



BDO Binder Hamlyn  
Chartered Accountants

CLEANAWAY LIMITED

**DIRECTORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**for the year ended  
31 December 1991**

**Company Number: 806128**



Ayr Bacup Belfast Birmingham Bristol Bury St Edmunds  
Cardiff Croydon Edinburgh Enniskillen Glasgow Leeds  
London Manchester Newbury Newcastle Newmarket  
Norwich Nottingham Poole Rochdale St Albans Saltcoats  
Stoke-on-Trent Stranraer Wolverhampton

CLEANAWAY LIMITED

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**DIRECTORS' REPORT**  
for the year ended 31 December 1991

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**FINANCIAL STATEMENTS**

The directors present their report and audited financial statements for the year ended 31 December 1991.

**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 £6,700,000 were paid during the year. No final dividend 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	

**DIRECTORS' REPORT**  
for the year ended 31 December 1991 (continued)

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**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 £7,558 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 16th April 1992



Secretary

The Drive  
Warley  
Brentwood  
Essex

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

We have audited the financial statements on pages 4 to 21 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 1991 and of the profit and source and application of funds 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

*28th April 1992.*

**CLEANAWAY LIMITED**

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**GROUP PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 1991**

	Notes	1991 £'000	1990 £'000
Turnover			
United Kingdom		94,035	90,798
Rest of Europe		1,396	1,922
		<u>95,431</u>	<u>92,720</u>
Consumable stores and repairs		(10,424)	(9,270)
Staff costs		(23,619)	(23,305)
Depreciation		(10,454)	(9,240)
Other operating charges		<u>(34,528)</u>	<u>(33,701)</u>
Operating profit		16,406	17,204
Interest payable		<u>(4,929)</u>	<u>(5,108)</u>
Profit on ordinary activities before taxation	2	11,477	12,096
Tax on profit on ordinary activities	4	<u>(3,965)</u>	<u>(4,750)</u>
Profit on ordinary activities after taxation		7,512	7,346
Dividends - Paid		<u>(6,700)</u>	<u>(6,800)</u>
		812	546
Retained profits brought forward		<u>1,826</u>	<u>1,280</u>
Retained profits carried forward		<u>2,638</u>	<u>1,826</u>

Of the profit on ordinary activities after taxation, £7,431,000 (1990 - £7,473,000) has been dealt with in the financial statements of the parent company.

CLEANAWAY LIMITED

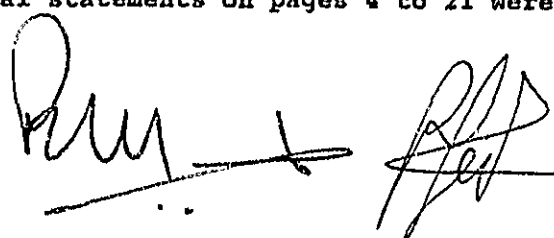
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GROUP BALANCE SHEET  
as at 31 December 1991

	Notes	1991		1990	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	5a		1,706		731
Tangible assets	6a		68,021		61,572
			<u>69,727</u>		<u>62,303</u>
<b>CURRENT ASSETS</b>					
Stocks	1	639		508	
Debtors	8	28,180		22,342	
Cash at bank and in hand		8		11	
		<u>28,827</u>		<u>22,861</u>	
CREDITORS: amounts falling due within one year	9a	(44,866)		(22,289)	
Net Current (Liabilities)/Assets			<u>(16,039)</u>		<u>572</u>
Total Assets less Current Liabilities			53,688		62,875
CREDITORS: amounts falling due after more than one year	9b		(31,475)		(49,993)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	11		(3,771)		(3,417)
Other provisions	12		(4,552)		(3,701)
Net Assets			<u>13,890</u>		<u>5,764</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		8,781		1,481
Share premium account			704		704
Revaluation reserve			1,340		1,340
Other reserves	14		427		413
Profit and loss account			2,638		1,826
			<u>13,890</u>		<u>5,764</u>

The financial statements on pages 4 to 21 were approved by the Board on 16th April 1992

