

Wheelabrator Group Limited

Report and Financial Statements

Year Ended

31 December 2009

Company Number 33672



Wheelabrator Group Limited

Annual report and financial statements
for the year ended 31 December 2009

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Directors

I B Bird
A J Matsuyama

Secretary and registered office

N C Moseley
Wheelabrator Group Limited
PO Box 60
Craven Road
Broadheath
Altrincham
Cheshire
WA14 5EP

Company Number

33672

Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Wheelabrator Group Limited

Report of the directors for the year ended 31 December 2009

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activities of the company are the manufacture and supply of surface preparation machinery and associated spare parts and servicing

Business review

Operating profit for the year increased to £1,085,000 compared to £931,000 in 2008 due principally to a reduction in the impact of exchange rate fluctuations on the company's performance, and a 10% reduction in staff costs to £6,050,000. This helped offset the fall in turnover, which declined from £37,307,000 in 2008 to £29,605,000 in 2009, as a consequence of the severe downturn in activity levels in the market sectors served by the company.

The effects of the economic climate are also reflected in the increase in pension scheme liabilities by £954,000 to £4,377,000 during the year.

Principal risks and uncertainties

The principal risks facing the company arise from the levels of economic activity in its markets. During 2009, the company experienced a significant reduction in demand for its products, as mentioned above, and took action to address this by a programme of redundancies and other cost control measures. Although the UK market continues to be difficult, the company believes that the depth of its product range and the diversity of its export markets, supported by continuing development of its sales representation in those territories, will enable it to continue to meet the challenges of the future.

The company measures its performance by monitoring margins achieved against an annual plan, capital equipment projects are also monitored individually against the estimates prepared at the time the order is accepted. A comprehensive reporting package, comparing actual performance to both budget and last year, is produced each month. This, along with a monthly rolling forecast, constitute the key performance indicators used within the business.

Dividends

The directors do not recommend payment of a dividend (2008 - £nil)

Directors

The directors who held office during the year were as follows

I B Bird
A J Matsuyama

Market value of land and buildings

In the opinion of the directors, the market value of the company's interest in land and buildings exceeds net book value by approximately £250,000 (2008 £250,000)

Wheelabrator Group Limited

Report of the directors for the year ended 31 December 2009

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The directors are responsible for communicating relevant information to all employees and for developing their involvement in company affairs as appropriate.

Company's policy on payment of creditors

The group agrees terms and conditions which include payment details with its suppliers. Payment is made in accordance with those terms and conditions, provided that the supplier has also complied with them. At 31 December 2009 the average number of days trade creditors was 28 (2008 - 32).

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

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.

Wheelabrator Group Limited

Report of the directors for the year ended 31 December 2009

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members unless the members exercise their rights under Companies Act 2006 to prevent their re-appointment.

By order of the board



N C Moseley
Secretary

Date 5 August 2010

Wheelabrator Group Limited

Report of the independent auditors

To the members of Wheelabrator Group Limited

We have audited the financial statements of Wheelabrator Group Limited for the year ended 31 December 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Wheelabrator Group Limited

Report of the independent auditors

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO WP

Philip Storer (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
Date 11 AUGUST 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Wheelabrator Group Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	29,605	37,307
Cost of sales		(21,786)	(27,995)
Gross profit		<u>7,819</u>	<u>9,312</u>
Administrative expenses		(6,734)	(8,381)
Operating profit	3	<u>1,085</u>	<u>931</u>
Profit on disposal of tangible fixed assets		3	719
Profit on disposal of fixed asset investments		-	220
Profit on ordinary activities before interest and taxation		<u>1,088</u>	<u>1,870</u>
Interest payable and similar charges	4	(792)	(383)
Interest receivable	4	82	238
Profit on ordinary activities before taxation		<u>378</u>	<u>1,725</u>
Taxation charge on profit on ordinary activities	6	(13)	(101)
Profit on ordinary activities after taxation	16	<u><u>365</u></u>	<u><u>1,624</u></u>

All amounts relate to continuing activities

The notes on pages 9 to 23 form part of these financial statements

Wheelabrator Group Limited

Statement of total recognised gains and losses for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Profit for the financial year		365	1,624
Actuarial loss on defined benefit pension scheme taken directly to reserves	19	(1,376)	(4,218)
Taxation credit on pension liability movement taken directly to reserves	19	371	1,182
Total recognised losses relating to the year		<u>(640)</u>	<u>(1,412)</u>

