Waste Limited at 31 March 2004 were:

	2004 £	2003 £
Trade debtor	2,888,807	3,165,522

In addition, transactions have occurred between Greater Manchester Sites Limited and Biffa Waste Management Limited, the company's other 50% shareholder, during the year. Purchases of services supplied by Biffa Waste Management Limited amounted to £31,945,379 (2003: £31,390,006) for the year ended 31 March 2004.

Balances due to Biffa Waste Management Limited at 31 March 2004 were:

	2004 £	2003 £
Trade creditor	2,844,889	3,138,177

12 Ultimate parent company and ultimate controlling party

The directors regard Greater Manchester Waste Limited, a company incorporated in the United Kingdom, as the immediate parent company, and the Greater Manchester Waste Disposal Authority as the ultimate parent undertaking and ultimate controlling party. Details of the relevant financial information may be obtained from Oldham Metropolitan Borough Council, The Treasurer to the Authority, Greater Manchester Waste Disposal Authority, P O Box 196, Civic Centre, West Street, Oldham OL1 1QJ.