

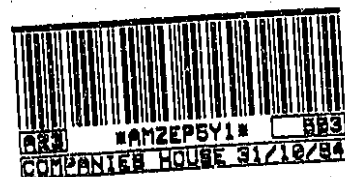


BDO Binder Hamlyn
Chartered Accountants

CLEANAWAY LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

for the year ended 31 December 1993

Company number 806128



Ayr Bacup Belfast Birmingham Bristol Bury St Edmunds
Croydon Edinburgh Enniskillen Glasgow Leeds London
Manchester Newbury Newcastle Newmarket Norwich
Nottingham Poole Rochdale St Albans Salcoats
Stranraer Wolverhampton

CLEANAWAY LIMITED

DIRECTORS' REPORT for the year ended 31 December 1993

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 1993.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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.

The directors are responsible for maintaining 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.

ACTIVITIES

The principal activity of the company and the group continues to be the transportation, treatment and disposal of domestic, commercial and industrial waste.

REVIEW OF THE BUSINESS

The group has continued to trade satisfactorily during the year. The group looks forward to continued expansion in waste management in the United Kingdom.

RESULTS AND DIVIDENDS

The results of the group for the year are set out in the profit and loss account on page 5.

Interim dividends of £7,100,000 were paid during the year. A further dividend of £1,567,000 is proposed.

CLEANAWAY LIMITED

DIRECTORS' REPORT for the year ended 31 December 1993

INTERESTS IN LAND

The market value of interests in land is, in the opinion of the directors, not less in total than its book value. Since the group's interests in land are held for use in the business and are not specifically held for realisation, the directors consider that the cost of a full professional revaluation at frequent intervals would not be justified and hence no valuation of the group's interests in land has been carried out for the purposes of these financial statements.

DIRECTORS AND THEIR INTERESTS

Contracts

There were no contracts subsisting during or at the end of the year, either with the company or with any of its subsidiary undertakings, in which any director was, or is, materially interested.

Shares

No director had at any time during the year any beneficial interest in the shares of the company, its subsidiary undertakings or in the shares of its parent company, Cleanaway Holdings Limited.

The directors of the company throughout the year were as follows:

PAM Heath - Chairman
DW Benjafield
DE Cook
APR Dean
P Everall
A Jones
PM Levett
DS McGregor

CHARITABLE DONATIONS

During the year the group made donations of £4,511 to charities.

DISABLED PERSONS

It has been, and is, the group's policy to give full and fair consideration to the employment and development of disabled persons, having regard to their qualifications and abilities.

CLEANAWAY LIMITED

DIRECTORS' REPORT
for the year ended 31 December 1993

EMPLOYEE INVOLVEMENT

Through appropriate regular formal and informal communication, the group continued to provide employees with information regarding the financial, economic and other factors affecting its performance. Where decisions were reached which directly affected employees, the group developed the approach of advising and consulting them and their representatives.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 9th June 1994



PM Levett
Secretary

The Drive
Warley
Brentwood
Essex



BDO Binder Hamlyn
Chartered Accountants

20 Old Bailey London EC4M 7BH

AUDITORS' REPORT
to the members of Cleanaway Limited

We have audited the financial statements on pages 5 to 23 which have been prepared on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 1993 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

Chartered Accountants
Registered Auditors

4th July, 1994.

CLEANAWAY LIMITED

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 1993

| | Notes | 1993 | 1992 |
|--|-------|----------------|----------------|
| | | £000 | £000 |
| Turnover | | | |
| United Kingdom | | 113,561 | 105,756 |
| Rest of Europe | | 9 | 195 |
| | | 113,570 | 105,951 |
| Consumable stores and repairs | | (13,268) | (12,206) |
| Staff costs | 2 | (29,879) | (27,797) |
| Depreciation | 2 | (13,704) | (13,193) |
| Other operating charges | | (39,694) | (38,584) |
| Operating profit | | 17,025 | 14,171 |
| Interest payable | 2 | (3,076) | (4,317) |
| Profit on ordinary activities before taxation | 2 | 13,949 | 9,854 |
| Tax on profit on ordinary activities | 4 | (5,262) | (3,874) |
| Profit on ordinary activities after taxation | | 8,687 | 5,980 |
| Dividends | | | |
| - paid | | (7,100) | (5,100) |
| - proposed | | (1,567) | (1,114) |
| | | (8,667) | (7,214) |
| Transferred to/(from) reserves | | 20 | (1,234) |
| Retained profits brought forward | | 1,404 | 2,633 |
| Retained profits carried forward | | 1,424 | 1,404 |

No gains or losses have been recognised in these financial statements other than those reflected in the profit and loss account.

