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for the year ended

31 DECEMBER 1986

COMPANIES RECEIVED
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BinderHamlyn 
CHARTERED ACCOUNTANTS

CLEANAWAY LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 DECEMBER 1986

The directors submit their report and the audited accounts for the year to 31 December 1986.

ACTIVITIES

The principal activity of the company continues to be the treatment and disposal of waste.

REVIEW OF THE BUSINESS

The company has continued to trade satisfactorily during the year, and its operating profit was substantially higher than in 1985. The company's business continues to be the treatment, transportation and disposal of domestic, commercial and industrial waste. The company looks forward to continued expansion in waste management in the United Kingdom.

DIVIDENDS

An interim dividend of £1,600,000 was paid on 24 December 1986. The directors propose a final dividend of £700,000.

SIGNIFICANT CHANGES IN FIXED ASSETS

The company's investment in fixed assets did not increase significantly during the year. Further details of the movement in fixed assets are given in notes 5 and 6 to the accounts.

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 company's and its subsidiaries' 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 company's and its subsidiaries' interests in land has been carried out for the purposes of these accounts.

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 subsidiaries, 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 or in the shares of its holding company Cleanaway Holdings Limited (formerly Circe Limited).

CLEANAWAY LIMITED

REPORT OF THE DIRECTORS
(continued)

DIRECTORS AND THEIR INTERESTS (continued)

The directors of the company during the year, and at the end of the year unless otherwise indicated, were as follows:

P T Williams - Chairman
M McCarthy
D W Benjafield
C Hoskisson
P J Jansen
J E Fletcher (resigned 20 March 1986)
P A M Heath
D T Weir
J Walker (appointed 28 October 1986)

SHARE CAPITAL

There were no changes in the authorised and allotted share capital of the company during the year.

CHARITABLE DONATIONS

During the year the group made donations of £828 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 company 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 company developed the approach of advising and consulting them and their representatives.

AUDITORS

A resolution will be submitted to the annual general meeting of the company to re-appoint Binder Hamlyn as auditors.

BY ORDER OF THE BOARD


D T WEIR

Secretary

The Drive
Warley
Brentwood
ESSEX

Binder Hamlyn

CHARTERED ACCOUNTANTS

7-15 Lansdowne Road, Croydon CR9 2PL.

REPORT OF THE AUDITORS TO THE MEMBERS OF CLEANAWAY LIMITED

We have audited the financial statements on pages 4 to 17 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of the accounting policies set out on pages 8 and 9, give a true and fair view of the state of affairs of the company and the group at 31 December 1986 and of the profit and source and application of funds of the group for the year then ended, and comply with the Companies Act 1985.

Binder Hamlyn

11th March, 1987

Chartered Accountants

CLEANAWAY LIMITED
 CONSOLIDATED PROFIT AND LOSS ACCOUNT
 for the year ended 31 DECEMBER 1986

	Notes	1986 £'000	1985 £'000
TURNOVER			
United Kingdom		50,307	43,113
Rest of Europe		1,780	1,629
		<u>52,087</u>	<u>44,742</u>
Consumable stores and repairs		(6,876)	(6,715)
Staff costs		(14,844)	(13,471)
Depreciation		(6,639)	(5,596)
Other operating charges		(17,128)	(14,629)
		<u>6,600</u>	<u>4,331</u>
OPERATING PROFIT			
Interest payable		(2,068)	(2,127)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>4,532</u>	<u>2,204</u>
Tax on profit on ordinary activities	4	(1,744)	(655)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>2,788</u>	<u>1,549</u>
Dividends - Paid		1,600	-
- Proposed		700	-
		<u>2,300</u>	<u>-</u>
TRANSFERRED TO RESERVES	13	<u>488</u>	<u>1,549</u>

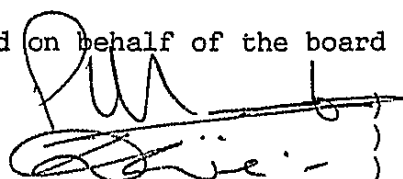
All the profit for the financial year has been dealt with in the accounts of the parent company.

CLEANAWAY LIMITED

CONSOLIDATED BALANCE SHEET at 31 DECEMBER 1986

	Notes	£'000	1986 £'000	1985 £'000
FIXED ASSETS				
Intangible assets	5		1,207	1,226
Tangible assets	6		34,732	32,753
			<u>35,939</u>	<u>33,979</u>
CURRENT ASSETS				
Stocks	1	419		402
Debtors	8	11,957		10,267
Cash at bank and in hand		7		6
		<u>12,383</u>		<u>10,675</u>
CREDITORS: Amounts falling due within one year	9	(13,751)		(26,337)
NET CURRENT LIABILITIES			<u>(1,368)</u>	<u>(15,662)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			34,571	18,317
CREDITORS: Amounts falling due after more than one year	9		(22,810)	(7,404)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	10		(5,530)	(5,373)
Other provisions	11		(1,164)	(961)
			<u>5,067</u>	<u>4,579</u>
CAPITAL AND RESERVES				
Called up share capital	12		1,481	1,481
Share premium account			704	704
Revaluation reserve			1,340	1,340
Other reserves			413	413
Profit and loss account	13		1,129	641
			<u>5,067</u>	<u>4,579</u>

Signed on behalf of the board



Directors

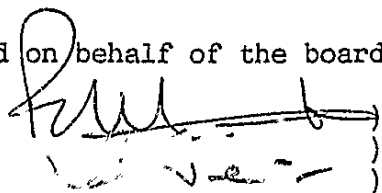
Dated: 11th March 1987

CLEANAWAY LIMITED

BALANCE SHEET at 31 DECEMBER 1986

	Notes	1986 £'000	1986 £'000	1985 £'000	1985 £'000
FIXED ASSETS					
Intangible assets	5		1,207		1,226
Tangible assets	6		34,732		32,753
Investments	7		487		608
			<hr/>		<hr/>
			36,426		34,587
CURRENT ASSETS					
Stocks	1	419		402	
Debtors	8	11,957		10,267	
Cash at bank and in hand		7		6	
		<hr/>		<hr/>	
		12,383		10,675	
CREDITORS: Amounts falling due within one year	9	(14,236)		(26,943)	
NET CURRENT LIABILITIES			(1,853)		(16,268)
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>	<hr/>	
			34,573		18,319
CREDITORS: Amounts falling due after more than one year	9		(22,810)		(7,404)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	10		(5,530)		(5,373)
Other provisions	11		(1,164)		(961)
			<hr/>	<hr/>	
			5,069		4,581
			<hr/>	<hr/>	
CAPITAL AND RESERVES					
Called up share capital	12		1,481		1,481
Share premium account			704		704
Revaluation reserve			1,340		1,340
Profit and loss account	13		1,544		1,056
			<hr/>	<hr/>	
			5,069		4,581
			<hr/>	<hr/>	

Signed on behalf of the board



Directors

Dated: 11 March 1987

CLEANAWAY LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT

for the year ended 31 DECEMBER 1986

	1986 £'000	1985 £'000
FUNDS GENERATED FROM OPERATIONS		
Profit from ordinary activities before taxation	4,532	2,204
Adjustment for items not involving the movement of funds:		
Depreciation and depletion	6,639	5,596
Site restoration provision	203	(40)
Profit on disposal of fixed assets	(150)	(568)
	<hr/>	<hr/>
TOTAL GENERATED FROM OPERATIONS	11,224	7,192
Dividend paid	(2,000)	-
Tax (paid) reclaimed	(3)	4
	<hr/>	<hr/>
NET FUNDS GENERATED FROM OPERATIONS	9,221	7,196
	<hr/>	<hr/>
FIXED ASSETS		
Cost of assets acquired	8,800	12,565
Disposal proceeds	(351)	(943)
	<hr/>	<hr/>
	8,449	11,622
	<hr/>	<hr/>
ADDITIONAL (REDUCED) WORKING CAPITAL		
Stocks	17	(6)
Debtors	1,690	1,289
Creditors (excluding loans, overdrafts and corporation tax)	(885)	60
	<hr/>	<hr/>
	822	1,343
	<hr/>	<hr/>
TOTAL FUNDS APPLIED	9,271	12,965
	<hr/>	<hr/>
EXTERNAL FINANCE REQUIRED	50	5,769
	<hr/>	<hr/>
EXTERNAL FINANCE		
Bank loans and overdrafts	51	2,640
Funding by parent company	-	3,000
Decrease/(increase) in cash at bank and in hand	(1)	129
	<hr/>	<hr/>
	50	5,769
	<hr/>	<hr/>

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 DECEMBER 1986

1. ACCOUNTING POLICIES

(a) Accounting basis

As in previous years, the accounts 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.

