

Landfill Management Limited

Directors' report and financial statements

31 March 1995

Registered number 2069821



Landfill Management Limited

Directors' report and financial statements

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Landfill Management Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1995.

Principal activities

The principal activity of the company is that of providing refuse disposal services.

The company has been set up in accordance with the Environmental Protection Act 1990. The company is a wholly owned subsidiary of Wigan Metropolitan Borough Council. There are a number of operating agreements concerning the day to day activities of the company. These agreements include a contract for disposing of the domestic and trade waste arising in the Metropolitan Borough of Wigan.

Business review

The results for the year are set out on page 4 of these financial statements.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The loss for the year retained in the company is £644,793.

Significant changes in fixed assets

Information relating to changes in fixed assets is included in note 9 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

N Turner	(Chairman)
M Gallagher	
P Sawbridge	
MA McManus	(Secretary)
A Postlewaite	

None of the directors who held office at the end of the financial year had any disclosable interest in the shares and debentures of the company.

Landfill Management Limited

Directors' report

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:

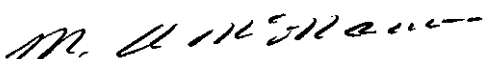
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 maintaining 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.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



MA McManus
Secretary

New Town Hall
Library Street
WIGAN
WN1 1YN



St James' Square
Manchester M2 6DS

Auditors' report to the members of Landfill Management Limited

We have audited the financial statements on pages 4 to 16.

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 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

KPMG

11/12/95



Landfill Management Limited

Profit and loss account for the year ended 31 March 1995

	Note	1995	1994
		£	£
Turnover		3,198,917	3,122,903
Cost of sales			
Ongoing activities		(3,309,862)	(2,996,311)
Exceptional	5	(316,000)	-
		<u>(3,625,862)</u>	<u>(2,996,311)</u>
Gross profit		(426,945)	126,592
Administrative expenses		<u>(197,085)</u>	<u>(181,085)</u>
Operating loss		(624,030)	(54,493)
Other interest receivable and similar income	6	41,808	11,138
Interest payable and similar charges	7	<u>(62,571)</u>	<u>(31,890)</u>
Loss on ordinary activities before taxation	2-7	(644,793)	(75,245)
Tax on loss on ordinary activities	8	-	-
Loss on ordinary activities after taxation		(644,793)	(75,245)
Retained loss for the financial year		(644,793)	(75,245)
Retained loss brought forward		<u>(75,245)</u>	<u>-</u>
Retained loss carried forward		(720,038)	(75,245)

There were no other gains or losses other than the loss for the year in either the current or preceeding period.

Landfill Management Limited

Balance sheet at 31 March 1995

	Note	1995 £	£	1994 £	£
Fixed assets					
Tangible assets	9	1,412,906		1,509,140	
Current assets					
Debtors	10	447,132		417,719	
Special deposits	11	563,414		333,000	
Cash at bank and in hand		600,269		168,410	
		<u>1,610,815</u>		<u>919,129</u>	
Creditors: amounts falling due within one year	12	(473,040)		(295,935)	
Net current assets		<u>1,137,775</u>		<u>623,194</u>	
Total assets less current liabilities		<u>2,550,681</u>		<u>2,132,334</u>	
Creditors: amounts falling due after more than one year	13	(686,811)		(643,686)	
Provisions for liabilities and charges	14	(1,463,906)		(443,891)	
Net assets		<u>399,964</u>		<u>1,044,757</u>	
Equity capital and reserves					
Called up share capital	16	1,120,002		1,120,002	
Profit and loss account		(720,038)		(75,245)	
Equity shareholders' funds		<u>399,964</u>		<u>1,044,757</u>	

These financial statements were approved by the board of directors on 17th October 1995 and were signed on its behalf by:


