

CLEANAWAY LIMITED

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

for the year ended
31 December 1992



Company Number: 806128

DIRECTORS' REPORT
for the year ended 31 December 1992

FINANCIAL STATEMENTS

The directors present their report and audited financial statements for the year ended 31 December 1992.

ACTIVITIES

The principal activity of 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 for the year are set out in the profit and loss account on page 4.

Interim dividends of £6,100,000 were paid during the year. A final dividend of £1,114,000 is proposed.

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 are as follows:

P A M Heath	- Chairman
D W Benjafield	
D E Cook	
A P R Dean	
P Everall	
A Jones	
P M Levett	
D S McGregor	
D T Weir	(resigned 14 September 1992)

DIRECTORS' REPORT
for the year ended 31 December 1992 (continued)

SHARE CAPITAL

Details of the changes in the authorised and allotted share capital of the company are contained in note 13 to the financial statements.

CHARITABLE DONATIONS

During the year the group made donations of £3,357 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.

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 29th April 1993

P M Levett
Secretary



The Drive
Warley
Brentwood
Essex CM13 3BE

**AUDITORS' REPORT
to the members of Cleanaway Limited**

We have audited the financial statements on pages 4 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1992 and of the profit and cash flows 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 Auditor

14th March 1993,

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1992

	Notes	1992 £'000	1991 £'000
Turnover			
United Kingdom		105,756	94,035
Rest of Europe		195	1,396
		<u>105,951</u>	<u>95,431</u>
Consumable stores and repairs		(12,206)	(10,424)
Staff costs		(27,797)	(23,654)
Depreciation		(13,193)	(10,455)
Other operating charges		(38,584)	(34,492)
Operating profit		<u>14,371</u>	<u>16,406</u>
Interest payable	2	<u>(4,317)</u>	<u>(4,929)</u>
Profit on ordinary activities before taxation	2	9,854	11,477
Tax on profit on ordinary activities	4	<u>(3,874)</u>	<u>(3,965)</u>
Profit on ordinary activities after taxation		5,980	7,512
Dividends - Paid		(6,100)	(6,700)
- Proposed		<u>(1,114)</u>	<u>-</u>
		<u>(7,214)</u>	<u>(6,700)</u>
Transferred (from)/to reserves		(1,234)	812
Retained profits brought forward		<u>2,638</u>	<u>1,826</u>
Retained profits carried forward		<u>1,404</u>	<u>2,638</u>

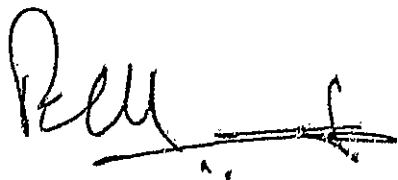
CONSOLIDATED BALANCE SHEET
as at 31 December 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSETS			
Intangible assets	5a	1,928	1,706
Tangible assets	6a	62,830	68,021
		<u>64,758</u>	<u>69,727</u>
CURRENT ASSETS			
Stocks		616	639
Debtors	8	33,026	28,180
Cash at bank and in hand		7	8
		<u>33,649</u>	<u>28,827</u>
CREDITORS: amounts falling due within one year	9a	(36,710)	(44,866)
Net Current (Liabilities)		<u>(3,061)</u>	<u>(16,039)</u>
Total Assets less Current Liabilities		61,697	53,688
CREDITORS: amounts falling due after more than one year	9b	(34,713)	(31,475)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	(2,435)	(3,771)
Other provisions	12	(5,143)	(4,552)
Net Assets		<u>19,406</u>	<u>13,890</u>
CAPITAL AND RESERVES			
Called up share capital	13	15,531	8,781
Share premium account		704	704
Revaluation reserve		1,340	1,340
Other reserves		427	427
Profit and loss account		1,404	2,638
		<u>19,406</u>	<u>13,890</u>

The financial statements on pages 4 to 19 were approved by the Board on 29th April 1993

