Landfill Management Limited

Directors' report and financial statements

Registered number 02069821

31 December 2009

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Statutory information

Directors

P Taylor
VF Orts-Llopis
A Serrano Minchan

Joint Company Secretary

C Favier-Tilston
C De Feo

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Auditors

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Directors' report and business review

The Directors of Landfill Management Limited (the Company') present their report and audited financial statements for the year ended 31 December 2009

Overview of Parent Group

The Company is part of Waste Recycling Group Limited ("WRG') and is ultimately owned by Fomento de Construcciones y Contratas, S A ("FCC"), a significant multi-national business listed on the Spanish stock exchange, with operations in Europe, South America and the United States of America FCC's principal activities cover Environmental Services (including waste management), Non-Environmental Services, Construction, Cement, Renewable Energy and Real Estate

FCC's substantial financial strength and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts, this complements the Group's position as a principal player in the UK waste management sector and WRG's ambition to become a key player in establishing the next generation of waste treatment infrastructure in the UK FCC's current strategic plan has the objectives of consolidating and integrating the Group further into the wider FCC Group and investing in the continued development of services in the UK The Board of WRG continues to look forward to the opportunities that are presented to WRG and its employees by virtue of FCC's plans to expand its operations in the UK

The Board of WRG sees the development of major waste infrastructure and strategic long-term partnerships as key to WRG's future business growth and expects considerable activity and deployment of Group resources into major Private Finance Initiative ("PFI") and Public Private Partnership ("PPP") schemes, the development of innovative waste treatment solutions and provision of regional facilities such as the Allington Energy from Waste ('EfW") plant

The Board of WRG remains of the view that EfW will be a key component of regional waste strategies, in combination with other recycling and recovery operations Landfill disposal will gradually decline in importance due to the announcement that landfill tax will increase by £8 per tonne up to £72 per tonne in 2013 Other technical solutions such us Mechanical Biological Treatment ('MBT") processes producing Solid Recovered Fuel ('SRF") will find a place in the mix of solutions as power companies respond to the demand for energy from renewable services by constructing EfW plants accepting renewable fuels derived from waste and from biomass

Principal activity and business review

The principal activity of the Company during the year ended 31 December 2009 was handling, recycling and disposal of waste materials

The activities, strategies and risks affecting the Company are inextricably similar to, and dependent on, those of the Group which is one of the UK's leading waste management services companies in the UK and provides a range of cost effective and sustainable waste processing, recycling, treatment, disposal and energy recovery services for Local Authority and private commercial customers During the year under review, the Group received, treated, recycled and disposed of 9 8 million (2008 10 4 million) tonnes of household, commercial and industrial waste and managed around 200 permitted waste management facilities Through innovative solutions, backed by a commitment to service, WRG is committed to working with its Local Authority partners and industrial and commercial customers to respond to often complex and far-reaching waste management strategies, to meet the challenges of increased regulation from the UK and Europe, and improve upon waste management targets The Group is a key player within the municipal waste management sector with over 100 municipal contracts across England, Wales and Scotland

At the end of 2009, WRG recognised the changes in the marketplace and responded by restructuring its business in order to bring it in line with new developments for waste and resource management, and in particular, the need to create more value from waste customers

Directors' report and business review (continued)

Principal Risks and Uncertainties

Operating in the UK's highly regulated waste management market gives rise to numerous risks and uncertainties for the Group and Company The Board of WRG on behalf of the Group has appointed a Risk Committee that actively monitors the key risks that impact the business including the compilation of a comprehensive risk register The Directors of WRG on behalf of the Group regard the following to be the principal risks and uncertainties affecting the Group that includes the Company and their approach to managing these risks and uncertainties is considered below