Director



**CLEANAWAY LIMITED**

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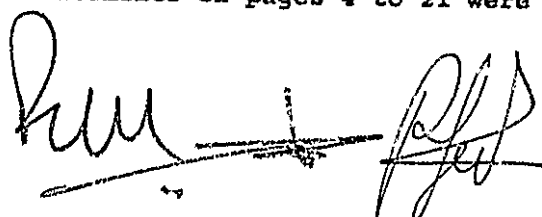
**BALANCE SHEET**

as at 31 December 1991

	Notes	1991 £'000	1990 £'000
<b>FIXED ASSETS</b>			
Intangible assets	5b	1,486	418
Tangible assets	6b	66,679	60,119
Investments	7	1,863	1,876
		<u>70,028</u>	<u>62,413</u>
<b>CURRENT ASSETS</b>			
Stocks	1	633	508
Debtors	8	28,331	22,492
Cash at bank and in hand		8	5
		<u>28,972</u>	<u>23,005</u>
CREDITORS: amounts falling due within one year	9a	(45,312)	(22,430)
Net Current (Liabilities)/Assets		<u>(16,340)</u>	<u>575</u>
Total Assets less Current Liabilities		53,688	62,988
CREDITORS: amounts falling due after more than one year	9b	(31,475)	(49,993)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	11	(3,737)	(3,401)
Other provisions	12	(4,552)	(3,701)
Net Assets		<u>13,924</u>	<u>5,893</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	8,781	1,481
Share premium account		704	704
Revaluation reserve		1,340	1,340
Profit and loss account	14	3,099	2,368
		<u>13,924</u>	<u>5,893</u>

The financial statements on pages 4 to 21 were approved by the Board on 16th April 1992

Director



GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 31 December 1991

	1991 £'000	1990 £'000
<b>FUNDS GENERATED FROM OPERATIONS</b>		
Profit from ordinary activities before taxation	11,477	12,096
Adjustment for items not involving the movement of funds		
Depreciation and depletion	10,455	9,240
Provision for pension costs	610	485
Site restoration provision	241	672
Profit on disposal of fixed assets	(62)	(141)
<b>Total funds generated from operations</b>	<b>22,721</b>	<b>22,352</b>
Dividend paid	(6,700)	(12,200)
Tax paid	(1,904)	(6,452)
<b>TOTAL FUNDS GENERATED</b>	<b>14,117</b>	<b>3,700</b>
<b>FIXED ASSETS</b>		
Cost of assets acquired*	18,291	23,570
Disposal proceeds	(488)	(607)
	<b>17,803</b>	<b>22,963</b>
<b>MOVEMENT IN WORKING CAPITAL</b>		
Stocks	131	57
Debtors*	5,885	1,786
Creditors (excluding loans, overdrafts and corporation tax)*	(2,556)	(5,708)
	<b>3,460</b>	<b>(3,865)</b>
<b>TOTAL FUNDS APPLIED</b>	<b>(21,263)</b>	<b>(19,098)</b>
<b>EXTERNAL FINANCE REQUIRED</b>	<b>(7,146)</b>	<b>(15,398)</b>
<b>EXTERNAL FINANCE</b>		
Increase in bank loans and overdrafts	(446)	(11,398)
Reduction/(increase) in parent company loans	600	(4,000)
Increase in share capital	(7,300)	-
	<b>(7,146)</b>	<b>(15,398)</b>

\* The effects of acquisitions are shown in note 15.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991

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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) Group financial statements

The financial statements incorporate the results of the parent company and its subsidiary undertakings for the year ended 31 December 1991. 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 1991 (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:

	1991		1990	
	£'000	£'000	£'000	£'000
Directors' emoluments (note 3)		728		617
Auditors' remuneration		70		67
Operating leases - plant and machinery	1,929		1,956	
Operating leases - other	850		807	
		2,779		2,763
Depreciation and depletion of assets:				
Freehold land and buildings	362		275	
Leasehold, land and buildings - over fifty years	17		25	
under fifty years	1,170		1,088	
Plant, machinery and vehicles - finance leases	191		97	
other	8,427		7,523	
Goodwill	288		232	
		10,455		9,240
Liquidated damages		(895)		-

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

	Group	
	1991	1990
	£'000	£'000
STAFF COSTS		
Wages and salaries	21,260	21,154
Social security costs	1,578	1,490
Other pension costs	781	661
	<u>23,619</u>	<u>23,305</u>
Average number of employees	<u>1,251</u>	<u>1,275</u>

3. DIRECTORS' EMOLUMENTS

Aggregate emoluments consisting of salaries and pension contributions:	<u>728</u>	<u>617</u>
Emoluments of the chairman and highest paid director excluding pension contributions	£	£
Emoluments for the year	103,072	92,119
Deferred bonus (in respect of the three years ended 31 December 1990)	<u>-</u>	<u>27,500</u>
	<u>£103,072</u>	<u>£119,619</u>