Turnover and operating profit is derived from continuing operations.

CLEANAWAY LIMITED

GROUP BALANCE SHEET
as at 31 December 1993

| | Notes | 1993 | 1992 |
|--|-------|----------|----------|
| | | £000 | £000 |
| FIXED ASSETS | | | |
| Intangible assets | 5a | 3,122 | 1,928 |
| Tangible assets | 6a | 59,018 | 62,830 |
| | | 62,140 | 64,758 |
| CURRENT ASSETS | | | |
| Stocks | | 863 | 616 |
| Debtors | 8 | 34,683 | 33,026 |
| Cash at bank and in hand | | 8 | 7 |
| | | 35,554 | 33,649 |
| CREDITORS: amounts falling due within one year | 9a | (34,547) | (36,710) |
| Net current assets/(liabilities) | | 1,007 | (3,061) |
| Total assets less current liabilities | | 63,147 | 61,697 |
| CREDITORS: amounts falling due after more than one year | 9b | (36,858) | (34,713) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 11 | (1,106) | (2,435) |
| Other provisions | 12 | (5,757) | (5,143) |
| Net assets | | 19,426 | 19,406 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 15,531 | 15,531 |
| Share premium account | | 704 | 704 |
| Revaluation reserve | | 1,340 | 1,340 |
| Other reserves | | 427 | 427 |
| Profit and loss account | | 1,424 | 1,404 |
| | | 19,426 | 19,406 |

CLEANAWAY LIMITED

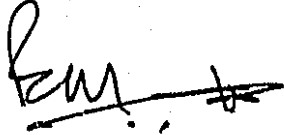
COMPANY BALANCE SHEET
as at 31 December 1993

| | Notes | 1993 | | 1992 | |
|--|-------|---------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| FIXED ASSETS | | | | | |
| Intangible assets | 5b | | 2,281 | | 1,779 |
| Tangible assets | 6b | | 58,552 | | 61,709 |
| Investments | 7 | | 1,966 | | 1,863 |
| | | | 62,799 | | 65,351 |
| CURRENT ASSETS | | | | | |
| Stocks | | 832 | | 602 | |
| Debtors | 8 | 35,229 | | 33,026 | |
| Cash at bank and in hand | | 7 | | 7 | |
| | | 36,068 | | 33,635 | |
| CREDITORS: amounts falling due within one year | 9a | (5,888) | | (37,288) | |
| Net current assets/(liabilities) | | | 180 | | (3,653) |
| Total assets less current liabilities | | | 62,979 | | 61,698 |
| CREDITORS: amounts falling due after more than one year | 9b | | (36,597) | | (34,713) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Deferred taxation | 11 | | (1,106) | | (2,423) |
| Other provisions | 12 | | (5,757) | | (5,143) |
| Net assets | | | 19,519 | | 19,419 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 13 | | 15,531 | | 15,531 |
| Share premium account | | | 704 | | 704 |
| Revaluation reserve | | | 1,340 | | 1,340 |
| Profit and loss account | 14 | | 1,944 | | 1,844 |
| | | | 19,519 | | 19,419 |

The financial statements on pages 5 to 23 were approved by the Board on 9th June 1994