The notes on pages 9 to 23 form part of these financial statements

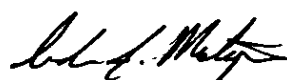
Wheelabrator Group Limited

Balance sheet at 31 December 2009

Company number 33672

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	7		514		604
Tangible assets	8		1,352		1,603
Investments	9		2,861		2,861
			<u>4,727</u>		<u>5,068</u>
Current assets					
Stocks	10	1,429		2,210	
Debtors	11	33,847		33,002	
Cash at bank and in hand		1,942		2,217	
		<u>37,218</u>		<u>37,429</u>	
Creditors: amounts falling due within one year	12	(13,377)		(14,326)	
Net current assets			<u>23,841</u>		<u>23,103</u>
			<u>28,568</u>		<u>28,171</u>
Creditors: amounts falling due after one year	13	(2,804)		(2,804)	
Provisions for liabilities and charges	14	(228)		(145)	
			<u>(3,032)</u>		<u>(2,949)</u>
Net assets before pension liability			<u>25,536</u>		<u>25,222</u>
Pension liability	19		(4,377)		(3,423)
Net assets			<u>21,159</u>		<u>21,799</u>
Capital and reserves					
Called up share capital	15		1,374		1,374
Share premium account	16		17,919		17,919
Other reserve	16		169		169
Profit and loss account	16		1,697		2,337
Shareholders' funds	17		<u>21,159</u>		<u>21,799</u>

These financial statements were approved by the board and authorised for issue on 5 August 2010



A J Matsuyama
Director

The notes on pages 9 to 23 form part of these financial statements

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

The following accounting policies have all been applied consistently in dealing with items which are considered material in relation to the company's financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Group accounts

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that all of the voting rights in the company are controlled within the group headed by Norican Holdings ApS and the company's results are included in those consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about the group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Norican Holdings ApS and the company's results are included in those consolidated financial statements.

Intangible fixed assets and amortisation

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which the directors consider to be twenty years. Provision is made for any impairment.

Patents and trade marks are included at cost and depreciated in equal, annual instalments over a period of eight years which is their estimated useful economic life. Provision is made for any impairment.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% to 2.5% per annum
Short leasehold land and buildings	Term of lease
Plant and equipment	10% to 25% per annum
Motor vehicles, computers, office equipment and fixtures and fittings	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition and reviewed periodically.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials (on a first in first out basis), direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs and other post retirement benefits

The company offers pensions to substantially all employees through a funded defined benefit scheme and a number of defined contribution schemes.

Contributions to defined contribution schemes are charged to profit and loss account in the year in which they become payable.

The assets of the defined benefit scheme are held separately from those of the company in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Further details in respect of these pension arrangements are shown in note 19. Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the statement of total recognised gains and losses in accordance with FRS 17 "Retirement benefits".

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account. The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and the results of the foreign operation are taken to the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred

Finance costs

Finance costs of debt and non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Where the finance costs for non-equity shares are not equal to the dividends on these instruments, the difference is also accounted for in the profit and loss account as an appropriation of profits

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax or local taxes on sales where applicable

2 Turnover

An analysis of turnover by geographical market is given below

	2009 £'000	2008 £'000
United Kingdom	13,228	18,519
Rest of World	16,377	18,788
	<u>29,605</u>	<u>37,307</u>

All turnover is attributable to the principal activity of the company

3 Operating profit

	2009 £'000	2008 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	302	330
Amortisation of goodwill	90	90
Operating lease rentals - plant and machinery	240	296
Operating lease rentals - land and buildings	449	486
Auditors' remuneration - audit services	55	50
Auditors' remuneration - taxation services	36	48
Defined contribution pension cost	29	26
Defined benefit pension cost (see note 19)	277	299
Directors' remuneration	-	-
Rent received	-	(47)
Foreign exchange (profit)/loss	(182)	1,311
	<u></u>	<u></u>

Directors' remuneration is borne by the ultimate parent company

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

4 Interest

	2009 £'000	2008 £'000
Interest payable and similar charges		
On bank loans and overdrafts	223	141
On inter company loans	231	213
Other finance costs (see note 19)	338	29
	<u>792</u>	<u>383</u>
	<u><u>792</u></u>	<u><u>383</u></u>
Interest receivable		
On inter company loans	60	119
Bank interest	22	119
	<u>82</u>	<u>238</u>
	<u><u>82</u></u>	<u><u>238</u></u>

