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CHURNGOLD WASTE MANAGEMENT LIMITED

Report and Financial Statements

31 May 2002

 ERNST & YOUNG



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Churngold Waste Management Limited

Registered Number 2630920

DIRECTORS

J R Ancell
A J G Chater
G C Ballantyne
J D Barcham

SECRETARY

A J G Chater

AUDITORS

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

BANKERS

Lloyds TSB Bank plc
61 Gloucester Road
Bristol
BS34 5JH

REGISTERED OFFICE

St Andrews House
St Andrews Road
Avonmouth
Bristol
BS11 9DQ

Churngold Waste Management Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 May 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £612,000 (2001 - £167,000). An interim dividend of £1,050,000 was paid during the year. The directors propose the payment of a final dividend of £75,000 (2001 - £Nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of Churngold Waste Management Limited continued to be waste collection, materials recycling and the operation of landfill sites for inert waste. The year saw an improvement in the operating performance of the business as a result of recent investment, notably the new wood chipping facility in Bristol.

The company acquired the Waste Services assets, comprising bulk tippers involved in the collection of waste and site clearance services, of Churngold Construction Limited on 1 June 2001. Churngold Construction Limited was a fellow subsidiary undertaking until 24 April 2002 and since this date has been part of a separate group under common control.

During the year the company secured tipping rights over some 650,000 cubic metres of consented inert landfill capacity by way of an option, subsequently exercised.

A major rebuild of the Waste Management and Recycling Centre in Filton, North Bristol was undertaken and was fully operational by 31 October 2001. Additionally, an upgrade of our similar facility in Henstridge, Somerset was completed in February 2002.

FUTURE DEVELOPMENTS

The company's waste activities are seen as offering considerable potential for development with the key areas seen as materials recycling and the collection of industrial and commercial waste.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is as listed on page 1. The following change occurred during the year:

J R Henderson - resigned 24 April 2002

None of the directors held an interest in the share capital of the company during the year or at the year end. Neither G C Ballantyne nor J D Barcham held any interest in the share capital of the ultimate parent undertaking, Churngold Holdings Limited, at the year end.

The interests of J R Ancell and A J G Chater in the ultimate parent undertaking are shown in that company's financial statements, copies of which are available from its registered office.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

(continued)

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.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



Secretary

Date

16 AUGUST 2002

INDEPENDENT AUDITORS' REPORT
to the member of Churngold Waste Management Limited

We have audited the company's financial statements for the year ended 31 May 2002 which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 May 2002 and of profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Bristol

Date

16 AUGUST 2002

Churngold Waste Management Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2002

	Notes	2002 £000	2001 £000
TURNOVER	2	12,635	6,775
Continuing operations		7,299	6,775
Acquisitions		5,336	-
Discontinued operations		-	-
Cost of sales	3	(9,613)	(5,028)
GROSS PROFIT		3,022	1,747
Administrative expenses	3	(1,971)	(1,379)
OPERATING PROFIT	4	1,051	368
Continuing operations		768	408
Acquisitions		323	-
Discontinued operations		(40)	(40)
Interest payable and similar charges	6	(174)	(105)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		877	263
Tax on profit on ordinary activities	7	(265)	(96)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		612	167
Dividends	8	(1,125)	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	18	(513)	167

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 May 2002

	2002 £000	2001 £000
Reported profit on ordinary activities before taxation	877	263
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	10	8
Historical cost profit on ordinary activities before taxation	887	271
Historical cost (loss)/profit for the year after taxation and dividends	(503)	175

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 May 2002

	2002 £000	2001 £000
Profit for the financial year	612	167
Unrealised surplus on revaluation of freehold property	-	1,892
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	612	2,059
Prior year adjustment (note 16)	(68)	-
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	544	-


Churngold Waste Management Limited

BALANCE SHEET

at 31 May 2002

		2002	2001
	Notes	£000	Restated £000
FIXED ASSETS			
Tangible assets	9	9,684	7,252
Investments	10	-	-
		<u>9,684</u>	<u>7,252</u>
CURRENT ASSETS			
Debtors	11	3,261	2,036
Cash at bank and in hand		1	-
		<u>3,262</u>	<u>2,036</u>
CREDITORS: amounts falling due within one year	12	7,438	3,630
NET CURRENT LIABILITIES		<u>(4,176)</u>	<u>(1,594)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,508</u>	<u>5,658</u>
CREDITORS: amounts falling due after more than one year	13	(1,224)	(942)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(220)	(139)
		<u>4,064</u>	<u>4,577</u>
CAPITAL AND RESERVES			
Called up share capital	17	2,047	2,047
Revaluation reserve	18	1,882	1,892
Profit and loss account	18	135	638
EQUITY SHAREHOLDER'S FUNDS		<u>4,064</u>	<u>4,577</u>