PAM Heath
Director

PM Levett
Director




CLEANAWAY LIMITED

GROUP CASH FLOW STATEMENT
for the year ended 31 December 1993

| | Notes | 1993 | 1992 |
|---|-------|----------|----------|
| | | £000 | £000 |
| Net cash inflow from operating activities | 16 | 27,428 | 28,549 |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (2,354) | (3,995) |
| Dividends paid | | (8,214) | (6,100) |
| Net cash outflow from returns on investments and servicing of finance | | (10,568) | (10,095) |
| Taxation | | | |
| UK taxation paid | | (5,502) | (4,394) |
| Investing activities | | | |
| Payments to acquire tangible fixed assets | | (9,365) | (8,146) |
| Payments to acquire goodwill | | (1,000) | (656) |
| Payments to acquire subsidiary | 19 | (103) | - |
| Receipts from sales of tangible fixed assets | | 952 | 734 |
| Net cash outflow from investing activities | | (9,516) | (8,068) |
| Net cash inflow before financing | | 1,842 | 5,992 |
| Financing | | | |
| Decrease in borrowings | 17 | (1,343) | (5,243) |
| Capital element of finance lease rentals | | (146) | (174) |
| Net cash outflow from financing | | (1,489) | (5,417) |
| Increase in cash and cash equivalents | 18 | 353 | 575 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention and compliance with accounting standards

As in previous years, the financial statements have been prepared under the historical cost convention, except to the extent that certain fixed assets are stated at valuation as shown in note 6, and in accordance with applicable accounting standards.

Consolidated financial statements

The financial statements incorporate the results of the parent company and its subsidiary undertakings for the year ended 31 December 1993. When subsidiary undertakings are acquired during an accounting period, the consolidated profit and loss account includes the results from the date of acquisition. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and other business concerns is the excess of the consideration paid over the fair value of assets acquired. Such goodwill is written off over a period not exceeding its useful economic life (see note 5).

Tangible fixed assets

Depreciation of fixed assets is provided on a straight-line basis to write the assets down to their estimated residual values over their estimated useful lives. Freehold and leasehold property interests are depreciated on the basis of the shorter of the site life or the length of the lease or site licence. Freehold land which does not relate to landfill operations is not depreciated. Other fixed assets are depreciated as follows:

| | |
|-------------------------------|-----------|
| Other freehold buildings | 2% |
| Plant, machinery and vehicles | 10% - 25% |

Stocks

Stocks of consumable stores are valued at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation where it is thought reasonably probable that a liability will crystallise in the foreseeable future. The provision is calculated on the liability basis using the rates of corporation tax expected to apply on taxation deferred by accelerated capital allowances and other timing differences, less tax recoverable in future periods from other timing differences.

Site restoration provision

Provision is made out of revenue to cover the future cost of restoration of landfill sites.

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES *continued*

Pensions

The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the group.

Leases

Assets held under finance leases are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated as outlined above. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of rental payments is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

is stated after charging:

| | 1993 | | 1992 | |
|---|--------|--------|--------|--------|
| | £000 | £000 | £000 | £000 |
| Directors' emoluments (note 3) | | 812 | | 758 |
| Compensation to director for loss of office | | - | | 81 |
| Auditors' remuneration: | | | | |
| - as auditors | | 75 | | 75 |
| - non-audit work | | 9 | | - |
| Operating leases: | | | | |
| - plant and machinery | 2,396 | | 2,035 | |
| - other | 1,129 | | 1,255 | |
| | | 3,525 | | 3,290 |
| Depreciation and depletion of assets: | | | | |
| Freehold land and buildings | 540 | | 395 | |
| Leasehold, land and buildings: | | | | |
| - over fifty years | 112 | | 107 | |
| - under fifty years | 1,169 | | 1,163 | |
| Plant, machinery and vehicles: | | | | |
| - under finance leases | 149 | | 195 | |
| - other | 11,146 | | 10,899 | |
| Goodwill | 588 | | 434 | |
| | | 13,704 | | 13,193 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION *continued*

| | 1993 | 1992 |
|--|-------|-------|
| | £000 | £000 |
| Interest payable: | | |
| - on bank borrowings repayable within five years | 3,076 | 4,070 |
| - parent company | - | 247 |
| | 3,076 | 4,317 |

| Group | 1993 | 1992 |
|-----------------------|--------|--------|
| | £000 | £000 |
| <i>Staff costs</i> | | |
| Wages and salaries | 26,626 | 25,148 |
| Social security costs | 1,991 | 1,776 |
| Other pension costs | 1,262 | 873 |
| | 29,879 | 27,797 |

| | | |
|-----------------------------|-------|-------|
| Average number of employees | 1,445 | 1,430 |
|-----------------------------|-------|-------|