- Health and Safety Health and safety is a key issue for the Group due to the nature of its operations, including the use of heavy plant equipment and difficult working conditions The Group is continually improving in this area as a result of ongoing consultation with the relevant authorities and the monitoring of best practice initiatives Whenever an area is highlighted for improvement, the Group seeks to implement such improvement expeditiously, through bulletins, on-line training courses and tool-box briefings The Group's Incident Review Panel meets quarterly, at which senior management review significant health and safety incidents that have occurred at WRG sites to identify improvements and lessons for the business

  All employees undertake health and safety training, which is underpinned by detailed policies and procedures The Board of WRG on behalf of the Group receives regular reports on health and safety performance affecting the Group's operations and it employs a dedicated team, led by the Group Health and Safety Manager, to monitor and promote high standards All employees are expected to recognise their role in achieving acceptable standards of health and safety and are expected to exhibit this through their approach and attitude to work All employees are expected to complete on-line health and safety awareness training every eight weeks This has helped to continue to improve the Group's already high health and safety standards

- Environmental risks The Group's operations are tightly controlled under environmental legislation derived principally from the Environment Agency and Scottish Environment Protection Agency Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement The Directors of WRG on behalf of the Group receive regular reports on environmental compliance at the Group's sites and environmental compliance is managed by a dedicated in-house team The Group has adopted a formal environmental policy, which was reviewed in 2009 and there are detailed environmental procedures to enable compliance with environmental legislation

- Litigation The Group is subject to litigation from time to time The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected There is also a risk that litigation could be instigated in the future that could materially impact the Group In some liability cases legal expenses are covered by the Group's liability insurance This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team

- Major disruption/disaster The Group, as part of its risk management programme, has developed business continuity planning for its operations As part of this planning the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region), which are periodically tested for their effectiveness both internally and by external specialists The Significant Events Response Team is brought together to plan for or deal with any significant events that occur or could potentially occur WRG's IT systems are outsourced to a specialist IT services company and are covered by a disaster recovery plan, to ensure business continuity WRG is working on the development of a new business continuity plan under the control of WRG's Integrated Management System ("IMS") that will be designed around the British Standard 25999

Directors' report and business review (continued)

- The effect of new legislation on other regulatory activities The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations Some municipal contracts include provisions that allow the Group to pass through certain increased costs arising as a result of legislative changes that occur during the life of the contract
- Competitive risk The Group operates in highly competitive markets in which competitors may offer services at rates below that of the Group To mitigate this risk the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation In addition, the Group endeavours to enter into medium and long-term waste disposal contracts to guarantee revenues over the longer-term, particularly with its municipal customers
- Employees The loss of key employees or the inability to hire experienced management personnel could have a material adverse effect on the business To manage this risk, succession planning for senior positions within the Group is undertaken In addition, the ownership of the Group by FCC enables the Group to draw on wider resources from within the FCC Group

Directors

The following individuals served as Directors of the Company during the year ended 31 December 2009

P Taylor	(appointed 1 December 2009)
VF Orts-Llopis	(appointed 1 December 2009)
SN Jennings	(resigned 11 June 2010)
A Serrano Minchan	(appointed 1 August 2009)
J Meredith	(resigned 27 November 2009)
LJD Cassells	(resigned 30 November 2009)

Results, dividends and key performance indicators

The results for the year ended 31 December 2009 are set out on page 9 The profit for the financial year ended 31 December 2009 amounted to £481,000 (2008 £349,000) The retained profit has been transferred (2008 transferred) to reserves The Company did not pay an interim dividend during the year (2008 £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2008 £nil)

Waste Recycling Group Limited manages its operations on a divisional basis For this reason the Company s Directors believe that the disclosure of further key performance indicators for the company is not appropriate for an understanding of the development, performance or position of the business

Going concern

The Directors, having assessed the responses of their enquiries to the indirect parent company, Waste Recycling Group Limited ('WRG), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities The most important components of financial risk are interest rate risk, credit risk and liquidity risk Due to the nature of the Company's activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are liquidity and credit risk

Directors' report and business review (continued)

Credit and liquidity risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of the Waste Recycling Group Both credit and liquidity risk are mitigated by the nature of the debtor balances owed, and creditor balances owing, being mainly inter-company from and to fellow subsidiaries of Waste Recycling Group

Future trends and developments

The Directors of both the Company and WRG consider that the business of the Group faces some obvious challenges in today's business climate, but have taken steps to reduce costs whilst diverting greater resource to the development of alternative recycling and treatment technologies and to the support of new business developments in the municipal sector The development of the business will be subject to numerous factors and the impact of European Union Directives on recycling markets and waste treatment continues to shape the business going forward The Group plans to continue to work closely with its municipal and trade customers to become their partner of choice in developing long-term sustainable solutions for waste treatment and disposal

Directors Indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report Such provisions were made by the WRG

Employees

The professionalism and commitment shown by the Group and Company's employees over the last year, during which time many structural and organisational changes have continued to take place, has been a major contribution to its successful operation The Board would like to thank all employees for their hard work, commitment and loyalty during what has been another challenging and eventful year

The Group and Company are committed to ensuring that its policies and practices reflect best practice for the whole life-cycle of its employment relationship The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status The Group has a structured training and development programme and is fully committed to ensuring that all employees have the necessary skills and knowledge to do their jobs effectively Subject to the nature of its businesses in the waste management industry, the policy of the Group is to ensure that there are fair opportunities for the employment, career development and training of disabled persons

The Directors of WRG on behalf of the Group recognise the importance of communication with employees and members of the Executive management team regularly visit sites and discuss with staff, matters of current interest and concern to the business An in-house magazine is also published on a regular basis

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirms that

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006 ('the Act")

Directors' report and business review (continued)

Auditors

During the year KPMG LLP resigned as auditors to the Company and were succeeded by Deloitte LLP ("Deloitte") Pursuant to Section 487 of the Act, Deloitte will be deemed to be reappointed as auditors until further notice

By order of the Board of Directors on 30 June 2010

C De Feo
Joint Company Secretary

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice, (United Kingdom Accounting Standards and applicable law)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period In preparing the 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 UK Accounting Standards have been followed subject to any material departures disclosed and explained in the parent company financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006 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

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of Landfill Management Limited

We have audited the financial statements of Landfill Management Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditors' 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
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Makhan Chahal

Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

5 July 2010

Profit and loss account
year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	2	**6,563**	5,969
Cost of sales		**(5,893)**	(5,346)
Gross profit		**670**	623
Administrative expenses		**(269)**	(291)
Operating profit		**401**	332
Net interest payable	5	**(19)**	(17)
Profit on ordinary activities before taxation	3	**382**	315
Tax credit on ordinary activities	6	**99**	34
Profit for the financial year	14	**481**	349

All results in the year ended 31 December 2009 relate to continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2009 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 2009

	Note		2009		2008
			£000		£000
Fixed assets					
Tangible assets	*7*		**2,312**		2,477
Current assets					
Debtors amounts due within one year	*8*		**5,394**		4,934
Debtors amounts due in more than one year	*9*		**4**		5
			5,398		4,939
Creditors: amounts falling due within one year	*10*		**(756)**		(1,086)
Net current assets			**4,642**		3,853
Total assets less current liabilities			**6,954**		6,330
Provisions for liabilities					
Deferred taxation	*11*	**(412)**		(511)	
Other provisions	*12*	**(569)**		(327)	
			(981)		(838)
Net assets			**5,973**		5,492
Capital and reserves					
Called up share capital	*13*		**2,000**		2,000
Profit and loss account	*14*		**3,973**		3,492
Shareholders' funds	*15*		**5,973**		5,492

These financial statements for Landfill Management Limited (registered number 02069821) were approved by the board of Directors on 30 June 2010 and were signed on its behalf by

VF Orts-Llopis
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

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

Accounting convention

The financial statements are prepared under the historical cost convention

Going concern

The Directors, having assessed the responses of their enquiries to the indirect parent company, Waste Recycling Group Limited ('WRG'), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors report and financial statements

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 an indirectly wholly owned subsidiary of a group which has prepared a consolidated cash flow statement

Fixed assets and depreciation

Tangible fixed assets are shown at cost Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of assets as follows

Freehold landfill sites	- based on the void used in the period as a proportion of total void
Plant and machinery	- 3 to 10 years
Motor vehicles	- 3 to 5 years

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

Operating leases

Operating leases and the relevant annual rentals are charged to the profit and loss account on a straight-line basis over the lease term

Post Retirement Benefits

The Company participates in a pension scheme 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 FRS 17 '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

Decommissioning and aftercare costs

Full provision has been made for the net present value ("NPV") of the Company's minimum unavoidable costs, in respect of decommissioning 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 decommissioning 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)*

1 Accounting policies *(continued)*

Turnover

Turnover is stated net of value added tax and trade discounts Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

2 Turnover

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

3 Profit on ordinary activities before taxation

	2009 **£000**	2008 £000
Profit on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off tangible fixed assets	**177**	196
Profit on disposal of tangible fixed assets	**-**	(1)
Operating leases – hired plant and machinery	**88**	109
Operating leases – land and buildings	**81**	81
Increase in decommissioning and aftercare provisions on revision of estimate of future costs	**97**	-

Auditors' remuneration in respect of audit fees totalling £4,000 has been met by Waste Recycling Limited, a fellow subsidiary undertaking of Waste Recycling Group Limited

Notes *(continued)*

4 Information regarding Directors and employees

None of the Directors received any remuneration or other benefits in respect of services to the Company during the year ended 31 December 2009 or the year ended 31 December 2008 They are all remunerated as Directors or employees of Waste Recycling Group Limited, the indirect parent company of the Company

	2009	2008
	No.	No
Average number employed (including the Directors) by the Company during the year	**32**	24

	2009	2008
	£000	£000
Staff costs incurred during the year in respect of these employees were		
Wages and salaries	**547**	439
Social security costs	**44**	37
Other pension costs	**23**	31
	614	507

5 Net interest payable

	2009	2008
	£000	£000
Interest payable and similar charges		
Unwinding of discount (note 12)	**(19)**	(17)

6 Tax on profit on ordinary activities

	2009	2008
	£000	£000
Corporation tax		
United Kingdom corporation tax at 28% *(2008 28 5%)* based on profit for the year	**-**	-
Total current tax charge	**-**	-
Deferred tax		
Timing differences, origination and reversal	**(99)**	(34)
Tax credit on profit on ordinary activities	**(99)**	(34)

Notes *(continued)*

6 Tax on profit on ordinary activities (continued)

The total current tax charge for the current year and previous year are different from the standard rate of 28% *(2008 28 5%)* for the reasons set out in the following reconciliation

	2009 £000	2008 £000
Profit on ordinary activities before tax	**382**	315
Tax on profit on ordinary activities at standard rate	**107**	90
Factors affecting charge		
Group relief	**(139)**	(77)
Capital allowances (in excess of)/less than depreciation	**32**	(13)
	-	-

7 Tangible fixed assets

	Landfill sites £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2009	2,986	3,545	6,531
Additions	-	12	12
At 31 December 2009	2,986	3,557	6,543
Depreciation			
At 1 January 2009	2,986	1,068	4,054
Charge for the year	-	177	177
At 31 December 2009	2,986	1,245	4,231
Net book value			
At 31 December 2009	**-**	**2,312**	**2,312**
At 31 December 2008	-	2,477	2,477

8 Debtors: amounts due within one year

	2009 £000	2008 £000
Trade debtors	**433**	-
Amounts due from fellow group undertakings	**4,904**	4,849
Other debtors	**57**	85
	5,394	4,934