P A M Heath
Director

P M Levett
Director





BALANCE SHEET
as at 31 December 1992

	Notes	1992		1991	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	5b		1,779		1,486
Tangible assets	6b		61,709		66,679
Investments	7		1,863		1,863
			<u>65,351</u>		<u>70,028</u>
CURRENT ASSETS					
Stocks		602		633	
Debtors	8	33,026		28,331	
Cash at bank and in hand		7		8	
		<u>33,635</u>		<u>28,972</u>	
CREDITORS: amounts falling due within one year	9a	(37,288)		(45,312)	
Net Current (Liabilities)			<u>(3,653)</u>		<u>(16,340)</u>
Total Assets less Current Liabilities			61,698		53,688
CREDITORS: amounts falling due after more than one year	9b		(34,713)		(31,475)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	11		(2,423)		(3,737)
Other provisions	12		(5,143)		(4,552)
Net Assets			<u>19,419</u>		<u>13,924</u>
CAPITAL AND RESERVES					
Called up share capital	13		15,531		8,781
Share premium account			704		704
Revaluation reserve			1,340		1,340
Profit and loss account	14		1,844		3,099
			<u>19,419</u>		<u>13,924</u>

The financial statements on pages 4 to 19 were approved by the Board on 29th April 1993

P A M Heath
Director

P M Levett
Director

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 1992

		1992		1991	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	15		28,549		24,349
Returns on investments and servicing of finance					
Interest paid		(3,995)		(4,929)	
Dividends paid		(6,100)		(6,700)	
Net cash outflow from returns on investments and servicing of finance			(10,095)		(11,629)
Taxation					
UK taxation paid			(4,394)		(1,904)
Investing activities					
Payments to acquire tangible fixed assets		(8,146)		(17,042)	
Payments to acquire goodwill		(656)		(1,249)	
Receipts from sales of tangible fixed assets		734		488	
Net cash outflow from investing activities			(8,068)		(17,803)
Net cash inflow/(outflow) before financing			5,992		(6,987)
Financing					
(Decrease)/increase in borrowings	16	(5,243)		7,356	
Capital element of finance lease rentals		(174)		(159)	
Net cash (outflow)/inflow from financing			(5,417)		7,197
Increase in cash and cash equivalents	17		575		210

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992

1. ACCOUNTING POLICIES

(a) 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.

(b) Consolidated financial statements

The financial statements incorporate the results of the parent company and its subsidiary undertakings for the year ended 31 December 1992. 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.

(c) Intangible fixed assets

Goodwill arising on the acquisition of 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).

(d) Tangible fixed assets

The group's business is such that it involves the continual acquisition and disposal of land and property. Consequently, profits and losses from sales of land and property surplus to operating requirements are not considered to be extraordinary items and are included in the profit on ordinary activities before taxation.

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%

(e) Stocks

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

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

1. ACCOUNTING POLICIES (continued)

(g) Site restoration provision

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

(h) 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.

(i) 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

The following items have been charged/(credited) in arriving at the profit on ordinary activities before taxation:

	1992		1991	
	£'000	£'000	£'000	£'000
Directors' emoluments (note 3)		758		728
Compensation to director for loss of office		81		-
Auditors' remuneration		75		70
Operating leases:				
- plant and machinery	2,035		1,929	
- other	1,255		850	
		3,290		2,779
Depreciation and depletion of assets:				
Freehold land and buildings	395		362	
Leasehold, land and buildings:				
- over fifty years	107		17	
- under fifty years	1,163		1,170	
Plant, machinery and vehicles:				
- finance leases	195		191	
- other	10,899		8,427	
Goodwill	434		288	
		13,193		10,455
Interest payable:				
- on bank borrowings repayable within five years	4,070		4,929	
- parent company	247		-	
		4,317		4,929
Liquidated damages		-		(895)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)		Group	
	1992	1991	
	£'000	£'000	
STAFF COSTS			
Wages and salaries	25,148	21,296	
Social security costs	1,776	1,578	
Other pension costs	873	781	
	<u>27,797</u>	<u>23,655</u>	
Average number of employees	<u>1,430</u>	<u>1,251</u>	
3. DIRECTORS' EMOLUMENTS			
Aggregate emoluments consisting of salaries and pension contributions	<u>758</u>	<u>728</u>	
Emoluments of the chairman and highest paid director excluding pension contributions:			
Emoluments for the year	<u>£105,219</u>	<u>£103,072</u>	
Emoluments of the directors fell into the following bands:	Number	Number	
£ 50,001 - £ 55,000	1	2	
£ 55,001 - £ 60,000	1	1	
£ 60,001 - £ 65,000	2	2	
£ 65,001 - £ 70,000	2	-	
£ 75,001 - £ 80,000	-	3	
£ 80,001 - £ 85,000	2	-	
£100,001 - £105,000	-	1	
£105,001 - £110,000	<u>1</u>	<u>-</u>	
4. TAXATION			
	£'000	£'000	
The charge consists of:			
United Kingdom corporation tax at 33% (1991 - 33.25%)	5,105	4,199	
Transfer (from)/to deferred taxation	(1,324)	97	
Overseas taxation	-	219	
Double tax relief	-	(175)	
Adjustments in respect of prior years:			
Corporation tax	105	(632)	
Deferred tax	<u>(12)</u>	<u>257</u>	
	<u>3,874</u>	<u>3,965</u>	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