3 DIRECTORS' EMOLUMENTS

| | £000 | £000 |
|---|------|------|
| Aggregate emoluments consisting of salaries and pension contributions | 812 | 758 |

| | | |
|---|-----|-----|
| Emoluments of the chairman and highest paid director excluding pension contributions: | | |
| Emoluments for the year | 133 | 105 |

| Emoluments of the directors fell within the following bands: | Number | Number |
|--|--------|--------|
| £50,001 - £55,000 | - | 1 |
| £55,001 - £60,000 | - | 1 |
| £60,001 - £65,000 | 1 | 2 |
| £65,001 - £70,000 | - | 2 |
| £70,001 - £75,000 | 1 | - |
| £75,001 - £80,000 | 2 | - |
| £80,001 - £85,000 | 2 | 2 |
| £100,001 - £105,000 | 1 | - |
| £105,001 - £110,000 | - | 1 |
| £130,001 - £135,000 | 1 | - |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

| 4 | TAXATION | 1993 £000 | 1992 £000 |
|---|---------------------------------------|--------------|--------------|
| | United Kingdom corporation tax at 33% | 5,509 | 5,105 |
| | Transfer from deferred taxation | (264) | (1,324) |
| | Adjustments in respect of prior years | | |
| | - Corporation tax | 1,082 | 105 |
| | - Deferred tax | (1,065) | (12) |
| | | 5,262 | 3,874 |

| 5 | INTANGIBLE ASSETS | Concessions £000 | Goodwill £000 | Total £000 |
|---|---|---------------------|------------------|---------------|
| | (a) Group | | | |
| | Cost | | | |
| | 1 January 1993 | 125 | 4,533 | 4,658 |
| | Additions | - | 1,782 | 1,782 |
| | On expiry | (125) | - | (125) |
| | 31 December 1993 | - | 6,315 | 6,315 |
| | Accumulated depreciation | | | |
| | 1 January 1993 | 125 | 2,605 | 2,730 |
| | Charge for the year | - | 588 | 588 |
| | On expiry | (125) | - | (125) |
| | 31 December 1993 | - | 3,193 | 3,193 |
| | Net book amount | | | |
| | 31 December 1993 | - | 3,122 | 3,122 |
| | 31 December 1992 | - | 1,928 | 1,928 |
| | The cost of goodwill is amortised over the following periods: | 1993 £000 | 1992 £000 | |
| | Five years or less | 4,555 | 2,773 | |
| | Ten years | 1,760 | 1,760 | |
| | | 6,315 | 4,533 | |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS

| <i>(b) Company</i> | Concessions £000 | Goodwill £000 | Total £000 |
|---|---------------------|------------------|---------------|
| Cost | | | |
| 1 January 1993 | 125 | 4,178 | 4,303 |
| Additions | - | 1,000 | 1,000 |
| On expiry | (125) | - | (125) |
| 31 December 1993 | - | 5,178 | 5,178 |
| Accumulated depreciation | | | |
| 1 January 1993 | 125 | 2,399 | 2,524 |
| Charge for the year | - | 498 | 498 |
| On expiry | (125) | - | (125) |
| 31 December 1993 | - | 2,897 | 2,897 |
| Net book amount | | | |
| 31 December 1993 | - | 2,281 | 2,281 |
| 31 December 1992 | - | 1,779 | 1,779 |
| The cost of goodwill is amortised over the following periods: | | | |
| | 1993 £000 | 1992 £000 | |
| Five years or less | 3,418 | 2,418 | |
| Ten years | 1,760 | 1,760 | |
| | 5,178 | 4,178 | |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE ASSETS