5 Employees

The average monthly number of employees (including directors) during the year was as follows

	2009 number	2008 number
Production	78	87
Sales	49	60
Administration	25	25
	<u>152</u>	<u>172</u>
	<u><u>152</u></u>	<u><u>172</u></u>

The aggregate payroll costs of employees were as follows

	2009 £'000	2008 £'000
Wages and salaries	5,241	5,841
Social security costs	503	482
Other pension costs	306	325
	<u>6,050</u>	<u>6,648</u>
	<u><u>6,050</u></u>	<u><u>6,648</u></u>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*continued*)

6 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
<i>Current tax</i>		
UK corporation tax	-	-
Overseas tax	(13)	-
Total current tax	(13)	-
<i>Deferred tax</i>		
Tax on FRS 17 adjustments	-	(101)
Taxation on profit on ordinary activities	(13)	(101)

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	378	1,725
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	106	492
Effects of		
Expenses not deductible for tax purposes	83	61
Exempt profit on disposal of shares in related companies	-	(63)
Exempt loss/(profit) on disposal of tangible fixed assets	2	(204)
Imputed interest	96	-
Capital allowances for the year in excess of depreciation	(30)	(23)
Other timing differences	23	160
Overseas tax paid	(13)	-
Utilisation of tax losses brought forward	-	(90)
Group relief	(96)	-
FRS 17 adjustments	(170)	(320)
Movement in provisions	(14)	(13)
Current tax charge for year	(13)	-

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*continued*)

6 Tax on profit on ordinary activities (*continued*)

There is an unprovided deferred tax asset of £865,000 (2008 £919,000) which is made up as follows

	2009 £'000	2008 £'000
Accelerated capital allowances	106	200
Trading losses	213	546
Other short term timing differences	546	173
	<u>865</u>	<u>919</u>

The deferred tax asset has not been recognised in the company's financial statements on the basis that the directors do not expect the reversal of the underlying timing differences to occur in the foreseeable future

7 Intangible fixed assets

	Patents and Trade marks £'000	Goodwill £'000	Total £'000
<i>Cost</i>			
At 1 January and 31 December 2009	96	1,108	1,204
<i>Amortisation</i>			
At 1 January 2009	96	504	600
Charge for the year	-	90	90
At 31 December 2009	<u>96</u>	<u>594</u>	<u>690</u>
<i>Net book value</i>			
At 31 December 2009	-	514	514
At 31 December 2008	-	604	604

The directors consider each acquisition separately for the purposes of determining the amortisation period of any goodwill that arises. The directors consider the useful economic life of these acquisitions is 20 years, and therefore goodwill is amortised over this period.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*continued*)

8 Tangible fixed assets

	Freehold Property £'000	Leasehold £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>				
At 1 January 2009	565	428	4,112	5,105
Additions	-	-	66	66
Disposals	-	(66)	(85)	(151)
Currency revaluation	-	(10)	(14)	(24)
At 31 December 2009	<u>565</u>	<u>352</u>	<u>4,079</u>	<u>4,996</u>
<i>Depreciation</i>				
At 1 January 2009	170	219	3,113	3,502
Charge for year	11	33	258	302
Disposals	-	(64)	(77)	(141)
Currency revaluation	-	(9)	(10)	(19)
At 31 December 2009	<u>181</u>	<u>179</u>	<u>3,284</u>	<u>3,644</u>
<i>Net book value</i>				
At 31 December 2009	<u>384</u>	<u>173</u>	<u>795</u>	<u>1,352</u>
At 31 December 2008	<u>395</u>	<u>209</u>	<u>999</u>	<u>1,603</u>

9 Fixed asset investments

	Shares in Group Undertakings £'000
<i>Cost</i>	
At 1 January and 31 December 2009	<u>2,861</u>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

9 Fixed asset investments (continued)

The investments in group undertakings are shares held in dormant companies incorporated in the United Kingdom that have not traded. Wheelabrator Group Limited holds 100% of the ordinary share capital of these companies.

10 Stocks

	2009 £'000	2008 £'000
Work in progress	47	450
Finished goods and goods for resale	1,382	1,760
	<u>1,429</u>	<u>2,210</u>

The directors consider that there is no material difference between the replacement cost of stock and the values above.