(b) Group accounts

The accounts incorporate the results of the parent company and its subsidiaries for the year ended 31 December 1986. As permitted by Sections 227 and 228 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts.

(c) Goodwill

Goodwill arising on the acquisition of unincorporated business concerns is the excess of the consideration paid for such businesses 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) Profits/loss from sale of surplus land and property

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.

(e) 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 recoverable tax losses. No provision is made for taxation on surpluses on revaluation of assets in respect of any chargeable gains unless sales are contemplated in the foreseeable future.

(f) Depreciation and depletion

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 at the following annual rates:

Freehold land and buildings - landfill) Rate of write off determined by
Leasehold land and buildings:) the shorter of site life,
under fifty years) length of lease or site licence.
Freehold land - other	Nil
Freehold buildings - other	2%
Plant, machinery and vehicles	20%
with the exception of:	
Containers	10%
Private cars	25%
Tugs and barges	17%

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS
(continued)

1. ACCOUNTING POLICIES (continued)

(g) Stocks

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

(h) Site restoration provision

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

(i) Leases

Rental payments under operating and finance leases are charged to profit and loss account on a straight-line basis over the term of the lease. Assets under finance leases have not been capitalised.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following items have been included in arriving at the profit on ordinary activities before taxation:

	1986		1985	
	£'000	£'000	£'000	£'000
INCOME				
Profit on sale of fixed assets		150		568
Rent receivable, less outgoings		18		30
Royalties and licence fees		-		12
		<hr/>		<hr/>
EXPENDITURE				
Directors' emoluments (note 3)		206		212
Auditors' remuneration		47		40
Finance leases, plant and machinery	225		287	
Operating leases, plant and machinery	67		87	
Operating leases, other	492		329	
Other hire of plant, machinery and equipment	697		487	
	<hr/>	1,481	<hr/>	1,190
Depreciation and depletion of assets:				
Freehold and buildings	123		127	
Leasehold, land and buildings -				
over fifty years	12		11	
under fifty years	653		270	
Plant, machinery and vehicles	5,553		4,938	
Goodwill	298		250	
	<hr/>	6,639	<hr/>	5,596
Provision for site restoration		451		377
		<hr/>		<hr/>

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS
(continued)

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

	1986 £'000	1985 £'000
STAFF COSTS		
Wages and salaries	13,505	12,077
Social security costs	987	878
Other pension costs	352	516
	<u>14,844</u>	<u>13,471</u>
Average number of employees	<u>1,212</u>	<u>1,202</u>

During the year to 31 December 1986 the company reduced its pension contributions following actuarial valuations of the pension schemes.

3. DIRECTORS' EMOLUMENTS

	1986 £'000	1985 £'000
Aggregate emoluments are made up of:		
Salaries, fees and pension contributions	<u>206</u>	<u>212</u>

Directors' emoluments, excluding pension scheme contributions, are made up as follows:

	1986	1985
Emoluments of the chairman	-	-
Emoluments of the highest paid director	<u>£48,149</u>	<u>£41,331</u>
	Number	Number
Emoluments of other directors		
£ 0 - £ 5,000	3	5
£ 5,001 - £10,000	1	-
£25,001 - £30,000	-	1
£30,001 - £35,000	-	2
£35,001 - £40,000	2	1
£40,001 - £45,000	1	-
	<u></u>	<u></u>

4. TAXATION

	1986 £'000	1985 £'000
The charge consists of:		
United Kingdom corporation tax at 36.25%	1,587	-
Overseas taxes	-	61
Provision for deferred taxation	157	594
	<u>1,744</u>	<u>655</u>

CLEANAWAY LIMITED
NOTES TO THE ACCOUNTS
(continued)