ERNST & YOUNG


 - Director
 Date 16 August 2002

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Consolidation

The company has taken advantage of the exemption granted under Section 228 of the Companies Act 1985 not to prepare group financial statements as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the results of the company as an individual undertaking and not its group.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Plant and machinery	over 3 to 8 years
Motor vehicles	over 4 to 7 years
Freehold buildings	over 20 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Landfill sites

All external charges incurred in connection with the acquisition of landfill sites are recorded in the balance sheet as current assets and are amortised in line with the filling of the void space at each site.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

1. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company contributes to the personal pensions of certain employees and directors. Contributions are charged in the profit and loss account as incurred.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

3. COST OF SALES AND OPERATING EXPENSES

	<i>Continuing operations</i>	<i>Acquisitions</i>	<i>Discontinued operations</i>	<i>2002 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost of sales	5,285	4,328	-	9,613
Administrative expenses	1,246	685	40	1,971
	=====	=====	=====	=====

	<i>Continuing operations</i>	<i>Acquisitions</i>	<i>Discontinued operations</i>	<i>2001 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost of sales	5,028	-	-	5,028
Administrative expenses	1,339	-	40	1,379
	=====	=====	=====	=====

4. OPERATING PROFIT

	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>
This is stated after charging/(crediting):		
Directors' emoluments	61	8
Auditors' remuneration	8	5
Depreciation of owned fixed assets	563	534
Depreciation of assets acquired under finance leases and hire purchase contracts	577	248
(Profit)/loss on sale of tangible fixed assets	(102)	34
Operating lease rentals:		
- land and buildings	20	-
- other	53	23
	=====	=====

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

5. STAFF COSTS

	2002	2001
	£000	£000
Wages and salaries	2,713	1,292
Social security costs	194	169
	<u>2,907</u>	<u>1,461</u>

The average monthly number of employees during the year was as follows:

	2002	2001
	No.	No.
Waste services	135	93

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£000	£000
Bank loans and overdrafts	53	48
Finance charges payable under finance leases and hire purchase contracts	121	57
	<u>174</u>	<u>105</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£000	£000
An analysis of the tax charge in the period is as follows:		
Current tax:		
UK corporation tax on profits of the year	178	122
Deferred tax (note 16)	87	(26)
	<u>265</u>	<u>96</u>

Tax on profit on ordinary activities

The tax assessed for the period is lower/(higher) than the standard rate of tax in the UK (30%). The differences are explained below:

	2002	2001
	£000	£000
Profit on ordinary activities before tax	877	263
	<u>263</u>	<u>79</u>
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30%		
Effects of:		
Expenses not deductible for tax purposes	4	1
(Accelerated)/decelerated capital allowances	(80)	40
Other timing differences	(3)	2
Group relief not paid for	(6)	-
	<u>178</u>	<u>122</u>

Current tax charge for period

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

8. DIVIDENDS

	2002 £000	2001 £000
Interim dividend paid	1,050	-
Final dividend proposed	75	-
	<u>1,125</u>	<u>-</u>

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i> £000	<i>Motor vehicles</i> £000	<i>Plant and machinery</i> £000	<i>Total</i> £000
Cost or valuation:				
At 1 June 2001	4,706	1,767	2,575	9,048
Additions	681	1,520	1,667	3,868
Disposals	-	(277)	(342)	(619)
Assets written off	-	-	(30)	(30)
At 31 May 2002	<u>5,387</u>	<u>3,010</u>	<u>3,870</u>	<u>12,267</u>
Depreciation:				
At 1 June 2001	-	651	1,145	1,796
Provided during the year	26	501	613	1,140
Disposals	-	(201)	(122)	(323)
Assets written off	-	-	(30)	(30)
At 31 May 2002	<u>26</u>	<u>951</u>	<u>1,606</u>	<u>2,583</u>
Net book value:				
At 31 May 2002	<u>5,361</u>	<u>2,059</u>	<u>2,264</u>	<u>9,684</u>
At 1 June 2001	<u>4,706</u>	<u>1,116</u>	<u>1,430</u>	<u>7,252</u>

The net book value of fixed assets includes £2,999,682 (2001 - £1,332,701) in respect of assets held under finance leases and hire purchase contracts. £1,871,153 of this sum is in respect of motor vehicles and £1,128,529 in respect of plant and machinery.