5. INTANGIBLE ASSETS: GOODWILL AND CONCESSIONS	Concessions £'000	Goodwill £'000	Total £'000
(a) GROUP			
Cost			
1 January 1992	125	3,877	4,002
Additions	-	656	656
	<hr/>	<hr/>	<hr/>
31 December 1992	125	4,533	4,658
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
1 January 1992	125	2,171	2,296
Charge for the year	-	434	434
	<hr/>	<hr/>	<hr/>
31 December 1992	125	2,605	2,730
	<hr/>	<hr/>	<hr/>
Net book amount			
31 December 1992	-	1,928	1,928
	<hr/>	<hr/>	<hr/>
31 December 1991	-	1,706	1,706
	<hr/>	<hr/>	<hr/>

The cost of goodwill is amortised over the following periods:

	1992 £'000	1991 £'000
5 years or less	2,773	2,749
10 years	1,760	1,128
	<hr/>	<hr/>
	4,533	3,877
	<hr/>	<hr/>

	Concessions £'000	Goodwill £'000	Total £'000
(b) COMPANY			
Cost			
1 January 1992	125	3,522	3,647
Additions	-	656	656
	<hr/>	<hr/>	<hr/>
31 December 1992	125	4,178	4,303
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
1 January 1992	125	2,036	2,161
Charge for the year	-	363	363
	<hr/>	<hr/>	<hr/>
31 December 1992	125	2,399	2,524
	<hr/>	<hr/>	<hr/>
Net book amount			
31 December 1992	-	1,779	1,779
	<hr/>	<hr/>	<hr/>
31 December 1991	-	1,486	1,486
	<hr/>	<hr/>	<hr/>

The cost of goodwill is amortised over the following periods:

	1992 £'000	1991 £'000
5 years or less	2,418	2,394
10 years	1,760	1,128
	<hr/>	<hr/>
	4,178	3,522
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

6. TANGIBLE ASSETS			
(a) GROUP	Land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Cost or valuation			
1 January 1992	25,650	21,972	118,622
Additions	979	7,167	8,146
Disposals	(54)	(4,756)	(4,810)
31 December 1992	<u>26,575</u>	<u>95,383</u>	<u>121,958</u>
Accumulated depreciation			
1 January 1992	9,510	41,091	50,601
Disposals	(50)	(4,182)	(4,232)
Charge for the year	1,665	11,094	12,759
31 December 1992	<u>11,125</u>	<u>48,003</u>	<u>59,128</u>
Net book amount			
31 December 1992	<u>15,450</u>	<u>47,380</u>	<u>62,830</u>
31 December 1991	<u>16,140</u>	<u>51,881</u>	<u>68,021</u>

Included in plant and machinery are assets with a net book value of £307,000 (1991 - £502,000) held under finance leases.

The total cost and net book value of group land and buildings shown above at a valuation of £26,575,000 (1991: £25,650,000) is analysed as follows:

(i) Assets at cost	1992		1991	
	Cost	Net book Value	Cost	Net book Value
	£'000	£'000	£'000	£'000
Freehold	9,481	7,184	8,841	6,924
Leasehold over 50 years	2,262	1,688	2,189	1,723
Leasehold under 50 years	13,132	5,114	12,920	6,014
	<u>24,875</u>	<u>13,986</u>	<u>23,950</u>	<u>14,661</u>
(ii) Assets at 1971 valuation	1992		1991	
	Valuation	Net book value	Valuation	Net book value
	£'000	£'000	£'000	£'000
Freehold	<u>1,700</u>	<u>1,464</u>	<u>1,700</u>	<u>1,479</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