11 Debtors

	2009 £'000	2008 £'000
Trade debtors	5,727	6,714
Amounts owed by group undertakings	26,086	15,346
Other debtors	1,715	10,455
Prepayments	319	487
	<u>33,847</u>	<u>33,002</u>

Other debtors include £1,701,000 (2008: £10,262,000) in respect of cash deposits lodged with the group's bankers to secure bonds issued to customers on behalf of either the company or other group companies. These deposits are released to the company on expiry of the bond liabilities.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

12 Creditors, amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	1,499	2,472
Amounts owed to group undertakings	9,450	8,854
Taxation and social security	408	431
Other creditors	10	39
Accruals	2,010	2,530
	<u>13,377</u>	<u>14,326</u>

Amounts owed to group undertakings are unsecured and repayable on demand

13 Creditors' amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	<u>2,804</u>	<u>2,804</u>

14 Provisions for liabilities and charges

	Restructuring Provision £'000	Product warranties £'000	Total £'000
At 1 January 2009	5	140	145
Charged to profit and loss account	389	170	559
Utilised in year	(394)	(82)	(476)
At 31 December 2009	<u>-</u>	<u>228</u>	<u>228</u>

The provision for product warranties relates to expected warranty claims on products sold generally in the last twelve months. It is expected that most of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*continued*)

15 Called up share capital

	2009		2008	
	No	£'000	No	£'000
Authorised				
Ordinary shares of £1 each	1,386,201	1,386	1,386,201	1,386
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted called up and fully paid				
Ordinary shares of £1 each	1,374,353	1,374	1,374,353	1,374
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Reserves

	Share Premium Account £'000	Other reserve £'000	Profit and loss account £'000
At 1 January 2009	17,919	169	2,337
Profit for the year	-	-	365
Actuarial loss on pension liability net of related taxation	-	-	(1,005)
At 31 December 2009	<u>17,919</u>	<u>169</u>	<u>1,697</u>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

17 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	365	1,624
Other net recognised gains and losses relating to the year	(1,005)	(3,036)
Net reduction in shareholders' funds	(640)	(1,412)
Opening shareholders' funds	21,799	23,211
Closing shareholders' funds	21,159	21,799

18 Financial commitments

At 31 December 2009 the company had no capital commitments (2008 £50,000)

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	31	47	104	28
Between two and five years	173	149	262	200
After five years	170	-	170	-
	<u>374</u>	<u>196</u>	<u>536</u>	<u>228</u>

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

19 Pensions

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £29,000 (2008 - £26,000)

Contributions of £4,000 were outstanding at the year end in respect of the schemes (2008 - £nil)

The company also operates a funded defined benefit scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund

The most recent actuarial valuation of the scheme was at 6 April 2009 and the assumptions that have the most significant effect on the results of the valuation are the rate of return on investments and the rates of increase in salaries and pensions. This valuation has been updated on an FRS 17 basis by the scheme actuary at 31 December 2009

The market value of the scheme assets at the last valuation date (31 December 2009) was £21,349,000 (previously £18,324,000). The actuarial value of these assets represented 78% (2008 - 80%) of the benefits that had accrued to members after allowing for expected increases in earnings. The company is paying increased contributions to the scheme, calculated so that the deficit is expected to be removed over the future working lifetime of the active membership as at the valuation date

Contributions paid into the scheme were £666,000 during the year (2008 - £687,000)

Reconciliation of present value of plan liabilities

	2009 £'000	2008 £'000
At 1 January 2009	23,353	22,533
Current service cost	277	299
Interest cost	1,435	1,339
Actuarial losses/(gains)	3,715	(19)
Benefits paid	(1,195)	(975)
Employee contributions	162	176
	<hr/>	<hr/>
At 31 December 2009	27,747	23,353

Composition of plan liabilities

	2009 £'000	2008 £'000
Schemes wholly or partly funded	27,747	23,353

Reconciliation of fair value of plan assets

	2009 £'000	2008 £'000
At the beginning of the year	18,599	21,638
Expected rate of return on plan assets	1,097	1,310
Actuarial gains/(losses)	2,339	(4,237)
Contributions by group	666	687
Benefits paid	(1,195)	(975)
Employee contributions	162	176
	<hr/>	<hr/>
At the end of the year	21,668	18,599

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

19 Pensions (continued)

Market value of the scheme's assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long term rate of return 2009	Value at 2009 £'000	Long term rate of return 2008	Value at 2008 £'000
<u>Assets</u>				
Equities	7.70%	9,320	7.24%	7,539
Government stock	4.45%	5,463	3.74%	4,970
Corporate bonds	5.25%	6,553	6.19%	5,796
Other – cash	4.10%	13	2.00%	19
		<u>21,349</u>		<u>18,324</u>
	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of scheme liabilities	(27,747)	(23,353)	(22,533)	(23,086)
				2004 £'000
Fair value of scheme assets	21,668	18,599	21,638	18,745
Deficit in the scheme	(6,079)	(4,754)	(895)	(2,840)
				(4,813)
Related deferred tax asset (28%)	1,702	1,331	250	852
				1,444
Net pension liability	(4,377)	(3,423)	(645)	(1,988)
				(3,369)

The movement in the deficit during the year was as follows

	2009 £'000	2008 £'000
Deficit in scheme, net of tax, at beginning of year	(3,423)	(645)
Current and past service cost (see below)	(277)	(299)
Contributions paid	666	687
Other finance (costs)/income	(338)	(29)
Actuarial loss	(1,376)	(4,218)
Movement in deferred tax	371	1,081
Deficit net of tax in the scheme at end of year	<u>(4,377)</u>	<u>(3,423)</u>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

19 Pensions (continued)

Analysis of other pension costs charged in arriving at operating profit (see note 3)

	2009 £'000	2008 £'000
Current service cost	277	299

Analysis of amounts included in other finance costs/(income)

	2009 £'000	2008 £'000
Expected return on pension scheme assets	(1,081)	(1,294)
Interest on pension scheme liabilities	1,410	1,313
Interest on insured annuities	(16)	(16)
Interest on service cost	25	26
	338	29

Other finance cost is included within 'interest payable' in the profit and loss account

Composition of plan assets

	2009 £'000	2008 £'000
European equities	9,320	7,539
European bonds	6,553	6,071
Government stock	5,463	4,970
Cash	13	19
Total plan assets	21,349	18,599

The major assumptions used in this valuation were

	2009 %	2008 %	2007 %
Rate of increase in salaries	3.50	3.12	2.75
Rate of increase in pensions in payment	3.15	3.01	2.90
Discount rate	5.82	6.19	5.95
Inflation assumption	3.50	3.12	2.75

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

19 Pensions (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2009	2008	2007	2006	2005
Actual return less expected return on scheme assets (£'000)	2,339	(4,237)	(126)	865	1,649
Percentage of year end scheme assets	10.8%	23.1%	0.6%	4.3%	8.8%
Experience gains and losses arising on scheme liabilities (£'000)	325	(169)	(144)	(144)	(458)
Percentage of present value of year end scheme liabilities	1.2%	0.7%	0.6%	0.6%	1.9%
Actuarial loss/(gain) recognised in statement of total recognised gains and losses (£'000)	(1,376)	(4,218)	1,598	2,014	(224)
Percentage of present value of year end scheme liabilities	5.0%	18.3%	7.2%	8.7%	1.0%

The company's best estimate of the contributions expected to be paid in the year beginning 01 January 2010 is £675,000

20 Contingent liabilities

The company has given bank guarantees to customers in respect of advance payments and the performance of goods sold, amounting to £1,812,000 (2008 - £1,173,000)

At the balance sheet date, there were no outstanding forward exchange contracts (2008 - £nil). A guarantee is in place for £20,000 in favour of HM Revenue & Customs (2008 - £20,000)

Norican Group has loan and working capital facilities from its lenders amounting to €270m available for utilisation by participating Group companies. At 31 December 2009 the utilisation of these facilities was €228m (2008 €240m). The facility matures over the period from 31 Dec 2015 to 2017 and no repayment of the facility is scheduled before 2016.

In common with other participating companies, the company has given a fixed and floating charge on its assets to secure these facilities.

21 Ultimate controlling party and immediate controlling party

The directors regard Norican Holdings ApS, which is registered in Denmark, as the ultimate parent company and the Emerging Europe Convergence Fund II LP, registered in Guernsey, as the ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Norican Holdings ApS, Bredgade 38, 1260 Copenhagen Denmark.

22 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions of balances with entities which form part of the group on the grounds that all of the voting rights in the company are controlled within the group headed by Norican Holdings ApS and the company is included in the consolidated financial statements. These can be obtained from the address given in note 21.