5. INTANGIBLE ASSETS: GOODWILL AND CONCESSIONS

Group and company	Concessions £'000	Goodwill £'000	Total £'000
Cost			
At 31 December 1985	125	1,863	1,988
Additions	-	279	279
	<hr/>	<hr/>	<hr/>
At 31 December 1986	125	2,142	2,267
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 31 December 1985	125	637	762
Charge for the year	-	298	298
	<hr/>	<hr/>	<hr/>
At 31 December 1986	125	935	1,060
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 1986	-	1,207	1,207
	<hr/>	<hr/>	<hr/>
At 31 December 1985	-	1,226	1,226
	<hr/>	<hr/>	<hr/>

The cost of goodwill is amortised over the following periods:

	1986 £'000	1985 £'000
5 years or less	1,014	735
10 years	1,128	1,128
	<hr/>	<hr/>
	2,142	1,863
	<hr/>	<hr/>

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS
(continued)

6. TANGIBLE ASSETS

	Land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Group and company			
Cost or valuation			
At 31 December 1985	12,558	40,730	53,288
Capital expenditure	1,252	7,269	8,521
Disposals	(28)	(2,639)	(2,667)
	<hr/>	<hr/>	<hr/>
At 31 December 1986	13,782	45,360	59,142
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 31 December 1985	2,154	18,381	20,535
Disposals	(27)	(2,439)	(2,466)
Charge for year	788	5,553	6,341
	<hr/>	<hr/>	<hr/>
At 31 December 1986	2,915	21,495	24,410
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 1986	10,867	23,865	34,732
	<hr/>	<hr/>	<hr/>
At 31 December 1985	10,404	22,349	32,753
	<hr/>	<hr/>	<hr/>

Total cost and valuation of group land and buildings shown above at £13,782,000 (1985 - £12,558,000) is analysed as follows:

	1986		1985	
	Cost	Valuation	Cost	Valuation
	£'000	1971 £'000	£'000	1971 £'000
Freehold	3,279	1,700	3,108	1,700
Leasehold over 50 years	952	-	924	-
Leasehold under 50 years	7,851	-	6,826	-
	<hr/>	<hr/>	<hr/>	<hr/>
	12,082	1,700	10,858	1,700
	<hr/>	<hr/>	<hr/>	<hr/>

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS

(continued)

6. TANGIBLE ASSETS (continued)

Total net book amount of group land and buildings shown at £10,867,000 (1985 - £10,404,000) is analysed as follows:

	1986		1985	
	Cost	Valuation	Cost	Valuation
	£'000	1971 £'000	£'000	1971 £'000
Freehold	2,416	1,555	2,353	1,570
Leasehold over 50 years	711	-	695	-
Leasehold under 50 years	6,185	-	5,786	-
	<u>9,312</u>	<u>1,555</u>	<u>8,834</u>	<u>1,570</u>

7. INVESTMENTS

	1986 £'000	1985 £'000
Shares in subsidiary company at cost	1,792	1,792
<u>Less: Provisions</u>	<u>(1,305)</u>	<u>(1,184)</u>
	<u>487</u>	<u>608</u>

The company's subsidiaries, none of which traded in 1986, at 31 December 1986 were as follows:

Subsidiary	Country of Incorporation	Share of equity held:	
		by the Company	by 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%	
Purle Limited	Great Britain	100%	

NOTES TO THE ACCOUNTS
(continued)

8. DEBTORS

	Group and Company	
	1986	1985
	£'000	£'000
Trade debtors	10,124	9,142
Other debtors	259	96
Prepayments and accrued income	1,574	1,029
	<u>11,957</u>	<u>10,267</u>

9. CREDITORS

	Group		Company	
	1986	1985	1986	1985
	£'000	£'000	£'000	£'000
(a) Amounts falling due within one year				
Bank loans and overdrafts	3,489	12,094	3,489	12,094
Trade creditors	2,652	2,597	2,652	2,597
Amounts owed to parent company	-	6,750	-	6,750
Amounts owed to subsidiaries	-	-	485	606
Other creditors	569	567	569	567
Corporation tax	1,644	60	1,644	60
Other taxes and social security	1,320	947	1,320	947
Unpaid dividend	4	404	4	404
Proposed dividend	700	-	700	-
Accruals and deferred income	3,373	2,918	3,373	2,918
	<u>13,751</u>	<u>26,337</u>	<u>14,236</u>	<u>26,943</u>

Bank loans and overdrafts include bills of exchange payable to banks under acceptance credit facilities, and includes £344,000 secured by way of mortgage on certain fixed assets.

