



ANTI-WASTE LIMITED

Report and Financial Statements

31 December 1996

Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

(- 26/06/97)





REPORT AND FINANCIAL STATEMENTS 1996

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Auditors' report	4
Profit and loss account	5
Note of historical cost profits and losses	6
Balance sheet	7
Notes to the accounts	8



OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P A Rackham
P A Rackham Jnr
S R Stuteley
T C Walsh

SECRETARY

S R Stuteley

REGISTERED OFFICE

Manor Farm
Bridgham
Norwich
Norfolk NR16 2RX

BANKERS

Lloyds Bank plc
41 Prince of Wales Road
Norwich NR1 1BL

SOLICITORS

Rowe & Maw
20 Blackfriars Lane
London EC4V 6HD

Cunningham, John & Co
Fairstead House
7 Bury Road
Thetford
Norwich IP24 3PL

AUDITORS

Deloitte & Touche
Chartered Accountants
Leda House
Station Road
Cambridge CB1 2RN



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

ACTIVITIES

The principal activities of the company continued to be that of providing waste disposal facilities and reclamation of waste products, together with management services relating to the waste disposal industry.

REVIEW OF DEVELOPMENTS

The results of the year are set out on page 5. In the opinion of the directors the company has traded satisfactorily during the year and are confident that the company will continue to prosper in the future.

DIVIDENDS AND TRANSFERS TO RESERVES

A dividend of 18.6p per ordinary share totalling £1,500,000 is proposed.

Retained profits of £147,986 have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the company, all of whom served throughout the year, are disclosed on page 1.

None of the directors held an interest in the share capital of the company during the year.

The interests of the directors in the share capital of the parent company are disclosed in the accounts of that company.

CHARITABLE AND POLITICAL DONATIONS

During the year the company made charitable donations of £420 (1995 - £400).

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

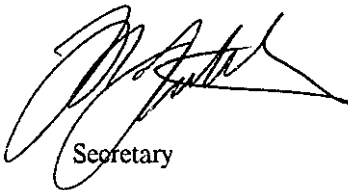
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT****AUDITORS**

Deloitte & Touche were appointed as auditors of the company during the year. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Secretary

22 July 1997



Chartered Accountants

Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

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DX 5812

ANTI-WASTE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

14 August 1997


PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER	2	8,437,353	6,585,794
Cost of sales		<u>4,665,335</u>	<u>3,378,649</u>
GROSS PROFIT		3,772,018	3,207,145
Administrative expenses		<u>921,804</u>	<u>632,085</u>
OPERATING PROFIT	3	2,850,214	2,575,060
Interest receivable		8,190	3,153
Interest payable and similar charges	5	<u>(237,352)</u>	<u>(137,306)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,621,052	2,440,907
Tax on profit on ordinary activities	6	<u>973,066</u>	<u>819,071</u>
PROFIT FOR THE FINANCIAL YEAR		1,647,986	1,621,836
Dividends	7	<u>1,500,000</u>	<u>1,500,000</u>
Retained profit for the financial year	22	<u><u>147,986</u></u>	<u><u>121,836</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.



NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 1996

	1996 £	1995 £
Profit on ordinary activities before taxation	2,621,052	2,440,907
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>64,811</u>	<u>18,188</u>
Historical cost profit on ordinary activities before taxation	<u>2,685,863</u>	<u>2,459,095</u>
Historical cost profit for the year after taxation and dividends	<u>212,797</u>	<u>140,024</u>


BALANCE SHEET
31 December 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	17,597,623	13,501,946
Investments	9	857	857
		<u>17,598,480</u>	<u>13,502,803</u>
CURRENT ASSETS			
Stocks	10	48,882	43,912
Debtors (due within one year)	11	2,886,169	1,919,726
Debtors (due in more than one year)	12	419,254	287,118
Cash at bank and in hand - Escrow deposits	13	274,127	167,508
Cash at bank and in hand		1,906	1,493
		<u>3,630,338</u>	<u>2,419,757</u>
CREDITORS: amounts falling due within one year	14	<u>(6,576,818)</u>	<u>(6,525,102)</u>
NET CURRENT LIABILITIES		<u>(2,946,480)</u>	<u>(4,105,345)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,652,000	9,397,458
CREDITORS: amounts falling due after more than one year	15	(6,472,921)	(1,366,737)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(1,820)</u>	<u>(1,448)</u>
NET ASSETS		<u>8,177,259</u>	<u>8,029,273</u>
CAPITAL AND RESERVES			
Called up share capital	18	8,061,500	8,061,500
Share premium account	19	83,260	83,260
Revaluation reserve	20	2,867,633	2,932,444
Other reserve	21	(3,394,601)	(3,394,601)
Profit and loss account	22	559,467	346,670
EQUITY SHAREHOLDERS' FUNDS	23	<u>8,177,259</u>	<u>8,029,273</u>

These financial statements were approved by the Board of Directors on 22/7/97

Signed on behalf of the Board of Directors

Director

**NOTES TO THE ACCOUNTS****Year ended 31 December 1996****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

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

Consolidation

The company has claimed exemption from the preparation of group accounts on the grounds that it is a subsidiary of a larger group company that prepares consolidated accounts. The accounts present information about the company as an individual undertaking and not about its group.

Goodwill

Purchased goodwill, representing the excess of the purchase price over the fair value of the net assets acquired, is set off against reserves in the year in which it arises.

Turnover

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

Tangible fixed assets

Freehold and leasehold properties and licence agreements are stated at original cost 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 50 years
Freehold landfill sites, leasehold properties and licence agreements	- over the expected life of each individual site
Plant and equipment	- over 5 years
Motor vehicles	- over 4 years

No depreciation is provided for in relation to freehold land.

Freehold landfill sites and leasehold properties include site engineering costs which are depreciated over the expected life of each site in proportion to the rate of landfill.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

Stocks

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

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

1. ACCOUNTING POLICIES (continued)

Finance leases

In respect of each finance lease the cost of the asset is capitalised and the cost, less residual value of the asset, is depreciated over the term of the lease. Rentals payable are apportioned between finance charge and leasing commitment. The total finance charge is allocated to accounting periods over the term of the lease at a constant periodic rate of charge on the remaining leasing commitment for each accounting period.

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

Pension costs

Contributions in respect of the group's combined defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

Restoration and post closure monitoring costs

The anticipated cost of final site restoration and post closure monitoring is charged to the profit and loss account over the expected useful life of the site in proportion to the rate of landfill (see note 24(a)).

Cash flow exemption

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

Capital instruments

Capital instruments are recorded at the fair value of the consideration received less issue costs in accordance with Financial Reporting Standard 4. The difference between the net proceeds of the issue and the total amount of payments that the issuer may be required to make is recorded as a finance cost of the instrument and written off over the life of the instrument.

2. TURNOVER

All turnover was generated in the United Kingdom from the handling, recycling and disposal of waste products.

3. OPERATING PROFIT

	1996 £	1995 £
Operating profit is after charging:		
Depreciation - owned assets	960,470	765,886
- assets held under finance leases	237,273	166,155
Auditors' remuneration - audit fees	12,000	16,000
- other fees	4,000	-
Operating lease rentals	14,000	331,013
	<u>14,000</u>	<u>331,013</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments		
Remuneration	221,332	165,500
Pension contributions	31,669	28,000
	<u>253,001</u>	<u>193,500</u>
Emoluments excluding pension scheme contributions:		
Chairman	<u>54,079</u>	<u>52,402</u>
Highest paid director	<u>65,671</u>	<u>52,402</u>
Other directors' emoluments, excluding pension contributions, fell within the following bands:		
	1996 No	1995 No
£ 40,001 - £ 45,000	1	3
£ 60,001 - £ 65,000	1	-
	<u>1</u>	<u>-</u>
Average number of persons employed by the company (including directors) in the year:		
	1996 No	1995 No
Operational	39	30
Administrative	16	10
	<u>55</u>	<u>40</u>
Staff costs incurred during the year in respect of these employees were:		
	1996 £	1995 £
Wages and salaries	871,388	726,776
Social security costs	83,769	64,876
Other pension costs	35,698	43,823
	<u>990,855</u>	<u>835,475</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Bank and other borrowings repayable within five years	145,010	63,189
Finance leases	66,033	71,669
Corporation tax interest	24,000	-
Arrangement fees	2,309	2,448
	<u>237,352</u>	<u>137,306</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
UK corporation tax at 33% (1995 - 33%)	970,000	821,346
Deferred tax	(991)	(2,275)
	<u>969,009</u>	<u>819,071</u>
Prior year movement - deferred tax	1,363	-
- corporation tax	2,694	-
	<u>973,066</u>	<u>819,071</u>

The tax charge is abnormally high due to expenditure not allowable for tax purposes, principally the amortisation of landfill sites.

7. DIVIDENDS

	1996 £	1995 £
On equity shares		
Proposed - 18.6p per ordinary share (1995 - 18.6p per ordinary share)	<u>1,500,000</u>	<u>1,500,000</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
8. TANGIBLE FIXED ASSETS

	Freehold properties £	Short leasehold properties and licence agreements £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 1996	11,467,596	1,471,183	2,113,757	247,843	15,300,379
Additions	2,606,172	1,368,188	885,555	133,962	4,993,877
Transferred from group undertaking	-	-	418,212	293	418,505
Transferred to group undertaking	-	-	-	(19,250)	(19,250)
Disposals	-	-	(64,500)	(74,662)	(139,162)
At 31 December 1996	<u>14,073,768</u>	<u>2,839,371</u>	<u>3,353,024</u>	<u>288,186</u>	<u>20,554,349</u>
Depreciation					
At 1 January 1996	403,128	573,940	749,533	71,832	1,798,433
Charge for the year	458,114	314,488	378,265	46,876	1,197,743
Transferred to group undertaking	-	-	-	(1,203)	(1,203)
Disposals	-	-	(9,375)	(28,872)	(38,247)
At 31 December 1996	<u>861,242</u>	<u>888,428</u>	<u>1,118,423</u>	<u>88,633</u>	<u>2,956,726</u>
Net book value					
At 31 December 1996	<u>13,212,526</u>	<u>1,950,943</u>	<u>2,234,601</u>	<u>199,553</u>	<u>17,597,623</u>
At 31 December 1995	<u>11,064,468</u>	<u>897,243</u>	<u>1,364,224</u>	<u>176,011</u>	<u>13,501,946</u>

Included in the net book value of plant and equipment and motor vehicles is £1,388,890 (1995 - £991,212) in respect of assets held under finance leases.

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

8. TANGIBLE ASSETS (continued)

Freehold properties are stated at:

	1996 £	1995 £
Open market value at 31 December 1993	4,100,000	4,100,000
Cost	9,973,768	7,367,596
	<u>14,073,768</u>	<u>11,467,596</u>
At 31 December 1996		

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

	1996 £	1995 £
Cost	11,048,031	8,441,859
Accumulated depreciation based on historical cost	703,138	309,834
	<u>10,344,893</u>	<u>8,132,025</u>
Historical cost net book value		

All other assets are stated at historical cost.

9. INVESTMENTS HELD AS FIXED ASSETS

	1996 £	1995 £
Cost		
At 1 January 1996	857	4
Additions - professional costs	-	853
	<u>857</u>	<u>857</u>
At 31 December 1996		

The above investments comprise the following:

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

10. STOCKS

	1996 £	1995 £
Raw materials and consumables	<u>48,882</u>	<u>43,912</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
11. DEBTORS (DUE WITHIN ONE YEAR)

	1996 £	1995 £
Trade debtors	2,402,845	1,500,357
Amounts owed by other group undertakings	263,896	-
Other debtors	-	21,085
Prepayments and accrued income	219,428	398,284
	<u>2,886,169</u>	<u>1,919,726</u>

12. DEBTORS (DUE IN MORE THAN ONE YEAR)

	1996 £	1995 £
Prepayments and accrued income	419,254	287,118
	<u>419,254</u>	<u>287,118</u>

13. CASH AT BANK AND IN HAND - ESCROW DEPOSITS

Escrow deposits represent amounts held in accounts in the name of Anti-Waste Limited 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 and, accordingly the comparatives have been restated.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank loan and overdraft (note 16)	1,491,763	1,221,038
Trade creditors	343,423	435,116
Amounts owed to other group undertakings	37,750	1,705,903
Other creditors	195,753	98,955
Corporation tax	916,882	880,555
Other taxes and social security	1,304,194	113,420
Accruals and deferred income	386,773	297,401
Obligations under finance leases	400,280	272,714
Proposed dividend to parent company	1,500,000	1,500,000
	<u>6,576,818</u>	<u>6,525,102</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1996

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Bank loan (note 16)	194,360	365,380
Amount owed to parent company	5,000,000	-
Amount owed to other group undertakings (see note 24(a))	214,334	-
Obligations under finance leases	701,727	589,357
Accruals and deferred income	362,500	412,000
	<u>6,472,921</u>	<u>1,366,737</u>

(a) The amount due to the parent company is not subject to agreed repayment terms. The parent company has confirmed that it will not be called for repayment within 12 months of the balance sheet date. Accordingly, it has been disclosed as due after more than one year.

(b) The amount due to other group undertakings is not subject to agreed repayment terms. It has been disclosed as due after more than one year as it relates to the provision for restoration and post closure monitoring costs.

	1996 £	1995 £
(c) Accruals and deferred income is due as follows:		
Between one and two years	50,000	50,000
Between two and five years	200,000	200,000
After five years	112,500	162,000
	<u>362,500</u>	<u>412,000</u>
(d) Obligations under finance leases are repayable in instalments as follows:		
Between one and two years	326,962	274,474
Between two and five years	374,765	313,321
After five years	-	1,562
	<u>701,727</u>	<u>589,357</u>

16. BANK LOAN AND OVERDRAFT

The aggregate amount of bank loan and overdraft was as follows:

	1996 £	1995 £
Falling due within one year:		
Bank overdraft	1,331,767	1,061,042
Bank loan	159,996	159,996
	<u>1,491,763</u>	<u>1,221,038</u>
Falling due after more than one year:		
Bank loan		
Between one and two years	159,996	159,996
Between two and five years	40,019	213,348
	<u>200,015</u>	<u>373,344</u>
Less arrangement fees	5,655	7,964
	<u>194,360</u>	<u>365,380</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1996

16. BANK LOAN AND OVERDRAFT (continued)

The bank loan is repayable by instalments and carries interest at 2.25% over Lloyds Bank plc base rate. The loan and overdraft are secured by an unlimited debenture over certain freehold properties and certain landfill rights and an unlimited debenture over all the assets of the company, Waste Recycling Limited, Anti-Waste (Restoration) Limited, Anti-Rubbish Limited, Waste Recycling Group plc, Herrington Limited and Lincwaste Limited and are wholly repayable within five years.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation 1996 £
The movement during the year is as follows:	
At 1 January 1996	1,448
Transfer from profit and loss account	(991)
Prior year movement	1,363
	<hr/>
At 31 December 1996	1,820
	<hr/>

The amounts of deferred taxation provided, and the amounts for which no provision has been made in the accounts, are as follows:

	Provided		Unprovided	
	1996	1995	1996	1995
	£	£	£	£
Timing differences:				
Accelerated capital allowances	-	-	256,000	228,129
Other timing difference	1,820	1,448	-	-
Revaluation of freehold property	-	-	802,611	802,611
	<hr/>	<hr/>	<hr/>	<hr/>
	1,820	1,448	1,058,611	1,030,740
	<hr/>	<hr/>	<hr/>	<hr/>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
18. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
8,100,000 ordinary shares of £1 each	8,100,000	8,100,000
	<u>8,100,000</u>	<u>8,100,000</u>
Called up, allotted and fully paid:		
8,061,500 ordinary shares of £1 each	8,061,500	8,061,500
	<u>8,061,500</u>	<u>8,061,500</u>

19. SHARE PREMIUM ACCOUNT

	1996 £	1995 £
At 1 January 1996 and at 31 December 1996	83,260	83,260
	<u>83,260</u>	<u>83,260</u>

20. REVALUATION RESERVE

	1996 £	1995 £
At 1 January 1996	2,932,444	2,950,632
Transfer to profit and loss account (note 22)	(64,811)	(18,188)
	<u>2,867,633</u>	<u>2,932,444</u>
At 31 December 1996	2,867,633	2,932,444
	<u>2,867,633</u>	<u>2,932,444</u>

21. OTHER RESERVE

	1996 £	1995 £
Goodwill		
At 1 January 1996	(3,394,601)	(3,350,000)
Additions	-	(44,601)
	<u>(3,394,601)</u>	<u>(3,394,601)</u>
At 31 December 1996	(3,394,601)	(3,394,601)
	<u>(3,394,601)</u>	<u>(3,394,601)</u>

22. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
At 1 January 1996	346,670	206,646
Retained profit for the financial year	147,986	121,836
Transfer from revaluation reserve (note 20)	64,811	18,188
	<u>559,467</u>	<u>346,670</u>
At 31 December 1996	559,467	346,670
	<u>559,467</u>	<u>346,670</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	1,647,986	1,621,836
Dividends	(1,500,000)	(1,500,000)
Goodwill written off to reserves	-	(44,601)
New share capital issued	-	8,000,000
Net addition to shareholders' funds	147,986	8,077,235
Opening shareholders' funds	8,029,273	(47,962)
Closing shareholders' funds	<u>8,177,259</u>	<u>8,029,273</u>

24. CONTINGENT LIABILITIES

- a) The company's policy is to operate, restore and monitor landfill sites in full compliance with the relevant legislation and have periodic environmental audits. This will minimise the likelihood of environmental damage being caused. However, given the nature of landfill operations such damage may occur and a contingent liability may exist, the amount of which cannot be quantified. In view of the company's policy the directors believe the possibility of liability for environmental damage to be remote. Consequently, a provision has not been made for possible environmental liabilities.

As holder of the Waste Management licences the company has an obligation to restore and monitor its landfill sites post closure. At 31 December 1996, the liability for these costs, calculated by reference to input, amounted to £214,334.

A fellow group company has agreed to provide the required restoration and post closure monitoring services. As a result, the liability has been disclosed as an amount due to other group undertakings in note 15.

- b) The company has entered into unlimited cross-guarantees with its bankers relating to the borrowings of other group companies. At 31 December 1996 the bank borrowings of other group companies amounted to £4,726,000 (1995 - £4,411,000).
- c) 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.
- d) The company has provided performance bonds in respect of certain landfill contracts. At 31 December 1996, the amount of the bonds was £145,000.

25. CAPITAL COMMITMENTS

	1996 £	1995 £
Contracted for but not provided	<u>498,000</u>	<u>489,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

26. PENSION CONTRIBUTIONS

The company operates a defined contribution pension scheme on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendation of a qualified actuary. The annual contributions under this scheme amounted to £35,698 (1995 - £43,823).

27. OPERATING LEASE COMMITMENTS

At 31 December 1996, the company had annual commitments in respect of land and buildings under non-cancellable operating leases as follows:

	1996 £	1995 £
Operating leases which expire		
In the second to fifth years inclusive	20,000	-
In over five years	4,000	36,403
	<u>24,000</u>	<u>36,403</u>

28. ENVIRONMENTAL COMMITMENTS

As explained in note 13 to the accounts, 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 three of its sites. A total of £4,642,000 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, cost 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 against 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.

29. PARENT COMPANY

The company is a wholly owned subsidiary of Waste Recycling Group plc, a company which is registered in England and Wales. Copies of group accounts of Waste Recycling Group plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1996**30. DIRECTORS' INTERESTS IN TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

During the year the company entered into the following arrangements in which Mr P A Rackham and Mr P A Rackham Jnr had an interest by virtue of their management responsibilities and shareholdings in the companies noted below:

- (i) The company entered into an agreement with Paul Rackham Limited for the rental of office space at an annual rental of £10,000 per annum. This lease expired on 31 December 1996. The terms of the lease were in accordance with the terms of the option granted at the time of the flotation on 9 March 1994. A new lease has been negotiated to include further offices and car park space at a net annual rental of £20,000 after a 25 per cent discount.
- (ii) The company made charges to Paul Rackham Limited totalling £5,280 for the provision of litter picking services.

In addition to the above, Mr P A Rackham had an interest in the following:

- (iii) In order to satisfy customer storage requirements the group rented warehouse accommodation from Paul Rackham Developments Limited. The total expenditure in the year in connection with this was £4,972.
- (iv) The company made charges to Paul Rackham Developments Limited totalling £23,176 for the provision of labour.

In connection with the above there are amounts totalling £4,000 (1995 - £13,000) included within debtors due within one year.

In the ordinary course of business, the company has traded with its ultimate parent company Waste Recycling Group plc together with its subsidiaries. The company is exempt from disclosing details of these transactions because copies of Waste Recycling Group plc group financial statements are publicly available.