

Greater Manchester Sites Limited  
Directors' report and financial statements  
for the year ended 31 March 2005

Registered Number 2566333



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for the year ended 31 March 2005

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# **Greater Manchester Sites Limited**

## **Directors and Advisors**

### **Directors**

S T Jenkinson

G K Johnson

M J Bettington

T W J Lowth

D R Knott

A J Cummings (Chair)

### **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 2005**

The directors present their report and the audited financial statements for the year ended 31 March 2005.

### **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 6.

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

The immediate 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 approximately £70 million of group turnover, terminates in March 2006.

The GMWDA is currently engaged in separate procurement processes to provide both an interim and a primary contract for waste disposal services. The interim contract will run for a period from April 2006 to the start of the long term contract. The primary contract will be Private Finance Initiative (PFI) based. These procurement processes are being guided by procurement legislation, the duty of the GMWDA to deliver best value and standardised best practice (ODPM and 4Ps) methodologies. Implicit in the specification for both the contracts will be a requirement to ensure that recycling and landfill diversion targets are achieved. The company will not be a bidder for the main contract but the directors have confirmed that it is the company's intention to bid for the interim contract.

The main procurement process has now progressed to a short listed bidder basis, in which four bidders will shortly be invited to tender for a 25 year contract. The current timetable anticipates contract letting being completed in March 2007.

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.

This approach is supported by a resolution of the GMWDA passed on 21 September 2001, worded as follows:

"That, for the purposes of Greater Manchester Waste Limited's budget and financial planning strategy the company should proceed with its investment and related activities on the basis that the company will operate as a "going concern" irrespective of the contract expiry date of 31 March 2006."

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend (2004: £nil). The profit for the year of £3,995 (2004: loss of £1,253) will be transferred to (2004: from) reserves.

# **Greater Manchester Sites Limited**

## **Directors' report for the year ended 31 March 2005 (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 (resigned 30 September 2005)

M J Bettington

T W J Lowth

D R Knott

D A Lancaster resigned on 30 September 2005 and was replaced by A J Cummings (Chair) on the same date.

None of the directors of the company has any beneficial interest in the shares of the company, or in the shares of any group company. The company has purchased insurance for its directors and officers against liabilities in relation to 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.

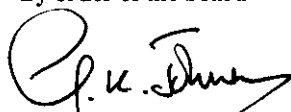
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2005 and that applicable accounting standards have been 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  
16 December 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 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Manchester  
16 December 2005

## Greater Manchester Sites Limited

### Profit and loss account for the year ended 31 March 2005

	Note	2005 £	2004 £
<b>Turnover</b>	2	<b>32,515,876</b>	31,957,514
Cost of sales		(32,498,108)	(31,945,379)
<b>Gross profit</b>		<b>17,768</b>	12,135
Administration expenses		(14,691)	(15,254)
<b>Operating profit / (loss)</b>		<b>3,077</b>	(3,119)
Interest receivable and similar income		1,539	1,347
<b>Profit / (loss) on ordinary activities before taxation</b>	5	<b>4,616</b>	(1,772)
Tax on profit / (loss) on ordinary activities	6	(621)	519
<b>Retained profit / (loss) for the financial year</b>		<b>3,995</b>	(1,253)

### Statement of retained profits

	Note	2005 £	2004 £
Retained profit brought forward		77,348	78,601
Profit / (loss) for the year	10	3,995	(1,253)
<b>Retained profits at 31 March 2005</b>		<b>81,343</b>	77,348

All operations are derived from continuing activities.

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




# Greater Manchester Sites Limited

## Balance sheet as at 31 March 2005

	Note	2005 £	2004 £
<b>Current assets</b>			
Debtors	7	5,329,251	2,888,807
Cash at bank and in hand		45,504	45,950
		5,374,755	2,934,757
<b>Creditors: amounts falling due within one year</b>	8	(5,292,412)	(2,856,409)
<b>Net assets</b>		<b>82,343</b>	<b>78,348</b>
<b>Capital and reserves</b>			
Called up share capital	9	1,000	1,000
Profit and loss account		81,343	77,348
<b>Equity shareholders' funds</b>	10	<b>82,343</b>	<b>78,348</b>

The financial statements on pages 6 to 14 were approved by the board of directors on 16 December 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 2005**

### **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 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 2005 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 (2004: £Nil).

### **4 Employee information**

There were no employees during the year (2004: nil)

# Greater Manchester Sites Limited

## 5 Operating profit/(loss)

	2005 £	2004 £
Operating profit/(loss) is arrived at after charging:		
Auditors' remuneration for:		
Audit services	5,000	4,500
Non-audit services	1,900	1,500

## 6 Tax on profit on ordinary activities

### (a) Analysis of tax charge in the year

	2005 £	2004 £
<b>Current tax:</b>		
UK Corporation tax	621	(173)
Adjustments in respect of prior periods	-	(346)
<b>Tax charge/(credit) on profits on ordinary activities</b>	<b>621</b>	<b>(519)</b>

### (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% (2004: lower than the standard rate of 30%). The differences are explained below:

	2005 £	2004 £
<b>(Loss)/profit on ordinary activities before tax</b>	<b>4,616</b>	<b>(1,772)</b>
<b>Tax on ordinary activities at 30% (2004: 30%)</b>	<b>1,385</b>	<b>(532)</b>
Effects of:		
Permanent differences	-	532
Utilisation of losses	-	(173)
Tax at marginal rates	(764)	-
<b>Adjustment to tax charge in respect of prior period</b>	<b>-</b>	<b>(346)</b>
<b>Current tax charge/(credit) for the year</b>	<b>621</b>	<b>(519)</b>

There are no significant factors that will affect the future tax charge.

The company has neither a deferred tax asset nor liability.

# Greater Manchester Sites Limited

## 7 Debtors

	2005 £	2004 £
Amounts owed by immediate parent company	5,329,251	2,888,807

## 8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	2,059,697	2,844,889
Amounts owed to immediate parent undertaking	2,641,612	-
Other tax and social security	49,008	5,520
Accruals and deferred income	542,095	6,000
	5,292,412	2,856,409

## 9 Called up share capital

	2005 £	2004 £
<b>Authorised</b>		
500 ordinary "A" shares of £1 each	500	500
500 ordinary "B" shares of £1 each	500	500
	1,000	1,000
<b>Allotted, called up and fully paid</b>		
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

	2005 £	2004 £
Opening shareholders' funds	78,348	79,601
Profit / (loss) for the financial year	3,995	(1,253)
<b>Closing shareholders' funds</b>	<b>82,343</b>	<b>78,348</b>

## Greater Manchester Sites Limited

### 11 Related party transactions

Greater Manchester Sites Limited is a subsidiary of Greater Manchester Waste Limited, with which it had inter-company sales of £32,515,876 (2004: £31,957,514) 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 £7,500 (2004: £8,500).

Balances due from Greater Manchester Waste Limited at 31 March 2005 were:

	2005 £	2004 £
Trade debtor	5,329,251	2,888,807
Other creditor	2,641,612	-

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 £32,498,108 (2004: £31,945,379) for the year ended 31 March 2005.

Balances due to Biffa Waste Management Limited at 31 March 2005 were:

	2005 £	2004 £
Trade creditor	2,059,697	2,844,889

Intercompany creditors are interest free, unsecured and repayable on demand.

### 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.