Anti-Waste Limited

Directors' report and financial statements

Registered number 1569257

31 December 2004

Contents

Statutory information

Directors

JR Meredith
LJD Cassells
SN Hardman

Company secretary

JM Bolton

Joint company secretary

SJ Calder

Registered office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditors

KPMG LLP
1 Puddle Dock
London
EC4V 3PD

Directors' report

The directors (the "Directors") of Anti-Waste Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activity

The principal activity of the Company is the handling, recycling and disposal of waste materials.

Review of business and future developments

In the opinion of the Directors the Company's underlying trading performance has been satisfactory during the year.

Developments in the year

On 15 December 2004 the Company was a party to the refinancing of WRG Finance plc and its subsidiary companies under which it granted security by way of fixed and floating charge over its assets and became a borrower and guarantor under an Amended and Restated Facilities Agreement dated 9 December 2004. In addition, the Company became a Subsidiary Guarantor of Second Lien Floating Rate Notes due 2011 issued by WRG Acquisitions plc and also 9% Senior Notes due 2014 issued by WRG Finance plc.

Results and dividends

The results of the Company are set out on page 6.

The Directors do not recommend payment of a dividend *(2003: nil)* and thus the profit for the financial year of £3,076,000 has been transferred to *(2003: loss of £2,846,000 withdrawn from)* reserves.

Directors and their interests

The Directors who served as directors of the Company during the year ended 31 December 2004 and up to the date of this report were as follows:

JR Meredith	
LJD Cassells	(appointed 15 January 2004)
SN Hardman	(appointed 16 August 2004)
R Prior	(resigned 15 January 2004)

None of the Directors or connected persons held any interest in the share capital of the Company during the year. The interests of the Directors and connected persons in the shares of WRG Investments Limited (formerly Cholet Investments Limited), an indirect parent company of the Company, at 31 December 2004 are set out below:

		31 December 2004		**1 January 2004***	
		Beneficial	**Non-beneficial**	**Beneficial**	**Non-beneficial**
LJD Cassells	'B' Ordinary shares £0.01	500	-	-	-
SN Hardman	'B' Ordinary shares £0.01	300	-	-	-
JR Meredith	'B' Ordinary shares £0.01	2,000	-	-	-

*or date of appointment if later

Charitable and political donations

The Company made no political or charitable donations in the year.

Directors' report *(continued)*

Elective regime

On 31 July 2003 the Company passed elective resolutions in accordance with section 379A of the Companies Act 1985 as amended (the "Act") to dispense with the formalities of:

- the laying of accounts before the Company in general meeting (section 252 of the Act);
- the holding of annual general meetings (section 366A of the Act);
- the obligation to appoint auditors annually (section 386 of the Act).

Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting. To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with section 238(1) of the Act.

By order of the board

JM Bolton
Company Secretary

28 October 2005

Statement of 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 of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
1 Puddle Dock
London
EC4V 3PD
United Kingdom

Report of the independent auditors to the members of Anti-Waste Limited

We have audited the financial statements on pages 6 to 19.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

Basis of audit 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 the Company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

31 October 2005

Profit and loss account
year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	2	**21,338**	15,672
Cost of sales (including exceptional credit of £5,000 (2003: exceptional charge of £2,342,000) – see note 3)	3	**(16,924)**	(16,577)
Gross profit/(loss)		**4,414**	(905)
Administrative expenses		**(1,519)**	(1,949)
Operating profit/(loss)	3	**2,895**	(2,854)
Interest receivable and similar income		**83**	30
Interest payable and similar charges	5	**(176)**	(219)
Profit/(loss) on ordinary activities before taxation		**2,802**	(3,043)
Tax on profit/(loss) on ordinary activities	6	**274**	197
Profit/(loss) for the financial year		**3,076**	(2,846)

All results are derived from continuing operations.

There are no recognised gains and losses in either the current or previous financial year other than as stated in the profit and loss account. Therefore, no separate statement of total recognised gains and losses has been presented.