6. TANGIBLE ASSETS (continued)

	Land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
(b) Company			
Cost or valuation			
1 January 1992	24,396	92,467	116,863
Additions	969	7,128	8,097
Disposals	(54)	(4,742)	(4,796)
Transferred to group company	-	(24)	(24)
31 December 1992	25,311	94,829	120,140
Accumulated depreciation			
1 January 1992	9,212	40,972	50,184
Disposals	(50)	(4,182)	(4,232)
Transferred to group company	-	(9)	(9)
Charge for the year	1,498	10,990	12,488
31 December 1992	10,660	47,771	58,431
Net book amount			
31 December 1992	14,651	47,058	61,709
31 December 1991	15,184	51,495	66,679

Included in plant and machinery are assets with a net book value of £307,000 (1991: £502,000) held under finance leases.

Total cost and net book value of company land and buildings shown above at a valuation of £25,311,000 (1991: £24,396,000) is analysed as follows:

(i) Assets at cost	1992		1991	
	Cost	Net book Value	Cost	Net book Value
	£'000	£'000	£'000	£'000
Freehold	8,217	6,385	7,587	5,968
Leasehold over 50 years	2,262	1,698	2,189	1,723
Leasehold under 50 years	13,132	5,114	12,920	6,614
	23,611	13,187	22,696	13,705
(ii) Assets at 1971 valuation	1992		1991	
	Valuation	Net book value	Valuation	Net book value
	£'000	£'000	£'000	£'000
Freehold	1,700	1,464	1,700	1,479

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

7. INVESTMENTS	£'000
Shares in subsidiary undertakings at 1 January 1992 and 31 December 1992	
Cost	3,202
Provisions	(1,339)
	<u>1,863</u>

The company's subsidiary undertakings at 31 December 1992 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%	

* These companies did not trade during 1992.

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

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

8. DEBTORS	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Trade debtors	22,105	18,693	22,105	18,693
Other debtors	1,689	1,110	1,689	1,110
Prepayments and accrued income	8,918	8,377	8,918	8,377
Amounts owed by subsidiary undertakings	-	-	-	151
Corporation tax	-	-	-	-
Amounts due from parent company	314	-	314	-
	<u>33,026</u>	<u>28,180</u>	<u>33,026</u>	<u>28,331</u>

Prepayments include £5,000,000 (1991 - £5,000,000) recoverable after more than one year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

9. CREDITORS:	Group		Company	
	1992	1991	1992	1991
(a) Amounts falling due within one year	£'000	£'000	£'000	£'000
Bank loans and overdrafts	3,768	16,344	3,768	16,344
Trade creditors	4,004	4,496	4,004	4,496
Amounts owed to subsidiary undertakings	-	-	1,013	859
Other creditors	1,272	941	1,272	936
Corporation tax	4,566	3,750	4,511	3,619
Other taxes and social security	1,958	1,065	1,958	1,065
Unpaid dividend	1,118	4	1,118	4
Accruals and deferred income	20,024	14,866	19,644	14,589
Amounts due to parent company	-	3,400	-	3,400
	<u>36,710</u>	<u>44,866</u>	<u>37,288</u>	<u>45,312</u>

Bank loans and overdrafts include £343,416 (1991 - £343,416) secured by way of mortgage on certain fixed assets.

The group and company have further unused bank facilities extending for more than one year which are in excess of the bank loans and overdrafts included above.

(b) Amounts falling due after more than one year

Bank loans	34,500	24,343	34,500	24,343
Amounts due to parent company	-	6,750	-	6,750
Other creditors	213	382	213	382
	<u>34,713</u>	<u>31,475</u>	<u>34,713</u>	<u>31,475</u>

The medium-term finance has been provided by banks by way of revolving unsecured loans and acceptance credit facilities. Though the individual bills and loans drawn are due within 12 months, the company has options, for periods which do not exceed five years, to replace them.

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 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
for the year ended 31 December 1992 (continued)

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 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 net pension cost charged to the profit and loss account for the year was £872,985 (1991 - £773,288). This cost was after a reduction of £359,653 (1991 - £510,179) in respect of the amortisation of over funding and related interest. This amortisation is 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 1992	3,771	3,737
Transferred to profit and loss account	(1,336)	(1,314)
31 December 1992	<u>2,435</u>	<u>2,423</u>

The provision is analysed as follows:

	Group Provided and potential		Company Provided and potential	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Accelerated capital allowances	5,530	6,017	5,518	5,983
Other timing differences	(3,095)	(2,246)	(3,095)	(2,246)
	<u>2,435</u>	<u>3,771</u>	<u>2,423</u>	<u>3,737</u>

12. OTHER PROVISIONS

	Pension £'000	Site Restoration £'000	Total £'000
Group and company			
1 January 1992	1,629	2,923	4,552
Expenditure during year	(183)	(1,306)	(1,489)
Amounts set aside	873	1,207	2,080
31 December 1992	<u>2,319</u>	<u>2,824</u>	<u>5,143</u>

The site restoration provision represents provision made for the cost of restoring landfill sites.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

13. CALLED UP SHARE CAPITAL	1992 £'000	1991 £'000
Authorised		
93,268,594 (1991 - 68,268,594) ordinary shares of 20p each	18,654	13,654
6,731,406 deferred shares of 20p each	1,346	1,346
	<u>20,000</u>	<u>15,000</u>
Allotted and fully paid		
70,923,140 (1991 - 37,173,140) ordinary shares of 20p each	14,185	7,435
6,731,406 deferred shares of 20p each	1,346	1,346
	<u>15,531</u>	<u>8,781</u>

On 19 March 1992 the authorised share capital of the company was increased by £5,000,000 to £20,000,000 by the creation of 25,000,000 new ordinary shares of 20p each.

On 16 April 1992 33,750,000 ordinary shares of 20p each were issued at par to strengthen the company's capital base by way of capitalisation of part of the loan from the parent company.

14. RESERVES	£'000
Profit and loss account - company	
1 January 1992	3,099
Deficit (after dividends) for the financial year	<u>(1,255)</u>
31 December 1992	<u>1,844</u>

The profit on ordinary activities after taxation was £5,959,000 (1991: £7,431,000).

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1992 £'000	1991 £'000
Operating profit	14,171	16,406
Depreciation charges	13,193	10,458
Profit on sale of fixed assets	(156)	(62)
Decrease/(increase) in stocks	23	(131)
Increase in debtors	(4,846)	(5,885)
Increase in creditors	5,573	2,715
Increase in other provisions	591	851
Net cash inflow from operating activities	<u>28,549</u>	<u>24,349</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

16. ANALYSIS OF CHANGES IN FINANCING

	Share capital £'000	Bank loans £'000	Loans from parent company £'000	Total £'000
Cash inflow	-	65,000	-	65,000
Cash outflow	-	(66,843)	(3,400)	(70,243)
Conversion of loans to share capital	6,750	-	(6,750)	-
	6,750	(1,843)	(10,150)	(5,243)
1 January 1992	8,781	39,686	10,150	58,617
31 December 1992	15,531	37,843	-	53,374

17. ANALYSIS OF CHANGES IN CASH AND
CASH EQUIVALENTS

	1992 £'000	1991 £'000	Change £'000
Cash at bank and in hand	7	8	(1)
Bank loans and overdrafts	(425)	(1,001)	576
	(418)	(993)	575

18. ACQUISITIONS

A summary of business acquisitions made in the year is as follows:

	Fair value £'000
Fixed assets	90
Goodwill	656
Purchase consideration	746

19. CONTINGENT LIABILITIES

At 31 December 1992 there are contingent liabilities of £9,176,346 (1991 - £8,564,275) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992 (continued)

20. FINANCIAL COMMITMENTS

(a) Finance leases

Group and Company
1992 1991
£'000 £'000

Included within creditors are the following amounts:

Due within 1 year	169	174
Due within 2-5 years	213	382
	<u>382</u>	<u>556</u>

(b) Operating leases

The company is committed to the following payments in 1992 under operating leases:

	Land and buildings £'000	Others £'000	Total £'000
Expiry within 1 year	37	-	37
Expiry within 2-5 years	136	19	155
Expiry over 5 years	924	-	924
	<u>1,097</u>	<u>19</u>	<u>1,116</u>

21. 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:

	1992 £'000	1991 £'000
Authorised and contracted	386	1,202
Authorised but not contracted	2,086	6,086
	<u>3,272</u>	<u>7,288</u>

22. 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.