
WAREHAM BALL CLAY COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

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 2000

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 2000.

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 £224,000 (1999 - loss of £540,000) .

The directors do not recommend the payment of a dividend (1999- £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 :

AVJ Cullinane	(resigned 31 January 2000)
DMJ Cullinane	(resigned 31 January 2000)
Elsin Limited	(resigned 7 March 2000)
RD Foot	(resigned 7 March 2000)
IF Goodfellow	(appointed 31 January 2000)
RA Searby	(appointed 31 January 2000, resigned 2 March 2001))
I A Sexton	(appointed 2 March 2001)
SJ Thorne	(appointed 31 January 2000, resigned 30 June 2001)
BE Ward	(resigned 31 March 2000)
ML Woodward	(resigned 7 March 2000)

No director who held office on 31 December 2000 had an interest in the company's shares either during the financial year or at 31 December 2000.

The interests of the directors who held office on 31 December 2000 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 2000.

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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

Auditors

The auditors, Arthur Andersen, 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 28 July 2000.

This report was approved by the board on 31 October 2001 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'IA Sexton', written in a cursive style.

IA Sexton
Director

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

We have audited the financial statements 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 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom Law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen.

Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

31 October 2001

WAREHAM BALL CLAY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2000

	Note	2000 £ '000	1999 £ '000
TURNOVER	1,2	753	275
Cost of sales		(438)	(363)
GROSS PROFIT/(LOSS)		315	(88)
Administrative expenses		(96)	(51)
Other operating income		1	-
OPERATING PROFIT/(LOSS)		220	(139)
Interest receivable	5	4	3
Interest payable	6	-	(404)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND RETAINED FOR THE YEAR	3	224	(540)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(9,238)	(8,698)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		(9,014)	(9,238)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

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

WAREHAM BALL CLAY COMPANY LIMITED

BALANCE SHEET
As at 31 December 2000

	Note	2000 £ '000	1999 £ '000
FIXED ASSETS			
Tangible fixed assets	7	280	310
CURRENT ASSETS			
Stocks	8	132	165
Debtors	9	70	78
Cash at bank and in hand		127	124
		329	367
CREDITORS: amounts falling due within one year	10	(6,550)	(6,752)
NET CURRENT LIABILITIES		(6,221)	(6,385)
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,941)	(6,075)
PROVISIONS FOR LIABILITIES AND CHARGES			
	11	(67)	(157)
NET LIABILITIES		(6,008)	(6,232)
CAPITAL AND RESERVES			
Called-up share capital	12	1	1
Capital reserve		3,005	3,005
Profit and loss account		(9,014)	(9,238)
EQUITY SHAREHOLDERS' DEFICIT	13	(6,008)	(6,232)

The financial statements were approved by the board on 31 October 2001 and signed on its behalf by:



I A Sexton

Director

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

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 2000 the company had net liabilities of £6,008,000 (1999 - £6,232,000). 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 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

1.6 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.

1.7 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.

1.8 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/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2000 £ '000	1999 £ '000
Depreciation of tangible fixed assets		
- owned by the company	36	5
- held under finance leases and hire purchase contracts	9	39
Operating lease rentals		
- hire of plant & machinery	5	-
	<u>50</u>	<u>44</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

4. STAFF COSTS

Staff costs were as follows:

	2000 £ '000	1999 £ '000
Wages and salaries	51	42
Social security costs	5	4
	<u>56</u>	<u>46</u>

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

	2000	1999
Operations, administration and management	4	3
	<u>4</u>	<u>3</u>

5. INTEREST RECEIVABLE

	2000 £ '000	1999 £ '000
Bank interest	4	3
	<u>4</u>	<u>3</u>

6. INTEREST PAYABLE

	2000 £ '000	1999 £ '000
Loans from group undertakings	-	404
	<u>-</u>	<u>404</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

7. 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 2000	195	44	345	1	585
Additions	-	8	1	-	9
Disposals	-	-	(21)	-	(21)
Transfers	-	4	23	1	28
At 31 December 2000	<u>195</u>	<u>56</u>	<u>348</u>	<u>2</u>	<u>601</u>
Depreciation					
At 1 January 2000	8	-	266	1	275
Charge for the year	2	3	40	-	45
Disposals	-	-	(21)	-	(21)
Transfers	-	-	21	1	22
At 31 December 2000	<u>10</u>	<u>3</u>	<u>306</u>	<u>2</u>	<u>321</u>
Net book value					
At 31 December 2000	<u>185</u>	<u>53</u>	<u>42</u>	<u>-</u>	<u>280</u>
At 31 December 1999	<u>187</u>	<u>44</u>	<u>79</u>	<u>-</u>	<u>310</u>

The long leasehold operating site is held under a 60 year lease expiring in 2049.

Included above are assets held under finance leases or hire purchase contracts as follows:

	2000 £ '000	1999 £ '000
Plant & machinery	<u>-</u>	<u>9</u>

8. STOCKS

	2000 £ '000	1999 £ '000
Raw materials and consumables	<u>132</u>	<u>165</u>

WAREHAM BALL CLAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

9. DEBTORS

	2000 £ '000	1999 £ '000
<i>Amounts receivable within one year</i>		
Trade debtors	-	2
Prepayments and accrued income	70	76
	<u>70</u>	<u>78</u>

10. CREDITORS:

<i>Amounts falling due within one year</i>		
	2000 £ '000	1999 £ '000
Accrued interest due to group undertakings	2,928	2,928
Amounts owed to group undertakings	3,562	3,795
Social security and other taxes	-	2
Other creditors	-	1
Accruals and deferred income	60	26
	<u>6,550</u>	<u>6,752</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration and maintenance £ '000
At 1 January 2000	157
Charged to profit and loss account	160
Credited to profit and loss account	(250)
At 31 December 2000	<u>67</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 1.8.

Deferred taxation

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

	Deferred tax liability/(asset) provided		Full potential liability/(asset)	
	2000 £ '000	1999 £ '000	2000 £ '000	1999 £ '000
Accelerated capital allowances	-	-	907	(771)
Other timing differences	-	-	1,096	(1,288)
	<u>-</u>	<u>-</u>	<u>2,003</u>	<u>(2,059)</u>

12. CALLED-UP SHARE CAPITAL

	2000 £	1999 £
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>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £ '000	1999 £ '000
Profit/(loss) for the year	224	(540)
Opening shareholders' deficit	(6,232)	(5,692)
Closing shareholders' deficit	<u>(6,008)</u>	<u>(6,232)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

14. 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.

15. 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.

16. 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.