Balance sheet
at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Intangible assets	7	3,202	3,400
Tangible assets	8	26,058	28,990
Investments	9	1	1
		29,261	32,391
Current assets			
Debtors: amounts due after more than one year	10	1,600	1,654
Cash at bank and in hand – Escrow deposits	11	1,911	2,013
Cash at bank and in hand		-	24
		3,511	3,691
Creditors: amounts falling due within one year	12	(9,590)	(15,030)
Net current liabilities		(6,079)	(11,339)
Total assets less current liabilities		23,182	21,052
Creditors: amounts falling due after more than one year	13	(12,356)	(12,356)
Provisions for liabilities and charges	14	(6,357)	(7,250)
Net assets		4,469	1,446
Capital and reserves			
Called up share capital	15	8,062	8,062
Share premium account	16	83	83
Revaluation reserve	16	2,444	2,497
Profit and loss account	16	(6,120)	(9,196)
Equity shareholders' funds		4,469	1,446

These financial statements were approved by the board of Directors on 28 October 2005 and were signed on its behalf by:

Les Cassells
Director

Note of historical cost profits and losses
year ended 31 December 2004

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation	**2,802**	(3,043)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts	**53**	53
Historical cost profit/(loss) on ordinary activities before taxation	**2,855**	(2,990)
Historical cost profit/(loss) for the year after taxation	**3,129**	(2,793)

Notes
(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties.

Cash flow statement

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is a wholly owned subsidiary of a group which has prepared a consolidated cash flow statement.

Consolidation

The Company has claimed exemption from the preparation of consolidated financial statements under section 228 of the Companies Act 1985 as it is a subsidiary of a group which has prepared consolidated financial statements. Accordingly, these financial statements present information about the Company and not the group.

Related party transactions

As the Company is an indirectly wholly owned subsidiary of WRG Holdings Limited (formerly Cholet Holdings Limited), the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities that form part of the group. The consolidated financial statements of WRG Holdings Limited, within which this Company is included, can be obtained from the address given in note 23.

Goodwill

Purchased goodwill, representing the excess of purchase price over the fair value of the assets acquired, is capitalised and is being written off on a straight-line basis over its estimated useful life up to a maximum of 20 years. The Directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill.

Purchased goodwill arising in earlier years, totalling £3,395,000 (*2003: £3,395,000*) representing the excess of the purchase price over the fair value of the net assets acquired, was set off against reserves in the year in which it arose.

As a matter of accounting policy, goodwill arising on acquisitions prior to the implementation of FRS10 'Goodwill and Intangible Assets' has been eliminated against reserves. Amounts will be charged or credited to the profit and loss account on subsequent disposal of the business to which it relates.

Tangible fixed assets

Freehold and leasehold properties and licence agreements are stated at original costs or subsequent valuation. Other tangible fixed assets are shown at cost. Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost, or revalued amount, less residual value of each asset as follows:

Freehold buildings	- over 25 to 50 years
Landfill sites	- based on the void used in the period as a proportion of total void
Leasehold properties and licence agreements	- over the expected life
Plant and equipment	- over 3 to 20 years
Motor vehicles	- over 4 years

No depreciation is provided for on freehold land.

Notes *(continued)*

1 Accounting policies *(continued)*

***Tangible fixed assets** (continued)*

Expenditure on freehold landfill sites and leasehold properties includes engineering costs. Elements of these costs are classified according to their expected economic life and depreciated accordingly in proportion to the rate that waste is deposited. All other assets are depreciated on a straight-line basis.

Investments

Investments are stated at cost less provision for any impairment.

Stocks

Stocks have been stated at the lower of cost and net realisable value.

Turnover

Turnover represents invoiced sales of goods and services including landfill tax, but excluding value added tax.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised with discounting in respect of all timing differences between the treatment of certain items of taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Leases

Leases are operating leases and the relevant annual rental are charged to the profit and loss account on a straight line basis over the lease term.

Post Retirement Benefits

The Company participates in two pension schemes providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Restoration and aftercare costs

Full provision has been made for the net present value (NPV) of the Company's minimum unavoidable costs, in respect of restoration liabilities at the Company's landfill sites, which has been capitalised in fixed assets. The

Company continues to provide for all aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs increase as waste is deposited.

All long term provisions for restoration and aftercare costs are calculated based on the NPV of estimated future costs. Current cost estimates are inflated at 2.5 per cent and discounted at 5 per cent to calculate the NPV. The effects of the unwinding of the discount element on existing provisions are reflected as a financial item.