Emoluments of the directors fell into the following bands:

	Number	Number
£ 0 - £ 5,000	-	4
£ 10,001 - £ 15,000	-	2
£ 35,001 - £ 40,000	-	1
£ 50,001 - £ 55,000	2	-
£ 55,001 - £ 60,000	1	-
£ 60,001 - £ 65,000	2	*2
£ 65,001 - £ 70,000	-	*1
£ 70,001 - £ 75,000	-	*1
£ 75,001 - £ 80,000	3	-
£ 85,001 - £ 90,000	-	*1
£ 90,001 - £ 95,000	-	*1
£100,001 - £105,000	1	-
£115,001 - £120,000	-	*1

\*Emoluments in 1990 include deferred bonuses in respect of the three years ended 31 December 1990.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

## 4. TAXATION

	Group	
	1991	1990
	£'000	£'000
The charge consists of:		
United Kingdom corporation tax at 33.25% (1990 - 35%)	4,199	4,707
Provision for deferred taxation	97	214
Overseas taxation	219	241
Double tax relief	(175)	(202)
Adjustments in respect of prior years:		
Corporation tax	(632)	(106)
Deferred tax	257	(104)
	<u>3,965</u>	<u>4,750</u>

The prior year adjustments principally relate to capital allowances on progress payments made on the group's new incinerator plant.

## 5. INTANGIBLE ASSETS: GOODWILL AND CONCESSIONS

	Concessions	Goodwill	Total
	£'000	£'000	£'000
(a) GROUP			
Cost			
1 January 1991	125	2,614	2,739
Additions	-	1,281	1,281
Reduction on refund of purchase consideration	-	(18)	(18)
31 December 1991	<u>125</u>	<u>3,877</u>	<u>4,002</u>
Accumulated depreciation			
1 January 1991	125	1,883	2,008
Charge for the year	-	288	288
31 December 1991	<u>125</u>	<u>2,171</u>	<u>2,296</u>
Net book amount			
31 December 1991	<u>-</u>	<u>1,706</u>	<u>1,706</u>
31 December 1990	<u>-</u>	<u>731</u>	<u>731</u>

The cost of goodwill is amortised over the following periods:

	1991	1990
	£'000	£'000
5 years or less	2,749	1,486
10 years	1,128	1,128
	<u>3,877</u>	<u>2,614</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

5. INTANGIBLE ASSETS: GOODWILL AND CONCESSIONS (continued)

	Concessions £'000	Goodwill £'000	Total £'000
(b) COMPANY			
Cost			
1 January 1991	125	2,241	2,366
Additions	-	1,281	1,281
31 December 1991	125	3,522	3,647
Accumulated depreciation			
1 January 1991	125	1,823	1,948
Charge for the year	-	213	213
31 December 1991	125	2,036	2,161
Net book amount			
31 December 1991	-	1,486	1,486
31 December 1990	-	418	418

The cost of goodwill is amortised over the following periods:

	1991 £'000	1990 £'000
5 years or less	2,394	1,113
10 years	1,128	1,128
	3,522	2,241

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

## 6. TANGIBLE ASSETS

	Land and buildings £'000	Plant, machinery & vehicles £'000	Total £'000
(a) GROUP			
Cost or valuation			
1 January 1991	28,733	76,518	105,251
Additions	2,123	14,919	17,042
Reclassification	(5,206)	5,206	-
Disposals	-	(3,671)	(3,671)
31 December 1991	25,650	92,972	118,622
Accumulated depreciation			
1 January 1991	7,857	35,822	43,679
Reclassification	105	(105)	-
Disposals	-	(3,245)	(3,245)
Charge for the year	1,548	8,619	10,167
31 December 1991	9,510	41,091	50,601
Net book amount			
31 December 1991	16,140	51,881	68,021
31 December 1990	20,876	40,696	61,572

Included in plant and machinery are assets with a net book value of £502,000 (1990 - £693,000) held under finance leases.

The reclassification relates to the allocation of progress payments made on the group's new incinerator plant.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

6. TANGIBLE ASSETS (continued)

(a) GROUP (continued)

The total cost and net book value of group land and buildings shown above at a valuation of £25,650,000 (1990: £28,733,000) is analysed as follows:

(i) Assets at cost

	1991		1990	
	Cost	Net book Value	Cost	Net book Value
	£'000	£'000	£'000	£'000
Freehold	8,841	6,924	8,176	6,575
Leasehold over 50 years	2,189	1,723	7,158	6,709
Leasehold under 50 years	12,920	6,014	11,699	6,068
	<u>23,950</u>	<u>14,661</u>	<u>27,033</u>	<u>19,352</u>

(ii) Assets at 1971 valuation

	1991		1990	
	Valuation	Net book value	Valuation	Net book value
	£'000	£'000	£'000	£'000
Freehold	<u>1,700</u>	<u>1,479</u>	<u>1,700</u>	<u>1,494</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

6. TANGIBLE ASSETS (continued)

	Land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
(b) Company			
Cost or valuation			
1 January 1991	27,549	76,081	103,630
Additions	2,103	14,818	16,921
Disposals	-	(3,659)	(3,659)
Transferred to group company	-	(29)	(29)
Reclassification	(5,256)	5,256	-
31 December 1991	24,396	92,467	116,863
Accumulated depreciation			
1 January 1991	7,717	35,794	43,511
Disposals	-	(3,240)	(3,240)
Transferred to group company	-	(29)	(29)
Charge for the year	1,390	8,552	9,942
Reclassification	105	(105)	-
31 December 1991	9,212	40,972	50,184
Net book amount			
31 December 1991	15,184	51,495	66,679
31 December 1990	19,832	40,287	60,119

Included in plant and machinery are assets with a net book value of £502,000 (1990: £693,000) held under finance leases.

Total cost and net book value of company land and buildings shown above at a valuation of £24,396,000 (1990: £27,549,000) is analysed as follows:

(i) Assets at cost

	1991		1990	
	Cost	Net book Value	Cost	Net book Value
	£'000	£'000	£'000	£'000
Freehold	7,587	5,968	6,992	5,561
Leasehold over 50 years	2,189	1,723	7,158	6,709
Leasehold under 50 years	12,920	6,014	11,699	6,068
	22,696	13,705	25,849	18,338

(ii) Assets at 1971 valuation

	1991		1990	
	Valuation	Net book value	Valuation	Net book value
	£'000	£'000	£'000	£'000
Freehold	1,700	1,479	1,700	1,494



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

7. INVESTMENTS	£'000
Shares in subsidiary undertakings at cost	
1 January 1991	3,215
Additions	5
Refund of purchase consideration	(18)
	<u>3,202</u>
Provisions:	
1 January 1991 and 31 December 1991	(1,339)
	<u>1,863</u>

The company's subsidiary undertakings at 31 December 1991 were as follows:

Subsidiary undertakings	Country of Incorporation	Share of equity held by	
		The company	A subsidiary
A G Homes Refuse Disposal Limited*	Great Britain	100%	
Land Reclamation Company Limited*	Great Britain	100%	
Cleanaway (Bristol) Limited*	Great Britain	100%	
Cleanaway (N.I.) Limited*	Northern Ireland	100%	
Industrial Waste Disposals (South Wales) Limited*	Great Britain	100%	
Easibins Limited*	Great Britain	100%	
T Ivory & Sons Limited*	Great Britain	100%	
W R Cunis (Waste Disposal) Limited*	Great Britain		100%
Cleanaway (UK) Limited*	Great Britain	100%	
Purple Limited*	Great Britain	100%	
Byland Environmental Limited*	Great Britain	100%	
Triton Transformer Services Limited	Great Britain	100%	
Wilden Lane Landfill Limited	Great Britain	100%	
Enviroman Limited	Great Britain	100%	

\* These companies did not trade during 1991.

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

8. DEBTORS	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Trade debtors	18,693	18,771	18,693	18,544
Other debtors	1,110	1,194	1,110	1,183
Prepayments and accrued income	8,377	2,330	8,377	2,330
Amounts owed by subsidiary undertakings	-	-	151	435
Corporation tax	-	47	-	-
	<u>28,180</u>	<u>22,342</u>	<u>28,331</u>	<u>22,492</u>

Prepayments include £5,000,000 (1990 - £Nil) recoverable after more than one year.