| | Land and buildings £000 | Plant, machinery and vehicles £000 | Total £000 |
|------------------------------|-------------------------------|---|---------------|
| (a) Group | | | |
| Cost or valuation | | | |
| 1 January 1993 | 26,575 | 95,383 | 121,958 |
| Additions | 50 | 9,315 | 9,365 |
| Disposals | (200) | (4,900) | (5,100) |
| On acquisition of subsidiary | 111 | 337 | 448 |
| 31 December 1993 | 26,536 | 100,135 | 126,671 |
| Accumulated depreciation | | | |
| 1 January 1993 | 11,125 | 48,003 | 59,128 |
| Disposals | (14) | (4,577) | (4,591) |
| Charge for the year | 1,821 | 11,295 | 13,116 |
| 31 December 1993 | 12,932 | 54,721 | 67,653 |
| Net book amount | | | |
| 31 December 1993 | 13,604 | 45,414 | 59,018 |
| 31 December 1992 | 15,450 | 47,380 | 62,830 |

Included in plant and machinery are assets with a net book value of £157,000 (1992 - £307,000) held under finance leases.

The total cost and net book value of group land and buildings shown above at £26,536,000 (1992: £26,575,000) is analysed as follows:

| (i) Assets at cost | 1993 | | 1992 | |
|-----------------------------|--------------|---------------------------|--------------|---------------------------|
| | Cost £000 | Net book Value £000 | Cost £000 | Net book Value £000 |
| Freehold | 8,480 | 5,723 | 9,481 | 7,184 |
| Leasehold over fifty years | 2,303 | 1,620 | 2,262 | 1,688 |
| Leasehold under fifty years | 14,053 | 4,852 | 13,132 | 5,114 |
| | 24,836 | 12,195 | 24,875 | 13,986 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE ASSETS *continued*

(a) Group *continued*

(ii) Assets at 1971 valuation

| | Valuation £000 | 1993 Net book value £000 | Valuation £000 | 1992 Net book value £000 |
|----------|-------------------|-----------------------------------|-------------------|-----------------------------------|
| Freehold | 1,700 | 1,409 | 1,700 | 1,464 |

| | Land and buildings £000 | Plant, machinery and vehicles £000 | Total £000 |
|--------------------------------|-------------------------------|---|---------------|
| (b) Company | | | |
| Cost or valuation | | | |
| 1 January 1993 | 25,311 | 94,829 | 120,140 |
| Additions | 45 | 9,260 | 9,305 |
| Disposals | (200) | (4,900) | (5,100) |
| Transferred from group company | 1,265 | 539 | 1,804 |
| 31 December 1993 | 26,421 | 99,728 | 126,149 |
| Accumulated depreciation | | | |
| 1 January 1993 | 10,660 | 47,771 | 58,431 |
| Disposals | (14) | (4,577) | (4,591) |
| Transferred from group company | 480 | 253 | 733 |
| Charge for the year | 1,792 | 11,232 | 13,024 |
| 31 December 1993 | 12,918 | 54,679 | 67,597 |
| Net book amount | | | |
| 31 December 1993 | 13,503 | 45,049 | 58,552 |
| 31 December 1992 | 14,651 | 47,058 | 61,709 |

Included in plant and machinery are assets with a net book value of £157,000 (1992: £307,000) held under finance leases.

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE ASSETS *continued*

Total cost and net book value of company land and buildings shown above at £26,421,000 (1992: £25,311,000) is analysed as follows:

| (i) Assets at cost | 1993 | | 1992 | |
|--------------------------|--------------|---------------------------|--------------|---------------------------|
| | Cost £000 | Net book value £000 | Cost £000 | Net book value £000 |
| Freehold | 8,480 | 5,723 | 8,217 | 6,385 |
| Leasehold over 50 years | 2,303 | 1,620 | 2,262 | 1,688 |
| Leasehold under 50 years | 13,938 | 4,751 | 13,132 | 5,114 |
| | 24,721 | 12,094 | 23,611 | 13,187 |

| (ii) Assets at 1971 valuation | 1993 | | 1992 | |
|-------------------------------|-------------------|---------------------------|-------------------|---------------------------|
| | Valuation £000 | Net book value £000 | Valuation £000 | Net book value £000 |
| Freehold | 1,700 | 1,409 | 1,700 | 1,464 |