Notes *(continued)*

2 Turnover

All turnover was generated in the United Kingdom principally from receiving, treating, recycling and disposing of waste materials.

3 Profit/(loss) on ordinary activities before taxation

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation is after charging exceptional items:		
Included in cost of sales		
- (Decrease)/increase in restoration and aftercare provisions on revision of estimation basis (note a)	(1,439)	1,500
- Revision of estimation basis on other provisions (note a)	1,434	-
- Impairment of tangible fixed assets (note b)	-	842
	(5)	2,342

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation is after charging:		
Depreciation – owned assets	4,964	2,622
Impairment of tangible fixed assets	-	842
Profit on disposal of fixed assets	407	-
Amortisation of goodwill	198	198
Operating lease rentals – land and buildings	114	133
Operating lease rentals – plant and machinery	481	737

(a) 2004: reassessment of the Company's obligation for restoration and after-care costs in respect of landfill sites to reflect the re-costing exercise undertaken as part of the process of agreeing the overall provisioning levels with the Environment Agency (2003: reassessment (following the acquisition of the Company by WRG Acquisitions plc (formerly Cholet Acquisitions Limited)) of the Company's obligation for restoration and after-care costs in respect of landfill sites and the recognition of other specific liabilities.)

(b) adjustment to certain asset values to reflect their continuing value to the business.

Auditors' remuneration in respect of audit fees has been met by the Company's fellow subsidiary undertaking, Waste Recycling Limited.

4 Information regarding Directors and employees

None of the Directors received any remuneration or benefits from the Company during the year. They are remunerated as directors or employees of the Company's parent company, Waste Recycling Group Limited.

	2004 £000	2003 £000
Wages and salaries	914	1,222
Social security costs	96	109
Other pension costs	16	24
	1,026	1,355

	2004 No.	2003 No.
The average weekly number of employees (including the Directors) in the year:	47	65

Notes *(continued)*

5 Interest payable and similar charges

	2004 £000	2003 £000
Unwinding of discount (note 14)	**176**	219

6 Taxation

	2004 £000	2003 £000
UK Corporation tax		
United Kingdom corporation tax at 30% *(2003: 30%)* based on profits/(losses) for the year	**-**	-
Adjustments in respect of prior years	**(650)**	-
Total current tax credit	**(650)**	-
Deferred tax (note 14)		
Timing differences, origination and reversal	**376**	(197)
Tax on profit/(loss) on ordinary activities	**274**	(197)

The total current tax credit *(2003: charge)* for the current year is less than *(2003: greater than)* the standard rate of 30% for the reasons set out in the following reconciliation:

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	**2,802**	(3,043)
Tax on profit/(loss) on ordinary activities at standard rate	**841**	(913)
Factors affecting charge:		
Expenses not deductible for tax purposes	**(122)**	852
Losses surrendered to fellow group companies	**(1,604)**	-
Depreciation in excess of capital allowances	**1,343**	287
Increase in general provisions	**120**	(28)
Amortisation of goodwill	**59**	59
Utilisation of tax losses	**(239)**	103
Site preparation relief	**(398)**	(360)
Adjustments in respect of prior years	**(650)**	-
	(650)	-

Notes *(continued)*

7 Intangible fixed assets

	Goodwill £'000
Cost or valuation	
At 1 January 2004 and 31 December 2004	3,979
Amortisation	
At 1 January 2004	579
Charge for the year	198
At 31 December 2004	777
Net book value	
At 31 December 2004	**3,202**
At 31 December 2003	3,400

8 Tangible fixed assets

	Landfill sites £000	Other properties £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2004	26,444	15,700	3,960	981	47,085
Additions	1,562	-	447	-	2,009
Disposals	-	-	(81)	(22)	(103)
Transfers between group companies/reclassifications	(1,327)	1,642	87	(337)	65
At 31 December 2004	26,679	17,342	4,413	622	49,056
Depreciation					
At 1 January 2004	11,849	2,368	3,010	868	18,095
Charge for the year	3,366	1,110	422	66	4,964
On disposals	-	-	-	(21)	(21)
Transfers between group companies/reclassifications	(40)	-	337	(337)	(40)
At 31 December 2004	15,175	3,478	3,769	576	22,998
Net book value					
At 31 December 2004	**11,504**	**13,864**	**644**	**46**	**26,058**
At 31 December 2003	14,595	13,332	950	113	28,990