Included within motor vehicles and plant and machinery additions are £768,000 and £1,163,000 respectively relating to the site clearance business transferred from Churngold Construction Limited on 1 June 2001.

The freehold land and buildings at Filton and Henstridge were valued by King Sturge & Co Chartered Surveyors as at 31 May 2002 on the basis of an existing market valuation for existing use in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. This valuation confirmed the existing net book value as a reasonable estimation of current market value and therefore no adjustment to the carrying value has been made.

Included within freehold land and buildings is land at a value of £4,160,000 which is not depreciated.

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

9. TANGIBLE FIXED ASSETS (continued)

On the historical cost basis, fixed assets would have been included as follows:

	<i>Freehold land and buildings £000</i>	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost:				
At 1 June 2001	2,903	1,785	2,581	7,269
At 31 May 2002	3,584	3,010	3,870	10,464
Cumulative depreciation based on cost:				
At 1 June 2001	89	668	1,152	1,909
At 31 May 2002	105	951	1,606	2,662

10. INVESTMENTS

	<i>Subsidiary undertaking £000</i>
Cost:	
At 1 June 2001 and 31 May 2002	22
Provision:	
At 1 June 2001 and 31 May 2002	22
Net book value:	
At 1 June 2001 and 31 May 2002	-

The investment in subsidiary undertaking represents 100% holding in the ordinary share capital of City Reclamation Services Limited. This company has been dormant since its trade and assets were transferred to Churngold Waste Management Limited, during the year ended 31 May 1999.

11. DEBTORS

	<i>2002 £000</i>	<i>2001 £000</i>
Trade debtors	1,901	1,450
Amounts owed by group undertakings	136	148
Amounts owed by related undertakings	427	-
Other debtors	47	71
Prepayments and accrued income	750	367
	<u>3,261</u>	<u>2,036</u>

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

12. CREDITORS: amounts falling due within one year

	2002	2001
	£000	£000
Bank overdraft	3,876	21
Current instalments due on loans (note 14)	49	49
Obligations under finance leases and hire purchase contracts (note 15)	821	415
Trade creditors	1,417	689
Amounts owed to group undertakings	357	2,018
Amounts owed to related undertakings	129	-
Corporation tax	179	118
Other taxes and social security costs	200	61
Other creditors	4	3
Accruals and deferred income	406	256
	<u>7,438</u>	<u>3,630</u>

13. CREDITORS: amounts falling due after more than one year

	2002	2001
	£000	£000
Loans (note 14)	316	343
Obligations under finance leases and hire purchase contracts (note 15)	908	599
	<u>1,224</u>	<u>942</u>

14. LOANS

	2002	2001
	£000	£000
Not wholly repayable within five years:		
£500,000 bank loan at base rate plus 2% per annum until 31 October 2007 repayable in quarterly instalments over ten years commencing 31 January 1998	365	395
Less unamortised issue costs	-	(3)
	<u>365</u>	<u>392</u>
Less included in creditors: amounts falling due within one year (note 12)	(49)	(49)
Amounts due after more than one year (note 13)	<u>316</u>	<u>343</u>
	<u>2002</u>	<u>2001</u>
	£000	£000
Amounts repayable:		
In one year or less or on demand	49	49
Between one and two years	49	49
Between two and five years	147	149
In five years or more	120	145
	<u>365</u>	<u>392</u>

The bank loan is secured by a legal charge over the company's freehold properties at Henstridge, Somerset and Filton, Bristol.