7 INVESTMENTS

| | |
|--|-------|
| | £000 |
| Shares in subsidiary undertakings - cost | |
| 1 January 1993 | 3,202 |
| Additions | 103 |
| 31 December 1993 | 3,305 |
| Provisions | |
| 1 January 1993 and 31 December 1993 | 1,339 |
| Net book value | |
| 31 December 1993 | 1,966 |
| 31 December 1992 | 1,863 |

CLEANAWAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7 INVESTMENTS *continued*

The company's subsidiary undertakings at 31 December 1993 were as follows:

| Subsidiary undertaking | Share of equity held by: | |
|---|--------------------------|--------------|
| | The company | A subsidiary |
| A G Homes Refuse Disposal Limited* | 100% | |
| Land Reclamation Company Limited* | 100% | |
| Cleanaway (Bristol) Limited* | 100% | |
| Cleanaway (N.I.) Limited* | 100% | |
| Industrial Waste Disposals (South Wales) Limited* | 100% | |
| Easibins Limited* | 100% | |
| T Ivory & Sons Limited* | 100% | |
| W R Cunis (Waste Disposal) Limited* | | 100% |
| Cleanaway (UK) Limited* | 100% | |
| Purle Limited* | 100% | |
| Byland Environmental Limited* | 100% | |
| Triton Transformer Services Limited | 100% | |
| Wilden Lane Landfill Limited* | 100% | |
| Enviroman Limited | 100% | |
| Clean World Limited | 100% | |
| Seal Clinical Waste Limited* | | 100% |

* These companies did not trade during 1993.

The trading companies are involved in the collection, treatment and disposal of waste, principally in the United Kingdom.

Triton Transformer Services Limited ceased to trade on 31 March 1993.

All companies are registered in England and Wales except for Cleanaway (N.I.) Limited which is incorporated in Northern Ireland.

8 DEBTORS

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 1993 £000 | 1992 £000 | 1993 £000 | 1992 £000 |
| Trade debtors | 24,083 | 22,105 | 24,078 | 22,105 |
| Other debtors | 1,635 | 1,689 | 1,548 | 1,689 |
| Prepayments and accrued income | 8,554 | 8,918 | 8,543 | 8,918 |
| Amounts owed by subsidiary undertakings | - | - | 649 | - |
| Amounts due from parent company | 411 | 314 | 411 | 314 |
| | 34,683 | 33,026 | 35,229 | 33,026 |

Prepayments include £5,000,000 (1992 - £5,000,000) recoverable after more than one year.

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 CREDITORS

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 1993 | 1992 | 1993 | 1992 |
| (a) Amounts falling due within one year: | | | | |
| Bank loans and overdrafts | 73 | 3,768 | 73 | 3,768 |
| Trade creditors | 4,674 | 4,004 | 4,607 | 4,004 |
| Amounts owed to subsidiary undertakings | - | - | 1,901 | 1,013 |
| Other creditors | 1,357 | 1,272 | 1,135 | 1,272 |
| Corporation tax | 5,655 | 4,566 | 5,561 | 4,511 |
| Other taxes and social security | 2,306 | 1,958 | 2,255 | 1,958 |
| Unpaid dividend | 1,571 | 1,118 | 1,571 | 1,118 |
| Accruals and deferred income | 18,911 | 20,024 | 18,785 | 19,644 |
| | 34,547 | 36,710 | 35,888 | 37,288 |

Bank loans and overdrafts include £Nil (1992 - £343,416) secured by way of mortgage on certain fixed assets.

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 1993 | 1992 | 1993 | 1992 |
| | £000 | £000 | £000 | £000 |
| (b) Amounts falling due after more than one year: | | | | |
| Bank loans | 36,500 | 34,500 | 36,500 | 34,500 |
| Other creditors | 358 | 213 | 97 | 213 |
| | 36,858 | 34,713 | 36,597 | 34,713 |

The bank loans are repayable between two and five years under committed facilities provided by the banks. In the absence of these facilities the loans would be repayable within one year. The loans are unsecured.

10 PENSION COSTS

The group operates a number of pension schemes providing benefits based on final pensionable pay. The pension schemes are set up under trust and the assets of the schemes are therefore held separately from those of the group.

