

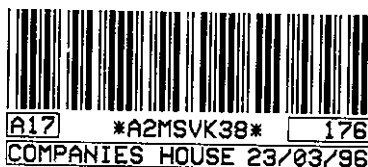


CHURNGOLD WASTE MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 May 1995

**Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**



DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 May 1995.

1. ACTIVITIES

The principal activity of the company is waste collection and the management of tipping sites.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Results of the year

The company has performed satisfactorily given the general economic climate. Details of the company's performance are given in the profit and loss account on page 5 and the notes on pages 7 and 8.

Financial position

The position of the company at the end of the year is set out in the balance sheet on page 6 and the notes on pages 9 to 12.

Future prospects

The directors consider that the company is well placed to perform satisfactorily given a favourable trading climate.

3. DIVIDENDS AND TRANSFER TO RESERVES

The directors do not propose the payment of a dividend (1994 - £Nil). The retained profit of £221,265 (1994 - £77,678) has been transferred to reserves.

4. FIXED ASSETS

Changes in the fixed assets of the company are set out in note 7.

5. DIRECTORS

The directors and their interests in the share capital of the company at the beginning and end of the year were as follows:

	1995			1994	
	£1 deferred shares	1FF ordinary 'A' shares	1FF ordinary 'B' shares	£1 ordinary 'A' shares	£1 ordinary 'B' shares
D F Lynch	644	500	144	500	144
P C Rinn	643	500	143	500	143
J R Henderson	143	-	143	-	143
J J Dimambro	-	-	-	-	-



DIRECTORS' REPORT - continued

6. AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on its behalf

J J Dimambro

Secretary



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which 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 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.



Chartered Accountants

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol BS1 4JP

Telephone: National 0117 921 1622
International + 44 117 921 1622
Fax (Gp. 3): 0117 929 2801

CHURNGOLD WASTE MANAGEMENT LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants
and Registered Auditors

22 March 1996

Deloitte Touche
Tohmatsu
International

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available:
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.



PROFIT AND LOSS ACCOUNT
Year ended 31 May 1995

	Note	1995 £	1994 £
Turnover - continuing operations	2	1,899,265	1,645,779
Cost of sales		(1,158,149)	(1,257,601)
		<hr/>	<hr/>
Gross profit		741,116	388,178
Administrative expenses		(399,883)	(264,904)
		<hr/>	<hr/>
Operating profit - continuing operations		341,233	123,274
Interest payable and similar charges	4	(12,232)	(8,587)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	329,001	114,687
Tax on profit on ordinary activities	6	(107,736)	(37,009)
		<hr/>	<hr/>
Profit on ordinary activities after taxation	13	221,265	77,678
		<hr/>	<hr/>

There were no recognised gains and losses for the current or previous year other than the profit retained. Accordingly no statement of recognised gains and losses has been prepared.


CHURNGOLD WASTE MANAGEMENT LIMITED
BALANCE SHEET
31 May 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	7		465,527		312,079
CURRENT ASSETS					
Debtors	8	328,052		268,228	
Cash at bank and in hand		158,688		27,187	
		<u>486,740</u>		<u>295,415</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Obligations under hire purchase contracts		122,692		51,167	
Trade creditors		127,455		110,934	
Other creditors including taxation and social security	9	144,821		30,877	
Accruals and deferred income		95,713		211,410	
		<u>(490,681)</u>		<u>(404,388)</u>	
NET CURRENT LIABILITIES			<u>(3,941)</u>		<u>(108,973)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>461,586</u>		<u>203,106</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		(94,139)		(73,806)
PROVISIONS FOR LIABILITIES AND CHARGES	11		(30,778)		(13,896)
			<u>336,669</u>		<u>115,404</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,614		1,430
Profit and loss account	13		335,055		113,974
TOTAL SHAREHOLDERS' FUNDS			<u>336,669</u>		<u>115,404</u>
Shareholders' funds are attributable to:					
Equity shareholders' funds			336,485		115,404
Non-equity shareholders' funds			184		-
			<u>336,669</u>		<u>115,404</u>

 These financial statements were approved by the Board of Directors on 20th March 1996.

Signed on behalf of the Board

P C Rinn, Director



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

a. Accounting convention

The financial statements have been prepared under the historical cost convention.

b. Tangible fixed assets

Depreciation is provided on cost in equal instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant, machinery and equipment	20% per annum
Motor vehicles	20% per annum

c. Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

d. Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to profit and loss account in equal annual instalments over the periods of the leases.

e. Related company

A related company is one with shareholders and directors in common with Churngold Waste Management Limited.

2. TURNOVER

The turnover and profit before taxation are attributable to one activity carried on wholly within the United Kingdom.

NOTES TO THE ACCOUNTS
Year ended 31 May 1995

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors did not receive any remuneration from the company during the year.

	1995	1994
	£	£
Employee costs during the year:		
Wages and salaries	56,290	41,906
Social security costs	5,535	4,586
	<hr/>	<hr/>
	61,825	46,492
	<hr/>	<hr/>
Average number of persons employed:	No.	No.
Sales and distribution	3	2
	<hr/>	<hr/>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Bank loans and overdrafts and other loans repayable within five years	3,429	5,988
Finance charges under hire purchase obligations	8,803	2,599
	<hr/>	<hr/>
	12,232	8,587
	<hr/>	<hr/>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

Depreciation of tangible fixed assets		
- owned assets	48,568	36,347
- leased assets	57,252	10,014
Auditors' remuneration	2,500	2,500
	<hr/>	<hr/>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax at 33% (1994 - 25%)		
based on the profit for the year	101,000	25,800
Deferred taxation	10,282	10,583
Adjustment in respect of prior years	(3,546)	626
	<hr/>	<hr/>
	107,736	37,009
	<hr/>	<hr/>


NOTES TO THE ACCOUNTS
Year ended 31 May 1995
7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Plant, machinery and equipment £	Total £
Cost			
At 1 June 1994	90,680	301,191	391,871
Additions	223,284	44,624	267,908
Disposals	(6,700)	(5,000)	(11,700)
	<hr/>	<hr/>	<hr/>
At 31 May 1995	307,264	340,815	648,079
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 June 1994	31,899	47,893	79,792
Provisions	42,054	63,766	105,820
Disposals	(1,400)	(1,660)	(3,060)
	<hr/>	<hr/>	<hr/>
At 31 May 1995	72,553	109,999	182,552
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 1995	234,711	230,816	465,527
	<hr/>	<hr/>	<hr/>
At 31 May 1994	58,781	253,298	312,079
	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes assets held under hire purchase contracts with a net book value of £316,110 (1994 - £176,986).

8. DEBTORS

	1995 £	1994 £
Trade debtors due within one year	325,384	201,452
Amounts owed by related companies	53	15,588
Other debtors	1,185	9,758
Called up share capital not paid	1,430	1,430
Prepayments and accrued income	-	40,000
	<hr/>	<hr/>
	328,052	268,228
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 May 1995

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1995	1994
	£	£
This amount includes:		
Taxation and social security	144,621	30,877
	<u> </u>	<u> </u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995	1994
	£	£
Obligations under hire purchase contracts	94,139	73,806
	<u> </u>	<u> </u>

All amounts fall due within 5 years.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	£
Movement for the year	
At 1 June 1994	13,896
Charged to profit and loss account - current year	10,282
- prior years	6,600
	<u> </u>
At 31 May 1995	30,778
	<u> </u>

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 1995 £	Provided 1994 £	Unprovided 1995 £	Unprovided 1994 £
Capital allowances in excess of depreciation	30,778	20,496	-	2,510
Other timing differences	-	(6,600)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	30,778	13,896	-	2,510
	<u> </u>	<u> </u>	<u> </u>	<u> </u>



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

12. SHARE CAPITAL

	1995	1994
	£	£
Authorised:		
100,000 ordinary shares of £1 each	-	100,000
100,000 deferred shares of £1 each	100,000	-
100,000 ordinary shares of 1FF each	12,843	-
	<hr/>	<hr/>
	112,843	100,000
	<hr/>	<hr/>
Allotted and fully paid:		
1,000 'A' ordinary shares of £1 each	-	1,000
430 'B' ordinary shares of £1 each	-	430
1,430 deferred shares of £1 each	1,430	-
1,000 'A' ordinary shares of 1FF each	129	-
430 'B' ordinary shares of 1FF each	55	-
	<hr/>	<hr/>
	1,614	1,430
	<hr/>	<hr/>

On 10 April 1995 all existing ordinary shares of £1 each were converted into deferred shares of £1 each. On the same date the authorised share capital of the company was increased to include 100,000 ordinary shares of 1 French Franc each, of which 1,430 were immediately allotted by way of a bonus issue to the existing shareholders in proportion to their holdings of shares denominated in sterling.

Rights attached to shares

The holders of the 'A' ordinary shares and ordinary shares have the right to receive notice of an attend and vote at any general meeting of the company. The holders of the 'B' ordinary shares and the deferred shares have no such rights.

The annual gross dividend cannot exceed 10,000,000 French Francs and is distributed 99 per cent to the holders of ordinary shares and 1 per cent to the holders of deferred shares.

On winding up, the surplus assets of the company are applied first in repayment to the holders of ordinary shares of the amount paid up on those shares together with a premium of 10,000 French Francs per share and the balance is distributed among all shareholders in proportion to the amounts paid up the shares.



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

**13. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENTS ON RESERVES**

	Share capital £	Profit and loss account £	Total 1995 £	Total 1994 £
Balance at 1 June	1,430	113,974	115,404	37,726
Profit retained for the year	-	221,265	221,265	77,678
Bonus issue	184	(184)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 May	1,614	335,055	336,669	115,404
	<hr/>	<hr/>	<hr/>	<hr/>