9. CREDITORS

(a) Amounts falling due within one year

Bank loans and overdrafts	16,344	1,557	16,344	1,557
Trade creditors	4,496	3,483	4,496	3,472
Amounts owed to subsidiary undertakings	-	-	859	638
Other creditors	941	917	936	904
Corporation tax	3,750	2,090	3,619	2,031
Other taxes and social security	1,065	1,234	1,065	1,226
Unpaid dividend	4	4	4	4
Accruals and deferred income	14,866	13,004	14,589	12,598
Amounts due to parent company	3,400	-	3,400	-
	<u>44,866</u>	<u>22,289</u>	<u>45,312</u>	<u>22,430</u>

Bank loans and overdrafts include £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	24,343	38,687	24,343	38,687
Amounts due to parent company	6,750	10,750	6,750	10,750
Other creditors	382	556	382	556
	<u>31,475</u>	<u>49,993</u>	<u>31,475</u>	<u>49,993</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 19 (continued)

9. CREDITORS (continued)

(b) Amounts falling due after  
more than one year (continued)

Bank loans include £343,416 of loan secured by way of mortgage on certain fixed assets. The rest of 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 1989. The actuarial methods used were the projected unit and the attained age methods.

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 2.0% per year and that dividend income will grow at the rate of 5.25% 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 £773,288 (1990 - £660,609). This cost was after a reduction of £510,179 (1990 - £579,000) 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 £13,556,729 at the valuation date and the actuarial value of those assets represented approximately 134% 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 1991	3,417	3,401
Transferred from profit and loss account	354	336
31 December 1991	3,771	3,737

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

11. DEFERRED TAXATION (continued)

The provision is analysed as follows:

	Group Provided and potential		Company Provided and potential	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Accelerated capital allowances	6,017	5,135	5,983	5,119
Other timing differences	(2,246)	(1,718)	(2,246)	(1,718)
	<u>3,771</u>	<u>3,417</u>	<u>3,737</u>	<u>3,401</u>

12. OTHER PROVISIONS

	Pension £'000	Site Restoration £'000	Total £'000
Group and company			
1 January 1991	1,019	2,682	3,701
Expenditure during year	(163)	(975)	(1,138)
Amounts set aside	<u>773</u>	<u>1,216</u>	<u>1,989</u>
31 December 1991	<u>1,629</u>	<u>2,923</u>	<u>4,552</u>

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

13. CALLED UP SHARE CAPITAL

	1991 £'000	1990 £'000
Authorized		
75,000,000 shares of 20p each	<u>15,000</u>	<u>1,500</u>
Alotted and fully paid		
37,173,140 ordinary shares of 20p each	7,435	135
6,731,406 deferred shares of 20p each	<u>1,346</u>	<u>1,346</u>
	<u>8,781</u>	<u>1,481</u>

On 25 September 1991 the authorised share capital of the company was increased by the creation of 67,500,000 new ordinary shares at 20p each. On the same day 36,500,000 20p ordinary shares were issued at par to strengthen the company's capital base by way of capitalisation of part of the parent company loan.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

14. RESERVES £'000

Profit and loss account - company

1 January 1991	2,368
Retained profit for the financial year	731

31 December 1991	<u>3,099</u>
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Other reserves - group

1 January 1991	413
Arising on consolidation	14

31 December 1991	<u>427</u>
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15. ACQUISITIONS

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

	Fair value £'000
Fixed assets	4,229
Current assets	819
Goodwill	<u>1,281</u>
Purchase consideration	<u>6,329</u>

Included above are the following amounts relating to the acquisition of the Dry Waste Business of Caird Plc.

	Fair value £'000
Fixed assets	4,089
Current assets	819
Goodwill	<u>515</u>
	<u>5,423</u>

16. CONTINGENT LIABILITIES

At 31 December 1991 there are contingent liabilities of £8,564,275 (1990 - £1,126,796) in respect of performance bonds given by the company.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

## 17. FINANCIAL COMMITMENTS

	Group and Company	
	1991	1990
(a) Finance leases	£'000	£'000

Included within creditors are the following amounts:

Due within 1 year	174	78
Due within 2-5 years	382	637
	<u>556</u>	<u>715</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	77	125	202
Expiry within 2-5 years	97	24	121
Expiry over 5 years	922	-	922
	<u>1,096</u>	<u>149</u>	<u>1,245</u>

## 18. 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:

	1991 £'000	1990 £'000
Authorised and contracted	1,202	4,403
Authorised but not contracted	6,086	2,723
	<u>7,288</u>	<u>7,126</u>

## 19. ULTIMATE PARENT COMPANY

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