The pension cost charged to the profit and loss account for the main schemes is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the group. The pension costs are based on an actuarial valuation which was completed with an effective date of 6 April 1992. The actuarial methods used were the projected unit and the attained age methods.

NOTES TO THE FINANCIAL STATEMENTS

10 PENSION COSTS *continued*

The most significant assumptions, for their effect on the pension costs, are those relating to the rate of return on the investments of the schemes and the rate of increase in pay. It was assumed that, over the long term, the yield earned on investments would exceed the rates of pay increase by 2.5% per year and that dividend income will grow at the rate of 4.75% per annum. The schemes are funded using the assumptions and actuarial methods as described above. The actuarial basis has been slightly changed from that used in the previous year, increasing costs by approximately £200,000. Cost are currently under review.

The net pension cost charged to the profit and loss account for the year was £1,262,619 (1992 - £872,985). The surplus is being amortised over the average remaining service lives of pensioned employees.

The total market value of the schemes' assets was £16,231,559 at the valuation date and the actuarial value of those assets represented approximately 109% of the benefits accrued for service to that date. None of the schemes had a material deficiency on a current funding level.

11 DEFERRED TAXATION

| | Group £000 | Company £000 |
|--|---------------|-----------------|
| 1 January 1993 | 2,435 | 2,423 |
| Transferred to profit and loss account | (1,329) | (1,317) |
| 31 December 1993 | 1,106 | 1,106 |

The provision is analysed as follows:

| | Group Provided and potential | | Company Provided and potential | |
|--------------------------------|------------------------------------|--------------|--------------------------------------|--------------|
| | 1993 £000 | 1992 £000 | 1993 £000 | 1992 £000 |
| Accelerated capital allowances | 4,180 | 5,530 | 4,180 | 5,518 |
| Other timing differences | (3,074) | (3,095) | (3,074) | (3,095) |
| | 1,106 | 2,435 | 1,106 | 2,423 |

12 OTHER PROVISIONS

| Group and company | Pension £000 | Site restoration £000 | Total £000 |
|-------------------------|-----------------|-----------------------------|---------------|
| 1 January 1993 | 2,319 | 2,824 | 5,143 |
| Expenditure during year | (1,379) | (1,128) | (2,507) |
| Further provision | 1,262 | 1,859 | 3,121 |
| 31 December 1993 | 2,202 | 3,555 | 5,757 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 CALLED UP SHARE CAPITAL

| | 1993 £000 | 1992 £000 |
|--|---------------|---------------|
| Authorised | | |
| 95,268,594 ordinary shares of 20p each | 18,654 | 18,654 |
| 6,731,406 deferred shares of 20p each | 1,346 | 1,346 |
| | 20,000 | 20,000 |
| Allotted and fully paid | | |
| 70,923,140 ordinary shares of 20p each | 14,185 | 14,185 |
| 6,731,406 deferred shares of 20p each | 1,346 | 1,346 |
| | 15,531 | 15,531 |

The deferred shares are non equity shares. The holders have no right to dividends or distributions except that on a winding up or capital reduction the holders are entitled to repayment of the nominal value but only after the holders of the ordinary shares have received their nominal value plus a further £50 million. All shareholders' funds therefore relate to equity interests.

14 RESERVES

| | £000 |
|--|--------------|
| Profit and loss account - company | |
| 1 January 1993 | 1,844 |
| Retained profit for the financial year | 100 |
| 31 December 1993 | 1,944 |

The profit on ordinary activities after taxation was £8,767,000 (1992: £5,959,000).

15 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

| | 1993 £000 | 1992 £000 |
|------------------------------------|---------------|---------------|
| Profit for the financial year | 8,687 | 5,980 |
| Dividends | (8,667) | (7,214) |
| New share capital subscribed | - | 6,750 |
| Increase in shareholders' funds | 20 | 5,516 |
| Shareholders' funds at 1 January | 19,406 | 13,890 |
| Shareholders' funds at 31 December | 19,426 | 19,406 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1993 £000 | 1992 £000 |
|--|---------------|---------------|
| Operating profit | 17,025 | 14,171 |
| Depreciation charges | 13,704 | 13,193 |
| Profit on sale of fixed assets | (443) | (156) |
| (Increase)/decrease in stocks | (229) | 23 |
| Increase in debtors | (1,148) | (4,846) |
| (Decrease)/increase in creditors | (2,095) | 5,573 |
| Increase in other provisions | 614 | 591 |
| Net cash inflow from operating activities | 27,428 | 28,549 |