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2002 £000	2001 £000
Amounts payable:		
Within one year	909	473
In two to five years	968	648
	<u>1,877</u>	<u>1,121</u>
Less: finance costs allocated to future periods	(148)	(107)
	<u>1,729</u>	<u>1,014</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 12)	821	415
Non-current obligations (note 13)	908	599
	<u>1,729</u>	<u>1,014</u>

The movements in obligations under finance leases and hire purchase contracts during the year are as follows:

	£000
At 1 June 2001	1,014
New leases in the year	835
Leases transferred from Churngold Construction Limited	586
Repayments made	(706)
At 31 May 2002	<u>1,729</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration provisions £000	Deferred taxation £000	Total £000
At 1 June 2001 (as previously stated)	8	63	71
Prior year adjustment	-	68	68
At 1 June 2001 (as restated)	<u>8</u>	<u>131</u>	<u>139</u>
Movement in the year	(6)	87	81
At 31 May 2002	<u>2</u>	<u>218</u>	<u>220</u>

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

16. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred taxation provided in the financial statements is as follows:

	<i>Accelerated capital allowances</i>	<i>Short term timing differences</i>	<i>Other timing differences</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 June 2001 (as previously stated)	37	(3)	29	63
Prior year adjustment	68	-	-	68
At 1 June 2001 (as restated)	105	(3)	29	131
Charge for the year (note 6)	84	3	-	87
At 31 May 2002	189	-	29	218

No provision has been made for deferred tax on gains recognised on revalued property. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £680,000 (2001 - £700,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

The directors have complied with the requirements of Financial Reporting Standard Number 19, "FRS 19" which requires deferred tax to be provided on the estimated tax consequences of transactions and events recognised in the financial statements of the current and previous period.

There are no specific transitional arrangements under FRS 19 and therefore the directors have re-stated the financial statements for the prior year on the basis that FRS 19 has always been in force. There is no effect of the adoption and the consequent prior year adjustment on the retained profit for the year ended 31 May 2001 as the level of unprovided deferred taxation at 31 May 2001 was unchanged from that at 31 May 2000.

17. CALLED UP SHARE CAPITAL

	<i>2002 No</i>	<i>2001 No</i>	<i>2002 £000</i>	<i>2001 £000</i>
Authorised:				
Ordinary shares of £1 each	2,046,563	2,046,563	2,047	2,047
Allotted, called up and fully paid:				
Ordinary shares of £1 each	2,046,563	2,046,563	2,047	2,047

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

18. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i> £000	<i>Revaluation reserve</i> £000	<i>Profit and loss account</i> £000	<i>Total</i> £000
At 1 June as previously stated	2,047	8	531	2,586
Prior year adjustment	-	-	(68)	(68)
At 1 June as restated	2,047	8	463	2,518
Retained profit for the year	-	-	167	167
Transfer of revaluation element of depreciation charge	-	(8)	8	-
Revaluation surplus	-	1,892	-	1,892
At 31 May 2001	2,047	1,892	638	4,577
Loss for the year	-	-	(513)	(513)
Transfer of revaluation element of depreciation charge	-	(10)	10	-
At 31 May 2002	2,047	1,882	135	4,064

19. CONTINGENT LIABILITIES

The bank holds a letter of cross guarantee and debenture between the company and its ultimate parent undertaking, and between the company and a fellow subsidiary. Similar cross guarantees are in place for performance bonds. In both cases these cross guarantees still include Churngold Construction Limited now part of a separate group but under common control.

20. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £171,000 (2001 - £Nil).

21. OTHER FINANCIAL COMMITMENTS

At 31 May 2002 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	£000	£000	£000	£000
Operating leases which expire:				
within one year	-	-	298	-
in two to five years	-	-	334	25
	-	-	632	25

Churngold Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Churngold Holdings Limited group of companies.

On 24 April 2002 the Churngold Holdings group was re-organised by means of a de-merger with two former fellow subsidiary undertakings, Churngold Construction Limited and Churngold Surfacing Limited, being disposed of out of the Churngold Holdings Limited group.

During the year the company undertook the following transactions and had amounts owing to/from members of the Churngold Construction Holdings Limited group as follows:

	<i>Purchases by Churngold Waste Management Limited £000</i>	<i>Sales by Churngold Waste Management Limited £000</i>	<i>Amounts owing to related undertakings £000</i>	<i>Amounts owed by related undertakings £000</i>
Churngold Construction Limited	104	259	121	424
Churngold Surfacing Limited	-	2	8	3
	<u>104</u>	<u>261</u>	<u>129</u>	<u>427</u>

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Churngold Holdings Limited. It has included the company in its group financial statements, copies of which are available from its registered office.