	Group		Company	
	1986	1985	1986	1985
	£'000	£'000	£'000	£'000
(b) Amounts falling due after more than one year				
Bank loans	16,060	7,404	16,060	7,404
Amounts due to parent company	6,750	-	6,750	-
	<u>22,810</u>	<u>7,404</u>	<u>22,810</u>	<u>7,404</u>

Included above is £2,060,000 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.

NOTES TO THE ACCOUNTS
(continued)

10. DEFERRED TAXATION

Group and company	£'000	
Balance at 31 December 1985	5,373	
Transferred from profit and loss account	157	
	<hr/>	
Balance at 31 December 1986	5,530	
	<hr/>	
	1986	1985
	Provided and	Provided and
	Potential	Potential
	£'000	£'000
Accelerated capital allowances	6,300	7,184
Other timing differences	(436)	(401)
Unrelieved losses	(21)	(1,410)
Restricted ACT set off	(313)	-
	<hr/>	
	5,530	5,373
	<hr/>	

In accordance with the accounting policy in note 1 no provision has been made for the tax estimated at £475,000 (1985 - £475,000) which might arise on the disposal of the properties at their revalued amount.

11. OTHER PROVISIONS

	Site restoration provision £'000	Legal expenses £'000	Total £'000
Group and company			
31 December 1985	871	90	961
Expenditure during year	(248)	(7)	(255)
Further provision	451	7	458
	<hr/>		<hr/>
31 December 1986	1,074	90	1,164
	<hr/>		<hr/>

The site restoration provision represents provision made for the cost of restoring landfill sites. The provision for legal expenses represents a recognition of the fact that certain issues extant at 31 December 1986 may require resolution through litigation.

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS
(continued)

12. CALLED UP SHARE CAPITAL

	1986 £'000	1985 £'000
Authorised		
7,500,000 shares of 20p each	1,500	1,500
	<u> </u>	<u> </u>
Allotted and fully paid		
673,140 new ordinary shares of 20p each	135	135
6,731,405 deferred shares of 20p each	1,346	1,346
	<u> </u>	<u> </u>
	1,481	1,481
	<u> </u>	<u> </u>

13. PROFIT AND LOSS ACCOUNT

	Group £'000	Company £'000
Balance at 31 December 1985	641	1,056
Retained profit	488	488
	<u> </u>	<u> </u>
Balance at 31 December 1986	1,129	1,544
	<u> </u>	<u> </u>

14. CONTINGENT LIABILITIES

At 31 December 1986 there were contingent liabilities of £674,395 (1985 - £1,016,902) in respect of performance bonds given by the company.

Claims have been lodged with the Engineer by the main contractor for costs of construction of the Coldharbour jetty at Rainham in addition to the contract price. The directors believe that given the overall contractual position no further provision for the cost of construction is necessary in these accounts.

The group may have other contingent liabilities in relation to the use of landfill sites the amount of which cannot be quantified.

15. FINANCIAL COMMITMENTS

The company is committed to the following payments under finance leases:

	1986 £'000	1985 £'000
1986	-	229
1987	224	224
1988	1	1
1989	1	1
	<u> </u>	<u> </u>
	226	455
	<u> </u>	<u> </u>

CLEANAWAY LIMITED

NOTES TO THE ACCOUNTS
(continued)

15. FINANCIAL COMMITMENTS (continued)

The company is committed to the following payments in 1987 under operating leases:

	Land and Buildings £'000	Others £'000	Total £'000
Expiry within 1 year	9	-	9
Expiry within 2 - 5 years	56	142	198
Expiry over 5 years	382	2	384
	<hr/>	<hr/>	<hr/>
	447	144	591
	<hr/>	<hr/>	<hr/>

16. FUTURE CAPITAL EXPENDITURE

The board of directors of Cleanaway Limited has authorised and contracted capital expenditure of £633,507 (1985 - £924,402) for which no provision has been made in these accounts.

17. ULTIMATE HOLDING COMPANY

The directors regard Cleanaway Holdings Limited (formerly Circe Limited), a company incorporated in Great Britain, as the ultimate holding company. Cleanaway Holdings Limited is jointly owned by subsidiaries of GKN plc and Brambles Industries of Australia.

18. APPROVAL OF ACCOUNTS

These accounts were approved by the board of directors on 11th March 1987