Notes *(continued)*

8 Tangible fixed assets *(continued)*

	2004 **£000**	2003 £000
Freehold properties are stated at:		
Open market value at 31 December 1993	**4,100**	4,100
Cost	**22,344**	22,344
At 31 December 2004	**26,444**	26,444

Comparable amounts determined according to the historical cost convention for freehold properties:

	2004 **£000**	2003 £000
Cost	**33,243**	33,243
Accumulated depreciation based on historical cost	**(14,248)**	(14,195)
Historical cost net book value	**18,995**	19,048

All other assets are stated at historical cost.

9 Fixed asset investments

	2004 **£000**	2003 £000
Cost and net book value		
At 1 January 2004 and 31 December 2004	**1**	1

Investments comprise the following:

Name	**Country of registration**	**Proportion of ordinary capital held**	**Nature of business**
Anti-Rubbish Limited	England and Wales	100%	Dormant
Anti-Waste (Restoration) Limited	England and Wales	100%	Restoration and monitoring services

10 Debtors: amounts due after more than one year

	2004 **£000**	2003 £000
Amounts prepaid to fellow group undertaking	**1,600**	1,654

Notes *(continued)*

11 Cash at bank and in hand – Escrow deposits

Escrow deposits represent amounts held in bank accounts in the name of the Company and various county councils. The Company is contracted to deposit further sums in respect of site restoration and post-closure monitoring costs based on the tonnage of waste disposal. Because these funds have restricted use they are disclosed separately as Escrow deposits in the balance sheet.

During the year ended 31 December 2004 Waste Recycling Group Limited entered into an arrangement with the Environment Agency whereby £22 million has been placed into a deposit account under an escrow agreement in order to comply with the Agency's financial provisioning requirements. The Group is committed to making an additional £4 million annual contribution into the escrow account, until such time as the Group's aftercare costs (as defined by the agreement), can be satisfied by withdrawals from the account. It is estimated that this will be achieved by the year 2011.

As part of the arrangement with the Environment Agency, the Company sought and received repayment of its Escrow deposits after the year end, as the costs of the Company's future obligations in respect of site restoration and post-closure monitoring costs are now covered by the Escrow agreement between the Company's immediate parent company, Waste Recycling Group Limited, and the Environment Agency.

12 Creditors: amounts falling due within one year

	2004	2003
	£000	£000
Amounts owed to other group undertakings	**9,594**	15,030
Taxation and social security	**(4)**	-
	9,590	15,030

13 Creditors: amounts falling due after more than one year

	2004	2003
	£000	£000
Amounts owed to parent undertaking	**12,356**	12,356

The amounts owed to the parent undertaking in 2002 were not subject to agreed repayment terms. The parent undertaking confirmed that it would not be called for repayment within 12 months of the balance sheet date. Accordingly, it is disclosed as due after more than one year.

Notes *(continued)*

14 Provisions for liabilities and charges

	Deferred taxation £000	Other provisions £000	Landfill restoration £000	Landfill aftercare £000	Total £000
At 1 January 2004	132	1,704	1,655	3,759	7,250
Charged/(credited) to profit and loss account	376	(396)	-	23	3
Charged/(credited) to profit and loss account following a revision of estimation basis	-	1,434	-	(1,439)	(5)
Provided in year	-	316	-	-	316
Unwinding of discount (note 5)	-		58	118	176
Expended in year	-	(1,116)	(112)	(155)	(1,383)
At 31 December 2004	**508**	**1,942**	**1,601**	**2,306**	**6,357**

The Company provides for the estimated cost of restoring its landfill sites at the end of their operational life and for their subsequent aftercare. The aftercare period is generally expected to be between 30 and 60 years. All provisions are discounted from the date on which the expenditure is expected to occur.

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites.

Deferred taxation

	Provided		Unprovided	
	2004 £000	2003 £000	**2004 £000**	2003 £000
Accelerated capital allowances	**726**	307	-	-
Other short term timing differences	**(218)**	(175)	-	(108)
At 31 December 2004	**508**	132	-	(108)

The Company has no unprovided tax assets at the year end.

15 Called up share capital

	2004 £000	2003 £000
Authorised		
8,100,000 ordinary shares of £1 each	**8,100**	8,100
Called up, allotted and fully paid		
8,061,500 ordinary shares of £1 each	**8,062**	8,062

Notes *(continued)*

16 Movement on reserves

	Share premium account £000	Revaluation reserve £000	Profit and lossaccount £000	Total £000
At 1 January 2004	83	2,497	(9,196)	(6,616)
Profit for the financial year	-	(53)	3,076	3,023
At 31 December 2004	**83**	**2,444**	**(6,120)**	**(3,593)**

17 Reconciliation of movement in shareholders' funds

	2004 £000	2003 £000
Profit/(loss) for the financial year	**3,023**	(2,846)
Opening shareholders' funds	**1,446**	4,292
Closing shareholders' funds	**4,469**	(1,446)

18 Contingent liabilities

a) The Company has entered into unlimited cross-guarantees with its bankers relating to the borrowings of other group companies.

b) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the group.

19 Capital commitments

	2004 £000	2003 £000
Contracted at 31 December 2004	**828**	-

Notes *(continued)*

20 Pension contributions

The Company participates in the defined contribution scheme operated by Waste Recycling Group Limited (its parent undertaking) on behalf of its eligible employees. The assets of this scheme are held separately from those of the Company in independently administered funds.

Certain employees of the Company are members of the LAWDC's Pension Scheme in which Waste Recycling Group Limited is a participating employer. This is a defined benefit multi-employer scheme, the assets of which are held independently of the group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Further details regarding the scheme are provided in the financial statements of Waste Recycling Group Limited.

Contributions to the scheme for the period are stated below and the agreed contribution rate commencing from 1 January 2004 is 16%.

An actuarial valuation of the scheme at 31 March 2000 indicated that the scheme was 106% funded based upon the minimum funding requirement basis. At 31 December 2004 the deficit on the group section of the scheme, calculated on an FRS 17 basis, was £5,141,000 *(2003: £4,946,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The contributions made by the Company under the different schemes during the year were as follows:

	2004	2003
	£000	£000
Defined contribution schemes	**5**	23
LAWDC pension scheme	**11**	1
	16	24

20 Operating lease commitments

At 31 December 2004, the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		**Plant and machinery**	
	2004	2003	**2004**	2003
	£000	£000	**£000**	£000
Which expire:				
Within one year	**-**	-	**26**	43
In two to five years	**-**	45	**75**	46
In over five years	**62**	27	**-**	43
	62	72	**101**	132

Notes *(continued)*

21 Environmental commitments

As explained in note 11, the Company is contracted to make deposits into escrow accounts to guarantee the successful site restoration and provide for post-closure monitoring costs in respect of four of its sites. A total of £5,611,000 is contracted to be deposited over the useful life of the sites which is expected to be in excess of twenty years and subject to certain conditions. Costs in respect of these procedures will be met from these funds and on satisfactory monitoring of each of the sites for the relevant period, the balance will be returned to the Company. Provision is made in respect of the sums deposited to the extent that the costs of restoration are foreseeable and expected to materialise. Provision is not made in respect of contingent costs or remote events.

During the year the Waste Recycling Group Limited entered into an arrangement with the Environment Agency whereby £22 million has been placed into a deposit account under an escrow agreement in order to comply with the Agency's financial provisioning requirements. The Group is committed to making an additional £4 million annual contribution into the escrow account, until such time as the Group's aftercare costs (as defined by the agreement), can be satisfied by withdrawals from the account. It is estimated that this will be achieved by the year 2011.

22 Related party transactions

In the ordinary course of business, the Company has also traded with fellow subsidiaries of WRG Holdings Limited. The Company has taken advantage of the exemption conferred by FRS8 from disclosing details of these transactions.

23 Ultimate parent company

The Company's immediate parent company is Waste Recycling Group Limited, a company which is registered in England and Wales.

The Directors regard Terra Firma Capital Partners Holdings Limited, a company registered in Guernsey, as the ultimate controlling party and the ultimate parent entity.

WRG Holdings Limited (formerly Cholet Holdings Limited) is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up. Copies of WRG Holdings Limited financial statements are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.