17 ANALYSIS OF CHANGES IN FINANCING

| | Share capital £000 | Bank loans £000 | Total £000 |
|------------------|--------------------------|-----------------------|---------------|
| Cash inflow | - | 46,000 | 46,000 |
| Cash outflow | - | (47,343) | (47,343) |
| 1 January 1993 | 15,531 | (1,343) | (1,343) |
| 31 December 1993 | 15,531 | 37,843 | 53,374 |
| | | 36,500 | 52,031 |

18 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

| | 1993 £000 | 1992 £000 | Change £000 |
|---------------------------|--------------|--------------|----------------|
| Cash at bank and in hand | 8 | 7 | 1 |
| Bank loans and overdrafts | (73) | (425) | 352 |
| | (65) | (418) | 353 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19 ACQUISITIONS

(a) Acquisitions of subsidiary undertaking

On 1 October 1993 the group acquired the entire issued share capital of Clean World Limited for a cash consideration of £103,000. The net liabilities acquired of £679,000 were those as shown in the unaudited balance sheet at the date of acquisition and were considered to be at fair value.

The acquisition of Clean World Limited has been accounted for using the acquisition method of accounting. The goodwill arising of £782,000 has been treated as an intangible asset and is being written off over its estimated useful life.

The results and cash flows of Clean World for the period ended 31 December 1993 are not considered material in the context of these group financial statements.

(b) Acquisition of other businesses

During the year the group acquired several unincorporated businesses for a total consideration of £1,255,000. Net assets acquired were £255,000 and the goodwill arising of £1,000,000 has been treated as an intangible fixed asset and is being written off over its estimated useful economic life.

20 CONTINGENT LIABILITIES

At 31 December 1993 there were contingent liabilities of £9,455,100 (1992 - £9,176,346) in respect of performance bonds given by the company.

The group's activities have, for many years, included the operation of landfill sites for the purpose of waste disposal. It is Cleanaway's policy to operate, restore and monitor its sites in full compliance with relevant legislation. As a result of the group's involvement in these activities provision has been made for known restoration liabilities, but given the nature of landfill operations it cannot be totally excluded that contingent liabilities may exist, the amount of which cannot be quantified.

21 FINANCIAL COMMITMENTS

| Finance leases | Group and Company | |
|--|-------------------|-----------|
| | 1993 | 1992 |
| | £000 | £000 |
| Included within creditors are the following amounts: | | |
| Due within one year | 139 | 169 |
| Due within two to five years | 97 | 213 |
| | <hr/> 236 | <hr/> 382 |

CLEANAWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21 FINANCIAL COMMITMENTS *continued*

Operating leases

The company is committed to the following payments in 1994 under operating leases which:

| | Land and buildings £000 | Others £000 | Total £000 |
|---------------------------------|-------------------------------|----------------|---------------|
| Expire within one year | 29 | 6 | 35 |
| Expire within two to five years | 152 | - | 152 |
| Expire over five years | 946 | - | 946 |
| | 1,127 | 6 | 1,133 |

22 FUTURE CAPITAL EXPENDITURE

The Board of directors of Cleanaway Limited has approved the following capital expenditure for which no provision has been made in these financial statements:

| | 1993 £000 | 1992 £000 |
|-------------------------------|--------------|--------------|
| Authorised and contracted | 548 | 386 |
| Authorised but not contracted | 3,076 | 2,886 |
| | 3,624 | 3,272 |

23 ULTIMATE PARENT COMPANY

The directors regard Cleanaway Holdings Limited, a company registered in England and Wales, as the ultimate parent company. Cleanaway Holdings Limited is jointly owned by subsidiary undertakings of GKN plc and Brambles Industries Limited of Australia.

Cleanaway Holdings Limited is the only parent company to prepare group accounts which include the company. Copies of those accounts are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.