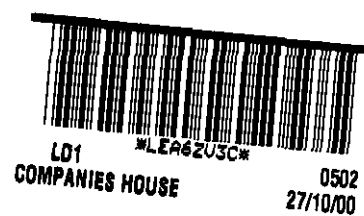

S.I.T.A. (GB) LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1999
Registered Number: 2291198**



S.I.T.A. (GB) LIMITED

Company Information

Directors	I.F. Goodfellow M. Gordon D. Hespe J.F. Leaver R.A. Searby S.J. Thorne
Secretary	S.J. Thorne
Company Number	2291198
Registered Office	The Pickeridge Stoke Common Road Fulmer Buckinghamshire SL3 6HA
Auditors	Arthur Andersen 3 Victoria Square Victoria Street St Albans AL1 3TF

S.I.T.A. (GB) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

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 1999.

Principal activities

The company's principal activity during the period was the provision of municipal services.

The subsidiary undertakings held by the company are listed in note 12 to the accounts. Consolidated accounts are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Business review

Following a re-organisation of the group in late 1998 the company now concentrates on municipal services activities, including refuse collection, street cleansing and allied services. This activity is carried out by the company and certain of its subsidiary companies.

During the year the company retained important municipal services contracts which were subject to a re-tender process in Barrow, Doncaster and South Oxfordshire. In addition extensions were agreed with clients on a number of other contracts. Furthermore major new contracts were secured in Slough, Thanet and Brighton & Hove.

The emergence of "Best Value" for the provision of municipal services is beginning to impact on this market, although to some extent the changes have not been as great as anticipated. The company has developed strategies for working in this new environment. Development continues to be a focus of activity although only profitable work within the group's defined core businesses will be sought. Since the end of the year an additional new contract has been won in Mid-Sussex while contracts in South Gloucestershire were lost at the end of July 2000.

Some opportunities continue to be pursued to divest non-core activities. During 1999 the company's investment in Historic Property Restoration Limited was sold.

The company continues to hold shares in other group companies in the business of landfills and Energy-from-Waste. These have given rise to higher levels of dividend income in 2000.

Results and dividends

The profit for the year after taxation, amounted to £6,870,000 (1998 - loss of £326,000) .

The directors recommend that a final dividend of £6,200,000 (1998 - £nil) be paid.

Directors

The directors who served during the year were as follows :

A.R. Barlow	(Resigned 10 July 1999)
M. Blusztajn	(Resigned 15 September 1999)
P. Carneau	(Resigned 19 May 1999)
J.F. Pétry	(Resigned 15 September 1999)
D. Pin	(Resigned 15 September 1999)
B.E. Ward	(Appointed 19 May 1999, resigned 31 March 2000))
I.F. Goodfellow	(Appointed 19 May 1999)
M. Gordon	(Appointed 19 May 1999)
G. Graveson	(Appointed 19 May 1999, resigned 1 May 2000)
D. Hespe	(Appointed 19 May 1999)
J.F. Leaver	(Appointed 19 May 1999)
R.A. Searby	(Appointed 19 May 1999)
S.J. Thorne	(Appointed 19 May 1999)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Directors' interests

The directors who held office on 31 December 1999 had no interests in the shares of the company.

The directors who held office on 31 December 1999 had the following beneficial interests in the ordinary shares, other than share options, and debentures of the company's ultimate parent company, Suez Lyonnaise des Eaux SA.

Name of director	Description of shares or debentures	31 December 1999 Number	1 January 1999 or date of appointment Number
M. Gordon	Ordinary shares of Euro 10	25	-
D. Hespe	Ordinary shares of Euro 10	60	24
R.A. Searby	Ordinary shares of Euro 10	90	24
B.E. Ward	Ordinary shares of Euro 10	84	24

The directors who held office on 31 December 1999 held the following options over ordinary shares of Euro 10 each in Suez Lyonnaise des Eaux SA, the group's ultimate parent company:

Name of director	1 January 1999 or date of appointment Number	Granted / (exercised) Number	31 December 1999 Number	Exercise price
I.F. Goodfellow	500	-	500	Ffr456
	1,100	-	1,100	Ffr573
	900	-	900	Ffr978
	-	<u>1,500</u>	<u>1,500</u>	Euro 151.11
Total	<u>2,500</u>	<u>1,500</u>	<u>4,000</u>	
M. Gordon	250	-	250	Ffr978
	-	<u>500</u>	<u>500</u>	Euro 151.11
Total	<u>250</u>	<u>500</u>	<u>750</u>	
G. Graveson	<u>400</u>	-	<u>400</u>	Ffr978
D. Hespe	400	-	400	Ffr978
	-	<u>500</u>	<u>500</u>	Euro 151.11
Total	<u>400</u>	<u>500</u>	<u>900</u>	
J.F. Leaver	400	-	400	Ffr978
	-	<u>600</u>	<u>600</u>	Euro 151.11
Total	<u>400</u>	<u>600</u>	<u>1,000</u>	
R.A. Searby	-	<u>200</u>	<u>200</u>	Euro 151.11
S.J. Thorne	200	-	200	Ffr573
	300	-	300	Ffr978
	-	<u>500</u>	<u>500</u>	Euro 151.11
Total	<u>500</u>	<u>500</u>	<u>1,000</u>	
B.E. Ward	<u>400</u>	-	<u>400</u>	Ffr978

No options have lapsed during the period.

The options are exercisable between the following dates:

All options with an exercise price of Ffr456 were granted on 24 July 1996 and are exercisable between 24 July 1998 and 24 July 2004.

All options with an exercise price of Ffr573 were granted on 17 November 1997 and are exercisable between 17 November 2002 and 17 November 2005.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Directors' interests (continued)

All options with an exercise price of Ffr978 were granted on 16 November 1998 and are exercisable between 16 November 2003 and 16 November 2006.

All options with an exercise price of Euro 151.11 were granted on 15 November 1999 and are exercisable between 15 November 2004 and 15 November 2007.

The highest and lowest price of the Suez Lyonnaise des Eaux ordinary shares during the period were Euro 193.9 and Euro 146.0, respectively.

No other directors hold any beneficial interests in options over ordinary shares of Suez Lyonnaise des Eaux.

The directors who held office on 31 December 1999 held the following options over ordinary shares of Euro 8 each in SITA SA:

Name of director	1 January 1999 or date of appointment Number	Granted / (exercised) Number	31 December 1999 Number	Exercise price
I.F. Goodfellow	1,000	-	1,000	Ffr1,323
	-	1,200	1,200	Euro 198.9
Total	1,000	1,200	2,200	
M. Gordon	300	-	300	Ffr1,323
	-	600	600	Euro 198.9
Total	300	600	900	
G. Graveson	600	-	600	Ffr1,323
	-	800	800	Euro 198.9
Total	600	800	1,400	
D. Hespe	-	600	600	Euro 198.9
J.F. Leaver	600	-	600	Ffr1,323
	-	800	800	Euro 198.9
Total	600	800	1,400	
R.A. Searby	-	600	600	Euro 198.9
S.J. Thorne	300	-	300	Ffr1,323
	-	600	600	Euro 198.9
Total	300	600	900	
B.E. Ward	600	-	600	Ffr1,323
	-	800	800	Euro 198.9
Total	600	400	1,400	

No options have lapsed during the period.

The options are exercisable between the following dates:

All options with an exercise price of Ffr1,323 were granted on 9 June 1998 and are exercisable between 9 June 2000 and 9 June 2003.

All options with an exercise price of Euro 198.9 were granted on 20 May 1999 and are exercisable between 26 May 2003 and 26 May 2004.

Following the purchase of the entire remaining share capital of SITA SA by Suez Lyonnaise des Eaux SA all share options in SITA SA will convert to ordinary shares in Suez Lyonnaise des Eaux on exercise at a rate of 1.6 Suez shares per SITA share option.

No other directors hold any beneficial interests in options over ordinary shares of SITA SA.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Year 2000 compliance

The directors assessed the risks and uncertainties associated with the year 2000 problem and have implemented plans to ensure that the year 2000 did not adversely impact upon the systems in use. No problems were encountered on the 1st of January 2000 but the directors continue to monitor the situation.

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

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;
- 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.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

This report was approved by the board on 18 October 2000 and signed on its behalf.



R.A. