
WAREHAM BALL CLAY COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001

Registered Number: 2263477



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WAREHAM BALL CLAY COMPANY LIMITED

Company Information

Directors	IF Goodfellow IA Sexton
Secretary	EJG Cooper
Company Number	2263477
Registered Office	The Pickeridge Stoke Common Road Fulmer Buckinghamshire SL3 6HA
Auditors	Arthur Andersen 180 Strand London WC2R 1BL

WAREHAM BALL CLAY COMPANY LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2001.

Principal activities

The company trades in the business of mineral extraction.

Business review

The Wareham quarry site holds significant sand reserves and no significant change to the activities of the company is anticipated.

Results and dividends

The profit for the year after taxation, amounted to £18,000 (2000 - £224,000) .

The directors do not recommend the payment of a dividend (2000 - £nil) and the profit for the year after taxation will be added to reserves.

Directors

The directors who served during the year were as follows :

IF Goodfellow	
RA Searby	(resigned 2 March 2001)
IA Sexton	(appointed 2 March 2001)
SJ Thorne	(resigned 30 June 2001)

No director who held office on 31 December 2001 had an interest in the company's shares either during the financial year or at 31 December 2001.

The interests of the directors who held office on 31 December 2001 in the shares of the ultimate parent company, Suez SA are reported in the Directors' Report and Financial Statements of the company's intermediate holding company, SITA Products & Services Limited for the year ended 31 December 2001.

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 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

This report was approved by the board on 26 July 2002 and signed on its behalf by:



IA Sexton
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WAREHAM BALL CLAY COMPANY LIMITED**

We have audited the financial statements of Wareham Ball Clay Limited for the year ended 31 December 2001 which comprise the Profit and Loss account, Balance Sheet and the related notes to the accounts numbered 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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 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 at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

26 July 2002

WAREHAM BALL CLAY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2001

	Note	2001 £ '000	2000 £ '000
TURNOVER	1,2	918	753
Cost of sales		(853)	(438)
GROSS PROFIT		<u>65</u>	<u>315</u>
Administrative expenses		(50)	(96)
Other operating income		3	1
OPERATING PROFIT		<u>18</u>	<u>220</u>
Interest receivable	5	-	4
RETAINED PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	3	18	224
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>(9,014)</u>	<u>(9,238)</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u><u>(8,996)</u></u>	<u><u>(9,014)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2001 or 2000 other than those included in the profit and loss account.

The notes on pages 5 to 10 form an integral part of these financial statements.

WAREHAM BALL CLAY COMPANY LIMITED

BALANCE SHEET
As at 31 December 2001

	Note	2001 £ '000	2000 £ '000
FIXED ASSETS			
Tangible fixed assets	6	310	280
CURRENT ASSETS			
Stocks	7	94	132
Debtors	8	61	70
Cash at bank and in hand		-	127
		155	329
CREDITORS: amounts falling due within one year	9	(6,205)	(6,550)
NET CURRENT LIABILITIES		(6,050)	(6,221)
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,740)	(5,941)
PROVISIONS FOR LIABILITIES AND CHARGES			
	10	(250)	(67)
NET LIABILITIES		(5,990)	(6,008)
CAPITAL AND RESERVES			
Called-up share capital	11	1	1
Capital reserve		3,005	3,005
Profit and loss account		(8,996)	(9,014)
EQUITY SHAREHOLDERS' DEFICIT	12	(5,990)	(6,008)

The financial statements were approved by the board on 26 July 2002 and signed on its behalf by:


I A Sexton

Director

The notes on pages 5 to 10 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1. ACCOUNTING POLICIES

The principal accounting policies which are summarised below have been applied consistently throughout the current and preceding year.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the consolidated financial statements of the group in which it is included are publicly available.

At 31 December 2001 the company had net liabilities of £5,990,000 (2000 - £6,008,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as a fellow group undertaking has confirmed its intention and ability to provide such financial support as may be necessary to enable the company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the date of approval of these financial statements. The company's parent company has also confirmed that the company will not be required to pay amounts due to other group undertakings unless the company has sufficient funds to pay other creditors in full.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of trade discounts, Value Added Tax and other sales related taxes.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of fixed assets, less estimated residual value, of each asset over their expected useful lives on the following basis:

Long leasehold property - mineral	On the basis of airspace used and minerals extracted
Quarry engineering	On the basis of airspace used and minerals extracted
Plant & machinery	3- 10 years, straight-line basis
Fixtures & fittings	3 - 10 years, straight-line basis

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight-line basis.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition based on normal levels of activity. Net realisable value is estimated selling price reduced by all costs of completion, marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1.6 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

1.7 Site restoration provision

The company estimates its total future cost requirements associated with the closure and restoration costs of mineral sites. Such costs include final capping of the site. The company provides for these costs over the life of the quarry.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being the extraction of minerals.

All turnover arose within the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION

Profit on ordinary activities before and after taxation is stated after charging:

	2001 £ '000	2000 £ '000
Depreciation of tangible fixed assets		
- owned by the company	57	36
- held under finance leases and hire purchase contracts	-	9
Operating lease rentals		
- hire of plant & machinery	9	5

Directors' remuneration for the current and prior years was charged through the profit and loss account of the UK parent company, SITA Holdings UK Limited.

The audit fees for the current and prior years were borne by SITA Holdings UK Limited.

WAREHAM BALL CLAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

4. STAFF COSTS

Staff costs were as follows:

	2001 £ '000	2000 £ '000
Wages and salaries	63	51
Social security costs	7	5
	<u>70</u>	<u>56</u>

The average monthly number of employees, including directors,
during the year was as follows:

	2001	2000
Operations, administration and management	4	4
	<u>4</u>	<u>4</u>

5. INTEREST RECEIVABLE

	2001 £ '000	2000 £ '000
Bank interest	-	4
	<u>-</u>	<u>4</u>

WAREHAM BALL CLAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

6. TANGIBLE FIXED ASSETS

	Long leasehold property - mineral £ '000	Quarry engineering £ '000	Plant & machinery £ '000	Fixtures & fittings £ '000	Total £ '000
Cost or valuation					
At 1 January 2001	195	56	348	2	601
Additions	-	84	-	-	84
Disposals	-	-	-	(1)	(1)
Transfers from other group companies	-	-	28	-	28
At 31 December 2001	<u>195</u>	<u>140</u>	<u>376</u>	<u>1</u>	<u>712</u>
Depreciation					
At 1 January 2001	10	3	306	2	321
Charge for the year	3	35	19	-	57
Disposals	-	-	-	(1)	(1)
Transfers from other group companies	-	-	25	-	25
At 31 December 2001	<u>13</u>	<u>38</u>	<u>350</u>	<u>1</u>	<u>402</u>
Net book value					
At 31 December 2001	<u>182</u>	<u>102</u>	<u>26</u>	<u>-</u>	<u>310</u>
At 31 December 2000	<u>185</u>	<u>53</u>	<u>42</u>	<u>-</u>	<u>280</u>

7. STOCKS

	2001 £ '000	2000 £ '000
Raw materials and consumables	<u>94</u>	<u>132</u>

8. DEBTORS

	2001 £ '000	2000 £ '000
Amounts receivable within one year		
Other debtors	6	-
Prepayments and accrued income	<u>55</u>	<u>70</u>
	<u>61</u>	<u>70</u>

WAREHAM BALL CLAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

9. CREDITORS:

Amounts falling due within one year

	2001 £ '000	2000 £ '000
Accrued interest due to group undertakings	2,928	2,928
Amounts owed to group undertakings	3,213	3,562
Other creditors	11	-
Accruals and deferred income	53	60
	<u>6,205</u>	<u>6,550</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration and maintenance £ '000
At 1 January 2001	67
Charged to profit and loss account	183
At 31 December 2001	<u>250</u>

Site restoration and maintenance

The provision for remedial, closure and post-closure costs at mineral sites has been calculated in accordance with the accounting policy set out in note 1.7.

Deferred taxation

Deferred taxation provided and deferred taxation not provided are as follows:

	Deferred tax liability/(asset) provided		Full potential liability/(asset)	
	2001 £ '000	2000 £ '000	2001 £ '000	2000 £ '000
Accelerated capital allowances	-	-	(788)	(907)
Other timing differences	-	-	(1,109)	(1,096)
	<u>-</u>	<u>-</u>	<u>(1,897)</u>	<u>(2,003)</u>

11. CALLED-UP SHARE CAPITAL

	2001 £	2000 £
Authorised, allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000
2 "B" ordinary shares of 50p each	1	1
	<u>1,001</u>	<u>1,001</u>

WAREHAM BALL CLAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £ '000	2000 £ '000
Profit for the year	18	224
Opening shareholders' deficit	(6,008)	(6,232)
Closing shareholders' deficit	<u>(5,990)</u>	<u>(6,008)</u>

13. RELATED PARTIES

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

14. CONTROLLING PARTY

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Wareham Ball Clay Company Limited. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

15. PARENT COMPANY

The ultimate parent undertaking is Suez SA, a company incorporated in France.

The largest group of which Wareham Ball Clay Company Limited is a member and for which group financial statements are drawn up is that headed by Suez SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England and Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.