N Turner
Director


MA McManus
Director

Landfill Management Limited

Cash flow statement

for the year ended 31 March 1995

	Note	1995	1994
		£	£
Net cash inflow from operating activities	17	784,685	295,630
Return on investments and servicing of finance			
Interest received		22,399	2,813
Interest paid		(50,389)	(15,037)
Interest element of finance lease rental payments		(6,123)	(11,390)
Net cash outflow from returns on investment an servicing of finance		(34,113)	(23,614)
Tax paid		-	-
Investing activities			
Purchase of tangible fixed assets		(207,519)	(1,486,744)
Net cash outflow from investing activities		(207,519)	(1,486,744)
Net cash inflow/(outflow) before financing		543,053	(1,214,728)
Financing			
Issue of ordinary share capital		-	1,120,000
Debenture loan	19	143,125	631,875
Capital element of finance lease rental payments	19	(23,905)	(35,739)
Net cash inflow from financing		119,220	1,716,136
Increase in cash and cash equivalents	18	662,273	501,408

Landfill Management Limited

Reconciliation of movements in shareholders' funds for the year ended 31 March 1995

	1995 £	1994 £
Loss for the financial year	(644,793)	(75,245)
Shares issued at par	-	1,120,000
Net (reduction in)/addition to shareholders' funds	(644,793)	1,044,755
Opening shareholders' funds	1,044,757	2
Closing shareholders' funds	399,964	1,044,757

Landfill Management Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The basis of preparation assumes the continued support of Wigan Metropolitan Borough Council, the shareholders and the company's financiers.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Premium on leases	-	over life of asset
Plant and machinery	-	15-25% per annum
Fixtures and fittings		
tools and equipment	-	15-25% per annum

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions and other post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Restoration and after care provision

The company provides for its anticipated share of restorations costs and after care over the life of each landfill site.

Landfill Management Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year entirely within the United Kingdom.

2 Loss on ordinary activities before taxation

	1995 £	1994 £
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	9,955	5,000
Depreciation on tangible fixed assets:		
Owned	279,282	29,739
Leased	24,471	36,933
Hire of plant and machinery - rentals payable under operating leases	61,850	22,530

Landfill Management Limited

Notes (continued)

3 Remuneration of directors

	1995 £	1994 £
Directors' emoluments:		
As directors	8,240	7,951
Remuneration as executives	11,225	9,987

The emoluments, excluding pension contributions, of the chairman were £369 (1994: £231) and those of the highest paid director were £12,502 (1994: £11,710).

The emoluments, excluding pension contributions, of the directors (including the highest paid director) were within the following ranges:

	Number of directors	
	1995	1994
£0 - £ 5,000	4	5
£ 10,001 - £15,000	1	1

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year analysed by category, was as follows:

	Number of employees	
	1995	1994
Administration	8	7
Waste disposal sites	6	6
Civic Amenity sites	12	12
	26	25

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	420,282	359,636
Social security costs	29,501	23,932
Other pension costs (see note 20)	16,695	13,571
	466,478	397,139

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Notes (continued)

5 Exceptional

	1995 £	1994 £
Exceptional	316,000	-

The exceptional charge relates to a reassessment of restoration and aftercare provisions.

6 Other interest receivable and similar income

	1995 £	1994 £
Bank interest	41,808	11,138

7 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdrafts and other loans wholly repayable within five years	56,448	20,500
Finance charges payable in respect of finance leases and hire purchase contracts	6,123	11,390
	62,571	31,890

8 Taxation

No taxation charge arose due to the incidence of losses. The Inspector of Taxes has questioned the allowability of a restoration provision amounting to £398,891 at 31 March 1994. The directors believe that this provision is allowable and therefore have treated these restoration costs as allowable in the calculation of the tax charge.

Landfill Management Limited

Notes (continued)

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures fittings, tools and equipment	Total
	£	£	£	£
Cost				
At beginning of year	1,325,000	216,921	33,891	1,575,812
Additions	146,380	49,901	11,238	207,519
At end of year	1,471,380	266,822	45,129	1,783,331
Depreciation				
At beginning of year	-	63,340	3,332	66,672
Charge for year	240,845	55,871	7,037	303,753
At end of year	240,845	119,211	10,369	370,425
Net book value				
At 31 March 1995	1,230,535	147,611	34,760	1,412,906
At 31 March 1994	1,325,000	153,581	30,559	1,509,140

The net book value of land and buildings comprises:

	1995 £
Long leasehold premium	1,200,000

Included in the total net book value is £27,664 (1994: £52,135) in respect of assets held under finance leases. Depreciation for the year on these assets was £24,471 (1994: £36,933).

Landfill Management Limited

Notes (continued)

10 Debtors

	1995	1994
	£	£
Trade debtors	280,382	404,490
Other debtors	52,577	13,229
Prepayments	114,173	-
	<u>447,132</u>	<u>417,719</u>

All debtors fall due within one year.

11 Special deposits

	1995	1994
	£	£
Special deposits	563,414	333,000
	<u>563,414</u>	<u>333,000</u>

These special deposits represent monies, under agreements with the Wigan Metropolitan Borough Council, placed on special deposit in anticipation of expenditure on restoration and environment impairment on landfill sites. Access to these funds is by authorised signature of both the company and Wigan Metropolitan Borough Council.

12 Creditors: amounts falling due within one year

	1995	1994
	£	£
Debenture loan	100,000	-
Obligations under finance leases and hire purchase contracts	17,613	41,519
Trade creditors	75,962	187,761
Other creditors including taxation and social security:		
Taxation and social security	45,754	22,471
Other creditors	71,206	27,071
	<u>116,960</u>	<u>49,542</u>
Accruals and deferred income	162,505	17,113
	<u>473,040</u>	<u>295,935</u>

The debenture is secured by a fixed and floating charge over all present and future assets of the company.

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Notes (continued)

13 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Debenture loans	675,000	631,875
Obligations under finance leases and hire purchase contracts	11,811	11,811
	<u>686,811</u>	<u>643,686</u>

The debenture is secured by a fixed and floating charge over all present and future assets of the company.

All creditors fall due within five years.

14 Provisions for liabilities and charges

	Other provisions £
At beginning of year	443,891
Charge for the year in the profit and loss account	1,020,015
At end of year	<u>1,463,906</u>

The provisions include the company's share of the forecast costs of restoration and aftercare of landfill sites. These costs are shared with Wigan Metropolitan Borough Council who previously operated some of the sites in question. These provisions are based on management's best estimates. Given the changing legislative environment these estimates may require revision as events unfold.

The amounts unprovided in respect of deferred tax liabilities/(assets) are set out below:

	1995		1994	
	Provided	Unprovided	Provided	Unprovided (restated)
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	-	6,810	-	6,469
Other timing differences	-	(18,675)	-	(10,535)
	<u>-</u>	<u>(11,865)</u>	<u>-</u>	<u>(4,066)</u>

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Notes (continued)

15 Commitments

The capital commitments at the end of the financial year for which no provision has been made are as follows:

	1995 £	1994 £
Authorised but not contracted	1,455,000	950,000

16 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,120,002	1,120,002
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,120,002	1,120,002

17 Reconciliation of operating loss to net cash inflow from operating activities

	1995 £	1994 £
Operating loss	(624,030)	(54,493)
Depreciation charge	303,753	66,672
Increase in debtors	(10,004)	(409,394)
Increase in creditors	94,951	248,954
Increase in provisions	1,020,015	443,891
Net cash inflow from operating activities	784,685	295,630

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Notes (continued)

18 Analysis of changes in cash and cash equivalents

	Special deposits (see note 11) £	Cash £	Total £
Balance at 31 March 1993	-	2	2
Net cash inflow	333,000	168,408	501,408
Balance at 31 March 1994	333,000	168,410	501,410
Net cash inflow	230,414	431,859	662,273
Balance at 31 March 1995	563,414	600,269	1,163,683

19 Analysis of changes in financing during the year

	Share capital £	Loans and finance lease obligations £
Balance at 1 April 1993	2	-
Cash inflow from financing	1,120,000	685,205
Balance at 31 March 1994	1,120,002	685,205
Debenture loan	-	143,125
Capital repayment of finance leases	-	(23,905)
Balance at 31 March 1995	1,120,002	804,425

20 Pension costs

The pension charge for the year represents contributions payable by the company to the independently administered fund which amounted to £16,695(1994: £13,571).

21 Ultimate holding organisation

Wigan Metropolitan Borough Council owns 100% of the share capital.