Notes *(continued)*

9 Debtors: amounts due in more than one year

	2009 £000	2008 £000
Amounts due from fellow subsidiary undertaking	**4**	5

10 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**96**	48
Amounts owed to fellow group companies	**-**	569
Accruals	**660**	469
	756	1,086

11 Deferred taxation

	2009 £000	2008 £000
At 1 January 2009	**511**	545
Movement during year	**(99)**	(34)
At 31 December 2009	**412**	511

The provision for deferred taxation is made up as follows

	Provided		Unprovided	
	2009 £000	2008 £000	2009 £000	2008 £000
Accelerated capital allowances	**412**	511	**-**	-

12 Provisions for liabilities

	Other provisions £000	Decommissioning £000	Landfill after-care £000	Total £000
At 1 January 2009	-	6	321	327
Charged/(credited) in profit and loss account	56	(1)	243	298
Unwinding of discount (note 5)	-	-	19	19
Expenditure in the year	(56)	-	(19)	(75)
At 31 December 2009	-	5	**564**	**569**

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period These provisions are discounted at a rate of 5% from the date on which the expenditure is expected to occur

Notes *(continued)*

12 Provisions for liabilities *(continued)*

These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit

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 Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site

13 Called up share capital

	2009	2008
	£000	£000
Authorised, allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	**2,000**	2,000

14 Reserves

	Profit and loss account £000
At 1 January 2009	**3,492**
Profit for the financial year	**481**
At 31 December 2009	**3,973**

15 Reconciliation of movements in shareholders' funds

	2009	2008
	£000	£000
Profit for the financial year	**481**	349
Opening shareholders funds	**5,492**	5,143
Closing shareholders' funds	**5,973**	5,492

Notes *(continued)*

16 Contingent liabilities

a) 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 It is not practical to estimate the value of the contingent liability at 31 Decemeber 2009

b) On 21 December 2006, the Company was a party to the refinancing of Azincourt Investment, SL ("Azincourt") and its subsidiary companies Azincourt was the company used by Fomento de Construcciones y Contratas, S A for the acquisition of Waste Recycling Group Limited and its subsidiary undertakings, including the Company The Company agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of Waste Recycling Group Limited The Company also entered into a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour The Facility Agreement was amended on 27 March 2007 principally reducing the level of the Facility and on 22 June 2007 primarily to extend a deadline for the release of an escrow account fund from the Environment Agency It is not practical to estimate the value of the contingent liability at 31 Decemeber 2009

17 Operating lease commitments

At 31 December 2009 and 31 December 2008, the Company had no annual commitments under non-cancellable operating leases

18 Pension contributions

The Company participates in the defined contribution schemes operated by Waste Recycling Group Limited on behalf of its eligible employees The assets of these schemes 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 employer contribution rate commencing from 1 April 2007 is 16% In addition, Waste Recycling Group Limited has agreed with the Scheme Trustee to pay additional contributions each year of £600,000 until 2010 to meet the ongoing funding of the Scheme

An actuarial valuation of the scheme at 31 March 2006 indicated that the scheme was 87% funded based upon the minimum funding requirement basis At 31 December 2009 the deficit on the WRG section of the LAWDC scheme, calculated on an FRS 17 basis, was £4,027,000 (*2008 £1,851,000*) 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

	2009	2008
	£000	£000
Defined contribution schemes	**2**	1
LAWDC pension scheme	**21**	30
	23	31

Notes (continued)

19 Related party transactions

In the ordinary course of business, the Company traded with fellow wholly owned subsidiaries of Waste Recycling Group Limited

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of these transactions

20 Ultimate parent company

The Directors regard Fomento de Construcciones y Contratas, S A , a company registered in Spain, as the ultimate controlling party and the ultimate parent entity

Fomento de Construcciones y Contratas, S A is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up Waste Recycling Group Limited is the parent company of the smallest group of which the Company is a member and for which group accounts are drawn up Copies of the financial statements of both Waste Recycling Group Limited and Fomento de Construcciones y Contratas, S A are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG