

Registered number: 2263477

Wareham Ball Clay Company Limited

Directors' report and financial statements

for the year ended 31 December 2009

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Wareham Ball Clay Company Limited

Company Information

| | |
|--------------------------|---|
| Directors | C Chapron D Palmer-Jones |
| Company secretary | J Knight |
| Company number | 2263477 |
| Registered office | SITA House Grenfell Road Maidenhead Berkshire SL6 1ES |
| Auditor | Ernst & Young LLP One Bridewell Street Bristol BS1 2AA |

Wareham Ball Clay Company Limited

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Wareham Ball Clay Company Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009

Principal activities and review of business

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

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 £15,000 (2008 - loss £112,000)

The directors do not recommend the payment of a dividend (2008 - £nil)

Directors

The directors who served during the year were

C Chapron
D Palmer-Jones

No director who held office on 31 December 2009 had an interest in the company's shares either during the financial year or at 31 December 2009

Directors' indemnity

The company has granted indemnity to one or more of its directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Going concern

The SITA group, along with its ultimate parent company GDF Suez SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SITA group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having made enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Environmental impact

The SITA group delivers sustainable and increasingly innovative solutions for the public, local government, industry and commerce, enabling our customers to minimise the impact of their waste on the environment.

At SITA, our vision is to get to a point where the majority of waste materials will have been reused, recycled or recovered for their energy content. We want to reach a stage where there is no longer any 'waste', because we recognise the intrinsic value of the materials we handle as a secondary resource.

2009 highlights

- We recycled and recovered over two million tonnes of the materials we handled
- We generated more than one million megawatt-hours of electricity from our landfill gas and energy-from-waste facilities
- We produced over 85,000 tonnes of compost

Wareham Ball Clay Company Limited

Directors' report for the year ended 31 December 2009 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.

Wareham Ball Clay Company Limited

Directors' report for the year ended 31 December 2009

Principal risks and uncertainties (continued)

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.

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.

Wareham Ball Clay Company Limited

Directors' report for the year ended 31 December 2009

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have 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 directors are 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' 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 their report and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

The re-appointment of auditors will be considered at the company's AGM.

This report was approved by the board on

29 JUN 2010

and signed on its behalf



C Chapron
Director

Wareham Ball Clay Company Limited

Independent auditor's 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 2009, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 17. 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 Auditor's 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 auditor

As explained more fully in the Statement of directors' responsibilities, 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 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 loss 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.

Wareham Ball Clay Company Limited

Independent auditor's report to the shareholders of Wareham Ball Clay Company Limited

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

Ernst & Young LLP

P Mapleston (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP

Statutory auditor

Bristol

Date

29 JUN 2010

Wareham Ball Clay Company Limited

**Profit and loss account
for the year ended 31 December 2009**

| | Note | 2009 £000 | 2008 £000 |
|--|-------------|----------------------|----------------------|
| Turnover | 1,2 | 331 | 314 |
| Cost of sales | | (236) | (108) |
| | | <hr/> | <hr/> |
| Gross profit | | 95 | 206 |
| Administrative expenses | | (61) | (53) |
| | | <hr/> | <hr/> |
| Operating profit | 3 | 34 | 153 |
| Interest receivable | 5 | 12 | 81 |
| Interest payable | 6 | (60) | (330) |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before taxation | | (14) | (96) |
| Tax on loss on ordinary activities | 7 | (1) | (16) |
| | | <hr/> | <hr/> |
| Loss for the financial year | 14 | (15) | (112) |
| | | <hr/> <hr/> | <hr/> <hr/> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account

The notes on pages 9 to 15 form part of these financial statements

Wareham Ball Clay Company Limited
Registered number. 2263477

Balance sheet
as at 31 December 2009

| | Note | £000 | 2009 £000 | 2008 £000 |
|---|------|----------------|-----------------------|-----------------------|
| Fixed assets | | | | |
| Tangible fixed assets | 8 | | 233 | 189 |
| Current assets | | | | |
| Debtors | 9 | 2,891 | | 2,876 |
| Creditors: amounts falling due within one year | 10 | <u>(7,637)</u> | | <u>(7,590)</u> |
| Net current liabilities | | | <u>(4,746)</u> | <u>(4,714)</u> |
| Total assets less current liabilities | | | <u>(4,513)</u> | <u>(4,525)</u> |
| Provisions for liabilities | | | | |
| Other provisions | 12 | | <u>(485)</u> | <u>(458)</u> |
| Net liabilities | | | <u><u>(4,998)</u></u> | <u><u>(4,983)</u></u> |
| Capital and reserves | | | | |
| Called up share capital | 13 | | 1 | 1 |
| Share premium account | 14 | | 3,005 | 3,005 |
| Profit and loss account | 14 | | <u>(8,004)</u> | <u>(7,989)</u> |
| Shareholders' deficit | 15 | | <u><u>(4,998)</u></u> | <u><u>(4,983)</u></u> |

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

29 JUN 2010



C Chapron
Director

The notes on pages 9 to 15 form part of these financial statements

Wareham Ball Clay Company Limited

Notes to the financial statements for the year ended 31 December 2009

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 2009 the company had net liabilities of £4,998,000 (2008 - £4,983,000) 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 revenue recognised by the company in respect of goods and services supplied Revenue is measured at the fair value of the consideration received including landfill tax where appropriate, and exclusive of trade discounts, rebates, Value Added Tax and other sales taxes or duty

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

| | | |
|---------------------|---|------------------------------------|
| Freehold property | - | On the basis of minerals extracted |
| Fixtures & fittings | - | 3 - 10 years, straight line |

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 exception

- 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

Wareham Ball Clay Company Limited

Notes to the financial statements for the year ended 31 December 2009

1. Accounting policies (continued)

1.6 Site restoration provision

The company estimates its total future cost requirements associated with the closure and restoration of mineral sites. These costs relate to making good the quarry and inspection and maintenance costs. The company provides for these costs over the life of the quarry.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.00% and discounted by 3.72% (2008 - 4.61%). The unwinding of the discount element is shown in the financial statements as a financial item.

In accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", full provision has been made for the company's minimum avoidable costs.

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

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| Depreciation of tangible fixed assets - owned by the company | 1 | - |

During the year, no director received any emoluments (2008 - £NIL) for services to the company.

For the year ended 31 December 2009 and the prior year, auditors' remuneration was borne by a fellow group company.

4. Staff costs

Staff costs were as follows

| | 2009 £000 | 2008 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 81 | 30 |
| Social security costs | 10 | 3 |
| | 91 | 33 |

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

| | 2009 No | 2008 No |
|-------------|------------|------------|
| Operational | 3 | 1 |

Wareham Ball Clay Company Limited

**Notes to the financial statements
for the year ended 31 December 2009**

5. Interest receivable

| | 2009 | 2008 |
|--|-------------|-------------|
| | £000 | £000 |
| Interest receivable from group companies | 12 | 81 |
| | <hr/> | <hr/> |

6. Interest payable

| | 2009 | 2008 |
|----------------------------------|-------------|-------------|
| | £000 | £000 |
| Discount on provisions | 15 | 15 |
| On loans from group undertakings | 45 | 315 |
| | <hr/> | <hr/> |
| | 60 | 330 |
| | <hr/> | <hr/> |

7. Taxation

| | 2009 | 2008 |
|--|--------------|--------------|
| | £000 | £000 |
| Analysis of tax credit in the year | | |
| Current tax (see note below) | | |
| UK corporation tax credit on loss for the year | (177) | (106) |
| Adjustments in respect of prior periods | 3 | 41 |
| | <hr/> | <hr/> |
| Total current tax | (174) | (65) |
| | <hr/> | <hr/> |
| Deferred tax | | |
| Origination and reversal of timing differences | 177 | 81 |
| Adjustments in respect of prior periods | (2) | - |
| | <hr/> | <hr/> |
| Total deferred tax (see note 11) | 175 | 81 |
| | <hr/> | <hr/> |
| Tax on loss on ordinary activities | 1 | 16 |
| | <hr/> | <hr/> |

Wareham Ball Clay Company Limited

Notes to the financial statements for the year ended 31 December 2009

7 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Loss on ordinary activities before tax | (14) | (96) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%) | (4) | (27) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4 | 3 |
| Capital allowances for year in excess of depreciation | (79) | (94) |
| Other timing differences | (98) | 12 |
| Adjustments to tax charge in respect of prior periods | 3 | 41 |
| Current tax credit for the year (see note above) | (174) | (65) |

Factors that may affect future tax charges

Announcements were made after the balance sheet date to changes in tax rates that will have an effect on future tax charges of the company. The change in the corporation tax rate from 28% to 24% reducing by 1% per annum has been announced but not substantively enacted. The company has not quantified the impact of this change on the deferred tax balance at this stage.

