Registered number: 2263477

# Wareham Ball Clay Company Limited

Director's report and financial statements

for the year ended 31 December 2007

**Wareham Ball Clay Company Limited**

**Company information**

| | |
|---|---|
| **Director** | C Chapron |
| **Company secretary** | J Knight |
| **Company number** | 2263477 |
| **Registered office** | SITA House<br>Grenfell Road<br>Maidenhead<br>Berkshire<br>SL6 1ES |
| **Auditors** | Ernst & Young LLP<br>One Bridewell Street<br>Bristol<br>BS1 2AA |

**Wareham Ball Clay Company Limited**

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**Wareham Ball Clay Company Limited**

## Director's report
## for the year ended 31 December 2007

The director presents his report and the financial statements for the year ended 31 December 2007.

### Principal activities

The company's principal activity during the year was the extraction of minerals.

### Business review

The directors were satisfied with the result of the company during the year.

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

### Results and dividends

The loss for the year, after taxation, amounted to £57,000 *(2006 - profit £60,000)*.

The director does not recommend the payment of a dividend *(2006 - £nil)*.

### Director

The directors who served during the year were:

C Chapron (appointed 19 February 2007)
IA Sexton (resigned 19 February 2007)
P-A Hjort (resigned 30 September 2008)

No director who held office on 31 December 2007 had an interest in the company's shares either during the financial year or at 31 December 2007.

**Director's report**
**for the year ended 31 December 2007**
**Principal risks and uncertainties**

The SITA Group has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as: operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

Operational risks

The SITA Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the SITA Group the preferred employer in the waste management sector through its employment policies.

Competitive risks

Part of the SITA Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

Legislative risks

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

Health and safety risks

The SITA Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its Health and Safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

Financial instrument risks

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

Use of derivatives

On certain major contracts, the SITA Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

**Wareham Ball Clay Company Limited**

**Director's report**
**for the year ended 31 December 2007**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the Suez Group.

**Statement of director's responsibilities**

The director is responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Annual reports may differ from legislation in other jurisdictions.

**Provision of information to auditors**

The director at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing his report and to establish that the company's auditors are aware of that information.

**Re-appointment of auditors**

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 28 January 2009 and signed on its behalf.

**C Chapron**
Director

**Independent auditors' report to the shareholders of Wareham Ball Clay Company Limited**

We have audited the financial statements of Wareham Ball Clay Company Limited for the year ended 31 December 2007, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 director and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the director 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.

## Independent auditors' report to the shareholders of Wareham Ball Clay Company Limited

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

**Ernst & Young LLP**
Registered auditor
Bristol

29 January 2009

Wareham Ball Clay Company Limited

**Profit and loss account**
**for the year ended 31 December 2007**

| | Note | 2007<br>£000 | *2006*<br>*£000* |
|---|---|---|---|
| **Turnover** | 1,2 | **490** | *360* |
| Cost of sales | | **25** | *(91)* |
| **Gross profit** | | **515** | *269* |
| Administrative expenses | | **(184)** | *(44)* |
| **Operating profit** | 3 | **331** | *225* |
| Interest receivable | 5 | **91** | *64* |
| Interest payable | 6 | **(367)** | *(299)* |
| **Profit/(loss) on ordinary activities before taxation** | | **55** | *(10)* |
| Tax on profit/(loss) on ordinary activities | 7 | **(112)** | *70* |
| **(Loss)/profit on ordinary activities after taxation** | 14 | **(57)** | *60* |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

**Wareham Ball Clay Company Limited**

**Balance sheet**
**as at 31 December 2007**

| | Note | £000 | 2007 £000 | *£000* | *2006 £000* |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible fixed assets | 8 | | - | | *72* |
| **Current assets** | | | | | |
| Debtors | 9 | 2,821 | | *2,584* | |
| **Creditors:** amounts falling due within one year | 10 | (7,274) | | *(6,925)* | |
| **Net current liabilities** | | | (4,453) | | *(4,341)* |
| **Total assets less current liabilities** | | | (4,453) | | *(4,269)* |
| **Provisions for liabilities** | | | | | |
| Other provisions | 12 | | (418) | | *(545)* |
| **Net liabilities** | | | (4,871) | | *(4,814)* |
| **Capital and Reserves** | | | | | |
| Called up share capital | 13 | | 1 | | *1* |
| Share premium account | 14 | | 3,005 | | *3,005* |
| Profit and loss account | 14 | | (7,877) | | *(7,820)* |
| **Shareholders' deficit** | 15 | | (4,871) | | *(4,814)* |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 January 2009.

**C Chapron**
Director

The notes on pages 8 to 14 form part of these financial statements.

**Notes to the financial statements**
**for the year ended 31 December 2007**

## 1. Accounting policies

### 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.

At 31 December 2007 the company had current liabilities of £4,871,000 *(2006 - £4,814,000)*. 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 allow 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 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

### 1.3 Turnover

Turnover comprises amounts receivable by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts, but inclusive of Landfill Tax.

### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---|---|---|
| Long leasehold property - mineral | - | On the basis of minerals extracted |
| Quarry engineering | - | On the basis of minerals extracted |
| Plant & machinery | - | 3 - 10 years, straight line |

**Notes to the financial statements**
**for the year ended 31 December 2007**

## 1. Accounting policies (continued)

### 1.5 Taxation

Current 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding arrangement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 1.6 Site restoration provision

The company estimates its total future cost requirements associated with the closure and restoration of mineral sites. Such costs include the 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. Operating profit

The operating profit is stated after charging:

| | 2007<br>£000 | *2006*<br>*£000* |
|---|---|---|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 72 | *86* |
| Auditors' remuneration | - | *2* |

During the year, no director received any remuneration in respect of his services as director of the company *(2006 - £NIL)*.

**Notes to the financial statements**
**for the year ended 31 December 2007**

## 4. Staff costs

The company does not directly employ any staff.

## 5. Interest receivable

| | 2007 £000 | *2006 £000* |
|---|---|---|
| Interest receivable from group companies | 91 | *64* |

## 6. Interest payable

| | 2007 £000 | *2006 £000* |
|---|---|---|
| Discount on provisions | 16 | *16* |
| On loans from group undertakings | 351 | *283* |
| | 367 | *299* |

## 7. Taxation

| | 2007 £000 | *2006 £000* |
|---|---|---|
| **Analysis of tax (credit)/charge in the year** | | |
| **Current tax** (see note below) | | |
| UK corporation tax (credit)/charge on profit/loss for the year | (120) | *19* |
| Adjustments in respect of prior periods | 31 | *(15)* |
| **Total current tax** | (89) | *4* |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 201 | *(25)* |
| Adjustments in respect of prior periods | - | *(49)* |
| **Total deferred tax** (see note 11) | 201 | *(74)* |
| **Tax on profit/loss on ordinary activities** | 112 | *(70)* |

## 7. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2006 - higher than)* the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | 2007<br>£000 | *2006*<br>*£000* |
|---|---|---|
| Profit/loss on ordinary activities before tax | 55 | *(10)* |
| Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% *(2006 - 30%)* | 17 | *(3)* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | 1 | *1* |
| Capital allowances for year in excess of depreciation | (100) | *25* |
| Utilisation of tax losses | - | *(4)* |
| Other timing differences | (38) | *-* |
| Adjustments to tax charge in respect of prior periods | 31 | *(15)* |
| **Current tax (credit)/charge for the year** (see note above) | (89) | *4* |

### Factors that may affect future tax charges

During the year, changes in tax laws and rates were enacted which will have an effect on the deferred tax asset of the company. The change in the corporation tax rate from 30% to 28% with effect from 1 April 2008 has been enacted and the impact of this is a reduction in the deferred tax asset of £64,000.

## 8. Tangible fixed assets

| | Land and buildings<br>£000 | Plant & machinery<br>£000 | Total<br>£000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2007 | 516 | 1 | 517 |
| Transfers intra group | (32) | (1) | (33) |
| At 31 December 2007 | 484 | - | 484 |
| **Depreciation** | | | |
| At 1 January 2007 | 444 | 1 | 445 |
| Charge for the year | 72 | - | 72 |
| Transfers intra group | (32) | (1) | (33) |
| At 31 December 2007 | 484 | - | 484 |
| **Net book value** | | | |
| At 31 December 2007 | - | - | - |
| *At 31 December 2006* | *72* | *-* | *72* |

The net book value of land and buildings may be analysed as follows:

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Long leasehold property - mineral | - | 36 |
| Long leasehold property - buildings | - | 3 |
| Quarry engineering | - | 33 |
| | - | 72 |

## 9. Debtors

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Amounts owed by group undertakings | 1,755 | 1,476 |
| Corporation tax repayable | 120 | - |
| Other debtors | - | 1 |
| Prepayments and accrued income | 56 | 16 |
| Deferred tax asset (see note 11) | 890 | 1,091 |
| | 2,821 | 2,584 |

## 10. Creditors: Amounts falling due within one year

| | 2007 £000 | 2006 £000 |
|---|---|---|
| Amounts owed to group undertakings | 7,271 | 6,920 |
| Corporation tax | - | 5 |
| Other creditors | 3 | - |
| | 7,274 | 6,925 |

## 11. Deferred tax asset

| | 2007 £000 | 2006 £000 |
|---|---|---|
| At 1 January 2007 | 1,091 | 1,017 |
| (Charge for)/released during the year | (201) | 74 |
| At 31 December 2007 | 890 | 1,091 |

**11. Deferred tax asset (continued)**

The deferred tax asset is made up as follows:

| | 2007 | *2006* |
|---|---|---|
| | £000 | *£000* |
| Accelerated capital allowances | 772 | *1,091* |
| Other timing differences | 118 | - |
| | 890 | *1,091* |

There is an unrecognised deferred tax asset in respect of tax losses brought forward of £862,000 (2006- £862,000), due to uncertainty as to the availability of future taxable profits.

**12. Provisions**

| | Site restoration provision |
|---|---|
| | £000 |
| At 1 January 2007 | 545 |
| Utilised in the year | (127) |
| At 31 December 2007 | 418 |

**Site restoration provision**

The provision for site restoration costs has been calculated in accordance with the accounting policy set out in note 1.6.

**13. Share capital**

| | 2007 | *2006* |
|---|---|---|
| | £ | *£* |
| **Authorised** | | |
| 1,000 "A" ordinary shares of £1 each | 1,000 | *1,000* |
| 2 "B" ordinary shares of 50p each | 1 | *1* |
| | 1,001 | *1,001* |
| **Allotted, called up and fully paid** | | |
| 1,000 "A" ordinary shares of £1 each | 1,000 | *1,000* |
| 1 *(2006 - 2)* "B" ordinary share of 50p | 1 | *1* |
| | 1,001 | *1,001* |

## 14. Reserves

| | Share premium account £000 | Profit and loss account £000 |
|---|---|---|
| At 1 January 2007 | 3,005 | (7,820) |
| Loss for the year | - | (57) |
| At 31 December 2007 | 3,005 | (7,877) |

## 15. Reconciliation of movement in shareholders' deficit

| | 2007 £000 | *2006 £000* |
|---|---|---|
| Opening shareholders' deficit | (4,814) | *(4,874)* |
| (Loss)/profit for the year | (57) | *60* |
| Closing shareholders' deficit | (4,871) | *(4,814)* |

## 16. Related party transactions

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.

## 17. Ultimate parent undertaking and controlling party

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 16 Rue de la Ville l'Eveque, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

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.

On 22 July 2008 the company's ultimate parent undertaking, Suez SA, merged with Gaz de France. Prior to the merger, Suez transferred its shareholding in SITA Holdings UK Limited's parent undertaking, Suez Environment UK Limited, held by its subsidiary Suez Environnement, to a new entity, Suez Environnement Company ("the Company") and distributed 65% of the Company's capital to Suez shareholders. After this distribution the merged GDF SUEZ held a 35.41% interest in the Company. On 22 July 2008 Suez Environnement Company shares were listed for trading on the Euronext Paris and Euronext Brussels stock exchanges.