

Ryton Waste Disposal Limited

Annual Report

for the period ended 31 December 1998

Registered number : 2200487



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RYTON WASTE DISPOSAL LIMITED

**Annual Report
for the period ended 31 December 1998**

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COMPANY REGISTRATION NUMBER:

2200487

REGISTERED OFFICE:

**The Pickeridge
Stoke Common Road
Fulmer
Buckinghamshire
SL3 6HA**

RYTON WASTE DISPOSAL LIMITED

Directors' report for the year ended 31 December 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activity

The principal activity of the company is that of waste transportation.

Review of the business and future developments

The company made a loss before tax of £924,264 (1997: loss £8,574).

The loss after taxation for the year to 31 December 1998 was £924,248 (1997: loss £6,448). The directors do not recommend the payment of a dividend and the retained loss for the year ended 31 December 1997 will be deducted from reserves.

On 17 March 1998, the company acquired the waste transportation trade, and related assets, of Wm E Christer (Gravel) Limited and the entire trade and related assets of West Tyne Gravel Company Limited and Merryshields Gravel Company Limited. All companies are subsidiaries of Kirklees Waste Management Limited.

On 31 March 1998 the company acquired the Crawcrook landfill site from Ever1007 Limited. The company does not intend to operate this site for the foreseeable future.

On 31 August 1998 the company's waste management trade was transferred to Enviricare Limited, a wholly owned subsidiary of Northumbrian Environmental Management Limited.

On 22 December 1998, Northumbrian Water Group plc sold its 100% shareholding in Northumbrian Environmental Management Limited to S.I.T.A. Holding UK Limited.

Directors

The directors of the company during the year ended 31 December 1997 were:

A R Hornsby	resigned 5 February 1999
D Rodgers	resigned 16 March 1998
I F Goodfellow	appointed 16 March 1998
C M Green	appointed 16 March 1998, resigned 19 May 1999
P Taylor	appointed 16 March 1998, resigned 19 May 1999
J C Hutton	appointed 16 March 1998, resigned 19 May 1999

On 19 May 1999 Messrs. R A Searby and S J Thorne were appointed additional directors of the company.

Directors' interests

No director who held office on 31 December 1998 had an interest in the company's shares either during the financial year or at 31 December 1998.

The interests of the directors who held office on 31 December 1998 in the ordinary shares and debentures of the ultimate parent company, Suez Lyonnaise des Eaux SA are reported in the Directors' Report and Accounts of the Company's holding company, Northumbrian Environmental Management Limited, for the year ended 31 December 1998.

RYTON WASTE DISPOSAL LIMITED

**Directors' report
for the year ended 31 December 1998 (continued)**

Year 2000

The directors have assessed the risks and uncertainties associated with the year 2000 problem and have implemented a plan to ensure that the year 2000 will not adversely impact upon the systems in use. The cost of implementation is not considered to be significant.

Auditors

The company has appointed Arthur Andersen as auditors and has, by elective resolution pursuant to section 386 of the Companies Act 1985, dispensed with the obligation to appoint auditors annually.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1998. The directors also confirm that applicable Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



RA Searby
Director

19 January 2000

To the Shareholders of Ryton Waste Disposal Limited:

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

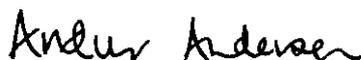
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. However, the company was unable to provide us with the information required to be disclosed in the accounts by Schedule 6 of the Companies Act 1985 regarding the emoluments and other benefits of directors who resigned during the period. However, there were no satisfactory audit procedures that we could adopt to obtain the relevant details or to confirm that directors' emoluments were properly recorded and disclosed in the accounts. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Qualified opinion arising from limitation in audit scope

Except for any adjustments and disclosures that might have been found to be necessary had we been able to obtain information about the emoluments of directors who resigned during the period as referred to above, in our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to directors' emoluments:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- proper accounting records had not been maintained.



Arthur Andersen

Chartered Accountants and Registered Auditors

Pearl Assurance House
7 New Bridge Street
Newcastle upon Tyne
NE1 8BQ

28 January 2000

RYTON WASTE DISPOSAL LIMITED

Profit and loss account for the year ended 31 December 1998

	Note	1998 £	1997 £
Turnover	2.	1,317,890	565,187
Cost of sales		<u>(1,309,803)</u>	<u>(250,981)</u>
Gross profit		8,087	314,206
Administration expenses		-	(320,356)
Exceptional charge: adjustment to landfill restoration and aftercare provisions	13.	<u>(908,163)</u>	<u>-</u>
Operating loss		(900,076)	(6,150)
Interest payable	7.	<u>(24,188)</u>	<u>(2,424)</u>
Loss on ordinary activities before taxation	2. & 3.	(924,264)	(8,574)
Tax on loss on ordinary activities	8.	<u>16</u>	<u>2,126</u>
Retained loss for the year	15.	<u><u>(924,248)</u></u>	<u><u>(6,448)</u></u>

All turnover and operating losses have arisen from the continuing operations of the business. The company has no recognised gains and losses other than those included in the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents.

The notes on pages 6 to 12 form part of these financial statements.

RYTON WASTE DISPOSAL LIMITED

Balance sheet as at 31 December 1998

	Note	31 December 1998 £	31 December 1997 £
Fixed assets			
Tangible assets	9.	<u>484,664</u>	<u>33,105</u>
Current assets			
Debtors	10.	3,833,890	371,194
Cash at bank and in hand		<u>-</u>	<u>-</u>
		3,833,890	371,194
Creditors: amounts falling due within one year	11.	<u>(3,701,021)</u>	<u>(372,213)</u>
Net current assets / (liabilities)		<u>132,869</u>	<u>(1,019)</u>
Total assets less current liabilities		617,533	32,086
Provisions for liabilities and charges	13.	<u>(1,509,970)</u>	<u>(275)</u>
Net assets		<u><u>(892,437)</u></u>	<u><u>31,811</u></u>
Capital and reserves			
Called up share capital	14.	300	300
Profit and loss account	15.	<u>(892,737)</u>	<u>31,511</u>
Equity shareholders' funds	16.	<u><u>(892,437)</u></u>	<u><u>31,811</u></u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 19 January 2000 and were signed on its behalf by:



RA Searby
Director

The notes on pages 6 to 12 form part of these financial statements.

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements for the year ended 31 December 1998

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

b) Going concern

The company has net liabilities at 31 December 1998. The directors have prepared the financial statements on a going concern basis as the company's immediate parent undertaking has confirmed its intention to provide financial support for the foreseeable future.

c) Cash flow statement

The company is exempt from the requirement of FRS1 (revised) to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of S.I.T.A. Holding UK Limited and the consolidated financial statements of that company are publicly available.

d) Turnover

Turnover, which excludes value added tax, represents the income receivable in the ordinary course of business for the provision of waste transportation services.

e) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost together with any incidental expenses of acquisition less accumulated depreciation and any provision for impairment.

The cost of containers purchased is added to the pooled cost of all such assets. Profits and losses on disposals from this pool are calculated by reference to the average net book value.

Assets are depreciated on a straight line basis over their useful economic lives to an expected residual value. The number of years over which assets are depreciated are as follows:

	Number of years
Motor vehicles	4 - 7
Fixtures, fittings, tools and equipment	5 - 10

f) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. Provision is made at the rate which is expected to apply when the liability or asset crystallises.

g) Finance and operating leases

Where assets are financed by hire purchase or leasing arrangements which transfer substantially all the risks and rewards of ownership to the company, the assets are treated as if they had been purchased and the corresponding capital cost is treated as a liability. Rentals or leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the outstanding liability and the finance costs being written off to the profit and loss account over the period of the hire purchase contract or lease in proportion to the reducing outstanding liability. Rentals under operating leases are charged on a straight-line basis over the lease term.

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements
for the year ended 31 December 1998 (continued)

1. Principal Accounting Policies (continued)

h) Pension scheme arrangements

The cost of providing the defined benefits scheme is charged to the profit and loss account so as to spread the cost over the expected average service lives of employees. Differences between the amounts funded and amounts charged to the profit and loss account are treated as either prepayments or provisions in the balance sheet.

i) Landfill restoration and aftercare provisions

Provisions for restoration and aftercare costs include costs associated with the closure and post-closure of landfill site. The company estimates its total future cost requirements for closure costs and post-closure monitoring and maintenance of the site after the anticipated closure. The provisions include final capping of the site, site inspection, ground water monitoring, leachate management, methane gas control and recovery and operation and maintenance costs to be incurred during the period after the site closes. The company makes provision for restoration and aftercare costs as the permitted airspace is used and an obligation arises.

Aftercare provisions have been shown at net present value. The current cost estimate has been inflated at 2% and discounted by 5%.

2. Turnover and loss on ordinary activities before taxation

Turnover and the loss on ordinary activities before taxation are attributable to the company's principal activity, the provision of waste transportation services. Turnover consists entirely of sales made in the United Kingdom.

3. Loss on ordinary activities before taxation

	1998	1997
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	76,007	4,122
Depreciation of tangible fixed assets held under finance leases	20,738	6,913
Exceptional charge: adjustment to landfill restoration and aftercare provisions	908,163	-
Auditors' remuneration - audit	-	760
	<u> </u>	<u> </u>

In the current period the audit fee has been borne by Northumbrian Environmental Management Limited.

4. Directors' emoluments

No director received any remuneration for services as a director of the company in the year ended 31 December 1998 (1997: £24,573).

5. Transactions with directors and officers

There are no transactions or arrangements which would be disclosable under the provisions of the Companies Act 1985.

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements
for the year ended 31 December 1998 (continued)

6. Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was:

<i>By activity</i>	1998 Number	1997 Number
Operational	7	3
Administration	4	3
	<u>11</u>	<u>6</u>
<i>Staff costs (for the above persons)</i>	£	£
Wages and salaries	230,256	125,731
Social security costs	21,295	11,064
Other pension costs	1,884	4,476
	<u>253,435</u>	<u>141,271</u>

7. Interest payable

	1998 £	1997 £
On bank loans and overdrafts	12,547	1,832
On finance leases and hire purchase contracts	-	592
Discount on provisions	11,641	-
Interest payable	<u>24,188</u>	<u>2,424</u>

8. Tax on loss on ordinary activities

	1998 £	1997 £
United Kingdom corporation tax at 31% (1997: 31%):		
Current	-	(1,821)
Deferred taxation	(275)	(305)
Underprovision of current tax in respect of prior years	259	-
Tax charge	<u>(16)</u>	<u>(2,126)</u>

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements
for the year ended 31 December 1998 (continued)

9. Tangible fixed assets

	Land & building £	Plant and machinery £	Total £
Cost			
At 1 January 1998	-	93,151	93,151
Reclassification	1,182	(1,182)	-
Additions	-	29,418	29,418
Transfers from group companies	493,602	498,426	992,028
Transfers to group companies	(19,499)	(527,844)	(547,343)
Disposals	-	(9,082)	(9,082)
At 31 December 1998	475,285	82,887	558,172
Depreciation			
At 1 January 1998	-	60,046	60,046
Charge for the period	11,727	64,280	76,007
Transfers to group companies	-	(62,545)	(62,545)
At 31 December 1998	11,727	61,781	73,508
Net book value			
At 31 December 1998	463,558	21,106	484,664
At 31 December 1997	-	33,105	33,105

The net book value of tangible fixed assets held under finance leases was as follows:

	31 December 1998 £	31 December 1997 £
Plant & machinery	-	20,738

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements
for the year ended 31 December 1998 (continued)

10. Debtors

	1998 £	1997 £
Amounts falling due within one year:		
Trade debtors	634,617	-
Amounts owed by parent and fellow subsidiary undertakings	3,156,065	364,140
Corporation tax	-	1,821
Other debtors	19,966	-
Prepayments and accrued income	23,242	5,233
	<u>3,833,890</u>	<u>371,194</u>

11. Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	387,694	84,418
Obligations under finance leases (note 12)	-	14,095
Trade creditors	62,955	52,328
Amounts owed to parent and fellow subsidiary undertakings	3,113,311	3,795
Corporation tax	259	-
Other taxation and social security payable	52,590	216,317
Other creditors	58,099	-
Accruals and deferred income	26,113	1,260
	<u>3,701,021</u>	<u>372,213</u>

12. Obligations under finance leases

	1998 £	1997 £
Amounts due:		
In less than one year	<u>-</u>	<u>14,095</u>
	<u>-</u>	<u>14,095</u>
Disclosed as due:		
Within one year	<u>-</u>	<u>14,095</u>
	<u>-</u>	<u>14,095</u>

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements
for the year ended 31 December 1998 (continued)

13. Provisions for liabilities and charges

	1998 £	1997 £
Provision for site restoration and maintenance	1,509,970	-
Deferred taxation	-	275
	<u>1,509,970</u>	<u>275</u>
	Provision for site restoration and maintenance £	Deferred taxation £
		Total £
At 1 January 1998	-	275
Transferred from group company	590,166	-
Charged/(credited) to profit and loss account	11,641	(275)
Exceptional charge	908,163	-
	<u>1,509,970</u>	<u>1,509,970</u>

Deferred taxation provided in the financial statements and the full potential liability are as follows:

	Amount provided 1998 £	1997 £
Timing differences arising from: Accelerated capital allowances	-	275

	Full potential (Asset)/liability 1998 £	1997 £
Timing differences arising from: Accelerated capital allowances	(17,270)	275

14. Called up share capital

	1998 £	1997 £
Authorised: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	£	£
Allotted, called up and fully paid: 300 ordinary shares of £1 each	<u>300</u>	<u>300</u>

15. Reserves

	Profit and loss account £
At 1 January 1998	31,511
Retained loss for the period	<u>(924,248)</u>
At 31 December 1998	<u>(892,737)</u>

RYTON WASTE DISPOSAL LIMITED

Notes to the financial statements for the year ended 31 December 1998 (continued)

16. Reconciliation of movements in equity shareholders' funds

	1998 £	1997 £
Opening equity shareholders' funds	31,811	38,259
Retained loss for the year	<u>(924,248)</u>	<u>(6,448)</u>
Closing equity shareholders' funds	<u><u>(892,437)</u></u>	<u><u>31,811</u></u>

17. Related party transactions

At 31 December 1998 the company was a wholly owned subsidiary undertaking of S.I.T.A. Holding UK Limited, a company that produces publicly available accounts in which the company is included. Consequently the company is exempt under the terms of Financial Reporting Standard No8 'Related Party Disclosures' from disclosing related party transactions with other members of the group headed by S.I.T.A. Holding UK Limited. There are no other related party transactions.

18. Ultimate parent company

The company's ultimate parent company and controlling party is Suez Lyonnaise des Eaux SA, a company incorporated in France. The largest group of which the company is member and for which consolidated accounts are prepared is Suez Lyonnaise des Eaux SA and copies of the consolidated accounts are available to the public from Suez Lyonnaise des Eaux SA, 1 Rue d'Astorg, Paris, France.

The smallest such group is that headed by S.I.T.A. Holding UK Limited. The consolidated accounts of the S.I.T.A. Holding UK Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.

S.I.T.A. Holding UK Limited is registered in England and Wales.