

VIRIDOR WASTE (BRISTOL) LIMITED

**REPORT
AND
FINANCIAL STATEMENTS FOR THE PERIOD
5 JUNE 2003 TO 31 MARCH 2004**



VIRIDOR WASTE (BRISTOL) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS for the period 5 June 2003 to 31 March 2004

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YIRIDOR WASTE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE PERIOD 5 JUNE 2003 TO 31 MARCH 2004

The Directors present their report and the audited financial statements for the period 5 June 2003 to 31 March 2004.

RESULTS AND DIVIDENDS

The trading results are set out in the accompanying financial statements. The loss after taxation for the Company in the period to 31 March 2004 was £83,000 (2003 £336,000 restated) and has been transferred from reserves.

The Directors do not recommend the payment of a final dividend (2003 nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity during the period was that of waste collection and materials recycling.

The Company's trading performance (before absorbing adjustments relating to the purchase of the Company by Viridor Waste Management Limited) during the period was satisfactory and the Directors are confident that the financial performance will continue at a satisfactory level.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the period were:

J R Cardwell
M Hellings
B S Hurley
D B Robertson

No Director held any beneficial interests in the shares of the Company during the year.

Of the Directors holding office at 31 March 2004, Messrs M Hellings and D B Robertson are Directors of Viridor Waste Limited and their interests in the Ordinary shares of Pennon Group Plc are disclosed in the financial statements of Viridor Waste Limited.

VIRIDOR WASTE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE PERIOD 5 JUNE 2003 TO 31 MARCH 2004 (cont'd)

The interests in the Ordinary shares of Pennon Group Plc of the other Directors holding office at the end of the year were as follows:

	<u>Ordinary shares</u> <u>of £1.11 each</u>		<u>5 June</u> <u>2003</u>	<u>Options over Ordinary shares</u>			<u>31 March</u> <u>2004</u>
	<u>31 March 2004</u>	<u>5 June 2003</u>		<u>Exercised</u> <u>in period</u>	<u>Granted</u> <u>in period</u>	<u>Lapsed</u> <u>in period</u>	
J R Cardwell	-	-	-	-	-	-	-
B S Hurley	2,783*	2,738*	1,463	-	349	-	1,812

*In addition Mr B S Hurley had a contingent interest on 1 April 2003 and 31 March 2004 in 13,589 shares, representing the maximum number of shares to which he would become entitled under the Pennon Group Restricted Share Plan if all the relevant criteria are met. It is anticipated that all the shares will vest under the 2001 award as the performance criterion has been met.

At 1 April 2003, Messrs Cardwell and Hurley also have conditional interests in 2,218 and 2,064 shares respectively and on 31 March 2004 in 4,519 and 4,387 shares respectively under the terms of the Pennon Group Annual Incentive Bonus Plan, representing the maximum number of shares to which they would usually become entitled if they remain employed by the Group for a further three years from the date of the awards.

During the year Directors received dividends on the shares in accordance with the conditions of the Group Restricted Share Plan and the Group Annual Incentive Bonus Plan.

No Director has, or has had, a material interest, directly or indirectly, at any time during the period under review in any contract significant to the Company's business.

PAYMENTS TO SUPPLIERS

The Company has a variety of payment terms with its suppliers. For the period ending 31 March 2005 the payment terms for its business transactions will continue to be settled when agreeing the other terms negotiated with its suppliers. The Company endeavours to make payment in line with those agreed terms, subject to the terms and conditions being met by the supplier. The average creditor days for the period ended 31 March 2004 was 23.

AUDITORS

Following the acquisition of the Viridor Waste (Bristol Holdings) Limited Group by Viridor Waste Management Limited, Ernst and Young LLP resigned as auditors of the Company and confirmed, in accordance with Section 394 of the Companies Act 1985, that there were no circumstances connected with their resignation which they considered should be brought to the attention of the members or creditors of the Company. In accordance with Section 388 of the Companies Act 1985, PricewaterhouseCoopers LLP were appointed auditors by the Directors to fill this casual vacancy. The appointment was confirmed by an elective resolution at the Annual General meeting held on the 31 December 2003.

VIRIDOR WASTE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE PERIOD 5 JUNE 2003 TO 31 MARCH 2004 (cont'd)

AUDITORS (cont'd)

In accordance with Section 386 of the Companies Act 1985, the Company passed an elective resolution on 31 December 2003, whereby it dispensed with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors.

ANNUAL GENERAL MEETING

In accordance with Sections 252 and 366A of the Companies Act 1985, the Company passed elective resolutions on 31 December 2003, whereby it elected to dispense with the laying of accounts and reports before the Company in general meeting, and to dispense with the holding of annual general meetings.

By Order of the Board



M L HEELEY
Secretary

14 January 2005

VIRIDOR WASTE (BRISTOL) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' Statement of Auditors' Responsibilities set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period.

The Directors consider that in preparing the financial statements on pages 6 to 21, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and hence to prevent and detect fraud and other irregularities.

VIRIDOR WASTE (BRISTOL) LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF VIRIDOR WASTE (BRISTOL) LIMITED

We have audited the financial statements on pages 6 to 21, which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

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. 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 or assume responsibility for any other purpose or to any other person to whom this report is shown or into 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

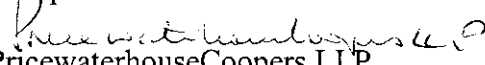
BASIS OF AUDIT OPINION

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.

OPINION

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


PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors

31 Great George Street
BRISTOL
BS1 5QD

14 January 2005

VIRIDOR WASTE (BRISTOL) LIMITED

PROFIT AND LOSS ACCOUNT
for the period ended 31 March 2004

		Period 5 June 2003 to 31 March 2004	Period 1 June 2002 to 4 June 2003 Restated (note 7)
	Notes	£000	£000
Turnover			
Continuing operations	2	7,129	8,066
Discontinuing operations		-	3,986
		<hr/>	<hr/>
Total turnover	2	7,129	12,052
Operating costs	3	(7,371)	(11,320)
		<hr/>	<hr/>
Operating (loss)/profit			
Continuing operations	2	(242)	550
Discontinuing operations		-	182
		<hr/>	<hr/>
	2	(242)	732
Loss on sale of operations		-	(865)
Net interest payable	4	(45)	(264)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(287)	(397)
Tax on loss on ordinary activities	5	204	61
		<hr/>	<hr/>
Loss on ordinary activities after taxation			
transferred from reserves	15	(83)	(336)
		<hr/> <hr/>	<hr/> <hr/>

A statement of movements in reserves is given in note 15.

All the operating activities in the year were continuing operations.

The notes on pages 9 to 21 form part of these financial statements.

VIRIDOR WASTE (BRISTOL) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period 5 June 2003 to 31 March 2004

		Period 5 June 2003 1 to 31 March 2004	Period June 2002 to 4 June 2003 Restated (note 7) £000
	Notes	£000	£000
Loss on ordinary activities after taxation recognised for the year		(83)	<u>(336)</u>
Prior year adjustment	7	(1,871)	
Total gains and losses recognised since last Annual Report		<u>(1,954)</u>	

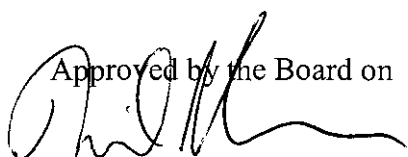
VIRIDOR WASTE (BRISTOL) LIMITED

BALANCE SHEET
as at 31 March 2004

		31 March 2004	4 June 2003 Restated (note 7)
	Notes	£000	£000
Fixed assets			
Tangible assets	8	6,051	6,369
Investments	9	-	-
		<u>6,051</u>	<u>6,369</u>
Current assets			
Debtors: amounts falling due within one year	10	1,789	2,324
Cash at bank and in hand		389	1
		<u>2,178</u>	<u>2,325</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(5,653)	(6,127)
		<u>(3,475)</u>	<u>(3,802)</u>
Net current liabilities			
		<u>2,576</u>	<u>2,567</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	12	(527)	(529)
Provisions for liabilities and charges	13	(286)	(192)
		<u>1,763</u>	<u>1,846</u>
Net assets			
Capital and reserves			
Called-up share capital	14	2,047	2,047
Revaluation reserve	15	-	-
Profit and loss account	15	(284)	(201)
	16	<u>1,763</u>	<u>1,846</u>

The notes on pages 9 to 21 form part of these financial statements.

Approved by the Board on 14 January 2005 and signed on its behalf by:



D B ROBERTSON
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a Accounting convention

The financial statements have been prepared under the historical cost convention and in compliance with all applicable accounting standards and with the Companies Act 1985. The Company is exempt under the provisions of Section 228 of the Companies Act 1985 from the requirements to produce group financial statements and accordingly the financial statements are presented for the Company as an individual undertaking and not as a group.

b Turnover

Turnover, excluding Value Added Tax, represents the income receivable in the ordinary course of business for services provided.

c Tangible fixed assets and depreciation

Assets are stated at cost less accumulated depreciation. Freehold land is not depreciated. Other assets are depreciated evenly over their estimated economic lives, which are principally as follows:

Buildings	30 – 50 years
Fixed plant, machinery and equipment	10 years
Office equipment, furniture and fittings	4 – 10 years
Vehicles, mobile plant and computers	3 – 10 years

There has been a change in the treatment of tangible fixed assets previously shown at valuation. These are now shown at cost and this change in accounting policy is disclosed in note 7.

e Leasing and hire purchase commitments

Assets held under finance lease and hire purchase agreements are included in the balance sheet as tangible fixed assets at their equivalent capital value and are depreciated over their estimated economic lives or the finance lease or hire period, whichever is the shorter. The corresponding liability is recorded as a creditor. The interest element of the rental or hire cost is charged against profits, using the actuarial method, over the period of the lease.

Rental costs arising under operating leases are charged against profits in the period they are incurred.

f Stocks

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

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (cont'd)

g Pension costs

Pension costs for the Company's defined contribution scheme are charged against profits in the year in which they are incurred.

h Taxation

Tax payable on profits for the year is provided at current rates. Tax deferred or accelerated as a result of timing differences between the treatment of certain items for taxation and for accounting purposes is provided in full. Where the effect of the time value of money is material the current amount of the reversals of tax deferred is discounted to its present value. The unwinding of the discount to present value is included in the tax charge.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

j Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement. It is a wholly owned subsidiary, and its ultimate parent company Pennon Group Plc prepares a consolidated cash flow statement including the cash flows of Viridor Enviroscot Limited.

2. Segmental information

The Company operated wholly in the UK in one class of business during the period.

Following the acquisition in June 2003 of the Viridor Waste (Bristol Holdings) Limited Group by Viridor Waste Management Limited, the tipper fleet and inert tipping activities of the Company were discontinued. Comparative performances are:

	Period ended 31 March 2004 £000	Period ended 4 June 2003 Restated (note 7) £000
Turnover		
Continuing operations	7,129	8,066
Discontinued operations	-	3,986
	<hr/> 7,129	<hr/> 12,052
Operating (loss)/profit		
Continuing operations	(242)	550
Discontinued operations	-	182
	<hr/> (242)	<hr/> 732

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Operating costs

	Period ended 31 March 2004	Period ended 4 June 2003 Restated (note 7)
	£000	£000
Manpower costs (note 6)	1,703	2,932
Raw materials and consumables	4,136	6,446
Rentals under operating leases:		
Hire of plant and machinery	18	118
Other operating leases	49	34
Auditors' remuneration	9	7
Other external charges	905	573
Depreciation:		
On owned and leased assets	557	1,219
Profit on disposal of fixed assets	(6)	(9)
	<hr/>	<hr/>
	7,371	11,320
	<hr/>	<hr/>

Operating costs in the period ended 31 March 2004 include the expenses associated with harmonisation of accounting and health and safety policies with those of the acquiring company, Viridor Waste Management Limited.

Comparison of operating costs for continued and discontinued activities are:

	Period ended 31 March 2004	Period ended 4 June 2003 Restated (note 7)
	£000	£000
Continuing operations	7,371	7,516
Discontinued operations	-	3,804
	<hr/>	<hr/>
	7,371	11,320
	<hr/>	<hr/>

There were no fees payable to the company's auditors for non-audit work for the period ended 31 March 2004 (2003 nil).

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Net interest payable

	Period ended 31 March 2004 £000	Period ended 4 June 2003 £000
Bank and other interest	-	156
Hire purchase interest	45	108
	<u>45</u>	<u>264</u>

5. Tax on profit on ordinary activities

	Period ended 31 March 2004 £000	Period ended 4 June 2003 £000
(a) <u>Analysis of credit in year</u>		
<i>Current tax:</i>		
UK corporation tax at 30%	-	(30)
Adjustment in respect of prior year	-	(5)
Amounts receivable in respect of tax losses surrendered by Pennon Group Companies in respect of: - current year	(30)	-
Total current tax (note b)	<u>(30)</u>	<u>(35)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(156)	(26)
Increase in discount	(18)	-
	<u>(174)</u>	<u>(26)</u>
Tax on profit on ordinary activities	<u>(204)</u>	<u>(61)</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on profit on ordinary activities (cont'd)

(b) Factors affecting tax credit for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £000	2003 £000
Loss on ordinary activities before tax	(287)	(397)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK (30%)	(86)	(119)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	419	83
Depreciation for period (below)/above capital allowances	(615)	6
Other timing differences	230	-
Adjustments to tax charge in respect of prior years	-	(5)
Group relief charged at below full rate	22	-
Current tax credit for year (note a)	(30)	(35)

6. Numbers of employees and employment costs

Numbers of employees

The average number of persons (including Directors) employed by the Company during the period 5 June 2003 to 31 March 2004 was 83 (period to 4 June 2003 129).

	Period Ended 31 March 2004 £000	Period ended 4 June 2003 £000
Employment costs comprise:		
Wages and salaries	1,489	2,652
Social security costs	203	248
Pension costs	11	32
	1,703	2,932

NOTES TO THE FINANCIAL STATEMENTS

6. Numbers of employees and employment costs (cont'd)

Pension Scheme

During the period the Company operated a Defined Contribution Pension Scheme for the benefit of senior employees who were not directors. Following the acquisition of the Company in June 2003, a number of employees have elected to become members of the Pennon Group Defined Contribution Pension Scheme.

Directors emoluments

No emoluments were paid to Directors in respect of their services to the Company in the year to 31 March 2004 (2003 £187,000).

Benefits are accruing to 4 Directors under a defined benefit pension scheme (2003 nil) funded by the immediate holding company.

7. Prior year adjustment

Companies within the Pennon Group do not generally adopt a policy of revaluing tangible fixed assets. The Directors consider that by making this change in accounting policy more reliable comparisons can be made across the Pennon Group of companies since variations that may arise in property valuations because of locality are eliminated.

As a result of this change in accounting policy the comparative has been restated as follows:

Balance sheet

Tangible fixed assets

	Cost 2003 £000	Depreciation 2003 £000	Net book value 2003 £000
Previously reported	11,300	(3,060)	8,240
Release of surplus arising on previous revaluations	(1,803)	(68)	(1,871)
	<hr/>	<hr/>	<hr/>
Restated now reported	<u>9,497</u>	<u>(3,128)</u>	<u>6,369</u>

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. Prior year adjustment (cont'd)

Reserves

	Revaluation Reserve 2003 £000	Profit and account 2003 £000	Total 2003 £000
Previously reported	1,871	(201)	1,670
Release of surplus arising on previous revaluations	(1,871)	-	(1,871)
	<hr/>	<hr/>	<hr/>
Restated now reported	-	(201)	(201)
	<hr/>	<hr/>	<hr/>

Profit and loss account

	Operating costs 2003 £000	Operating Profit 2003 £000	Loss before tax 2003 £000	Loss after tax 2003 £000
Previously reported	11,331	721	(408)	(347)
Revaluation depreciation	(11)	11	11	11
	<hr/>	<hr/>	<hr/>	<hr/>
Restated now reported	11,320	732	(397)	(336)
	<hr/>	<hr/>	<hr/>	<hr/>

As a consequence of the change in accounting policy the current period's result has increased by £10,000.

NOTES TO THE FINANCIAL STATEMENTS

8. Tangible fixed assets

	Freehold land and buildings Restated £000	Plant, equipment and vehicles Restated £000	Total Restated £000
Cost or valuation:			
At 5 June 2003 (restated note 7)	3,718	5,779	9,497
Additions	18	283	301
Disposals	-	(234)	(234)
At 31 March 2004	<u>3,736</u>	<u>5,828</u>	<u>9,564</u>
Depreciation:			
At 5 June 2003 (restated note 7)	144	2,984	3,128
Charge for year	135	422	557
Disposals	-	(172)	(172)
At 31 March 2004	<u>279</u>	<u>3,234</u>	<u>3,513</u>
Net book value:			
At 31 March 2004	<u>3,457</u>	<u>2,594</u>	<u>6,051</u>
At 4 June 2003 (restated note 7)	<u>3,574</u>	<u>2,795</u>	<u>6,369</u>

The net book value of plant and equipment includes an amount of £2,371,000 (2003 £1,622,000) in respect of assets held under hire purchase agreements. The accumulated depreciation of plant and equipment includes an amount of £271,000 in respect of assets held under hire purchase agreements.

Included in freehold land and buildings is freehold land of £985,000 (2003 £985,000 restated) which is not depreciated.

9. Fixed asset investments

Investment in subsidiary

	Shares £000
Cost:	
At 4 June 2003 and 31 March 2004	<u>22</u>
Provision:	
At 4 June 2003 and 31 March 2004	<u>(22)</u>

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Fixed asset investments (cont'd)

The Company holds the entire issued share capital of City Reclamation Services Limited, a dormant company registered in England.

10. Debtors: amounts falling due within one year

	31 March 2004 £000	4 June 2003 £000
Trade debtors	1,480	1,895
Amounts owed by fellow subsidiary undertakings	154	146
Other debtors	5	2
Prepayments and accrued income	43	174
Corporation tax	107	107
	<u>1,789</u>	<u>2,324</u>

11. Creditors: amounts falling due within one year

	31 March 2004 £000	4 June 2003 £000
Bank overdraft	-	45
Obligations under hire purchase agreements (note 17)	84	503
Trade creditors	396	1,730
Amounts due to fellow subsidiary undertakings	4,338	3,341
Other taxation and social security	237	272
Accruals and deferred income	598	236
	<u>5,653</u>	<u>6,127</u>

12. Creditors: amounts falling due after more than one year

	31 March 2004 £000	4 June 2003 £000
Obligations under hire purchase agreements (note 17)	<u>527</u>	<u>529</u>

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. Provisions for liabilities and charges

	Deferred tax £000	Remediation provision £000	Total £000
At 5 June 2003	192	-	192
Charged against profits	(174)	546	372
Utilised during the year	-	(278)	(278)
	<hr/>	<hr/>	<hr/>
At 31 March 2004	18	268	286
	<hr/>	<hr/>	<hr/>

The remediation provision arises following the acquisition of the Viridor Waste (Bristol Holdings) Limited Group by Viridor Waste Management Limited and is designed to ensure that the Company is able to meet environmental standards. The provision is expected to be utilised over the period 2004 to 2007.

Deferred taxation

	31 March 2004 £000	4 June 2003 £000
Accelerated capital allowances	266	163
Other timing differences	(230)	29
	<hr/>	<hr/>
Undiscounted provision for deferred tax	36	192
Discount	(18)	-
	<hr/>	<hr/>
Discounted provision for deferred tax	18	192
	<hr/>	<hr/>
Provision at 5 June 2003	192	
Deferred tax credit in profit and loss account for year (note 5)	(174)	
	<hr/>	
Provision at 31 March 2004	18	
	<hr/>	

VIRIDOR WASTE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Called-up share capital

	31 March 2004 £000	4 June 2003 £000
Authorised, allotted called up and fully paid		
2,046,563 Ordinary shares of £1 each	<u>2,047</u>	<u>2,047</u>

15. Reserves

	Revaluation reserve Restated (note 7) £000	Profit and loss account Restated (note 7) £000
At 5 June 2003	1,871	(201)
Release of surplus arising on revaluation	(1,871)	-
	<u>-</u>	<u>(201)</u>
At 5 June 2003 (restated)	-	(201)
Loss for year	-	(83)
	<u>-</u>	<u>(284)</u>
At 31 March 2004	<u>-</u>	<u>(284)</u>

NOTES TO THE FINANCIAL STATEMENTS

16. Reconciliation of movement in shareholders' funds

	31 March 2004 £000	4 June Restated (note 7) 2003 £000
Retained loss for period	(83)	(336)
Net decrease in shareholders' funds	(83)	(336)
Opening shareholders' funds (equity interest)	1,846	2,182
Closing shareholders' funds (equity interest)	<u>1,763</u>	<u>1,846</u>

17. Loans and other borrowings

Obligations under hire purchase agreements are repayable:

	31 March 2004 £000	4 June 2003 £000
Falling due in over two but less than five years	<u>527</u>	<u>529</u>
Falling due in more than one year (note 12)	527	529
Falling due within one year (note 11)	<u>84</u>	<u>503</u>
	<u>611</u>	<u>1,032</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Commitments and contingent liabilities

31 March	4 June
2004	2003
£000	£000

Operating leases and hire purchase agreements:

Commitments to pay rentals during the year following the balance sheet date were:

Land and buildings leases expiring:

Within one year	-	8
	<u> </u>	<u> </u>

Other leases expiring:

Within one year	84	3
Between one and five years	299	65
	<u> </u>	<u> </u>

19. Related party transactions

Under the requirements of FRS 8, transactions with related parties are required to be disclosed. However, transactions with other members of the Pennon Group Plc are not required to be set out herein since the Company is a wholly owned subsidiary within that Group.

21. Ultimate parent company

The Company is owned by Viridor Waste (Bristol Holdings) Limited, a company registered in England and owned by Viridor Waste Management Limited. Viridor Waste Management Limited is a company registered in England which is a subsidiary of Viridor Waste Limited, a company registered in England and which is a wholly owned subsidiary of Pennon Group Plc. No group financial statements are prepared by Viridor Waste (Bristol Holdings) Limited.

The ultimate parent company is Pennon Group Plc which is registered in England. Group financial statements are included in the Annual Report of Pennon Group Plc which is available from Peninsula House, Rydon Lane, Exeter EX2 7HR.