8. Tangible fixed assets

| | Land and buildings £000 | Fixtures and fittings £000 | Capital work in progress £000 | Total £000 |
|-----------------------|-------------------------------|----------------------------------|-------------------------------------|---------------|
| Cost | | | | |
| At 1 January 2009 | 484 | - | 189 | 673 |
| Additions | - | 3 | 42 | 45 |
| At 31 December 2009 | 484 | 3 | 231 | 718 |
| Depreciation | | | | |
| At 1 January 2009 | 484 | - | - | 484 |
| Charge for the year | - | 1 | - | 1 |
| At 31 December 2009 | 484 | 1 | - | 485 |
| Net book value | | | | |
| At 31 December 2009 | - | 2 | 231 | 233 |
| At 31 December 2008 | - | - | 189 | 189 |

Wareham Ball Clay Company Limited

**Notes to the financial statements
for the year ended 31 December 2009**

9. Debtors

| | 2009 | 2008 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts owed by group undertakings | 1,976 | 1,926 |
| Corporation tax repayable | 177 | 106 |
| Prepayments and accrued income | 104 | 35 |
| Deferred tax asset (see note 11) | 634 | 809 |
| | <u>2,891</u> | <u>2,876</u> |

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

| | 2009 | 2008 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts owed to group undertakings | 7,631 | 7,586 |
| Other creditors | 6 | 4 |
| | <u>7,637</u> | <u>7,590</u> |

11. Deferred tax asset

| | 2009 | 2008 |
|----------------------|------------|------------|
| | £000 | £000 |
| At beginning of year | 809 | 890 |
| Charged for year | (175) | (81) |
| | <u>634</u> | <u>809</u> |

The deferred tax asset is made up as follows

| | 2009 | 2008 |
|--------------------------------|------------|------------|
| | £000 | £000 |
| Accelerated capital allowances | 602 | 680 |
| Other timing differences | 32 | 129 |
| | <u>634</u> | <u>809</u> |

There is an unrecognised deferred tax asset in respect of tax losses brought forward of £804,000 (2008- £804,000), due to uncertainty as to the availability of future taxable profits

Wareham Ball Clay Company Limited

Notes to the financial statements for the year ended 31 December 2009

12. Provisions

| | Site restoration provision £000 |
|-------------------------|--|
| At 1 January 2009 | 458 |
| Additions | 25 |
| Change in discount rate | (13) |
| Unwinding of provision | 15 |
| | <hr/> |
| At 31 December 2009 | <u>485</u> |

Site restoration provision

The provision for site restoration costs has been calculated in accordance with the accounting policy set out in note 16

13. Share capital

| | 2009 £ | 2008 £ |
|--------------------------------------|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,000 "A" ordinary shares of £1 each | 1,000 | 1,000 |
| 2 "B" ordinary shares of 50p each | 1 | 1 |
| | <hr/> | <hr/> |
| | <u>1,001</u> | <u>1,001</u> |

14. Reserves

| | Share premium account £000 | Profit and loss account £000 |
|---------------------|-------------------------------------|------------------------------------|
| At 1 January 2009 | 3,005 | (7,989) |
| Loss for the year | - | (15) |
| | <hr/> | <hr/> |
| At 31 December 2009 | <u>3,005</u> | <u>(8,004)</u> |

15. Reconciliation of movement in shareholders' deficit

| | 2009 £000 | 2008 £000 |
|-------------------------------|----------------|----------------|
| Opening shareholders' deficit | (4,983) | (4,871) |
| Loss for the year | (15) | (112) |
| | <hr/> | <hr/> |
| Closing shareholders' deficit | <u>(4,998)</u> | <u>(4,983)</u> |

Wareham Ball Clay Company Limited

Notes to the financial statements for the year ended 31 December 2009

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 GDF 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 GDF Suez SA, whose consolidated financial statements are available from 72 avenue de la Liberté, 92022, Nanterre, Cedex, 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. GDF Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited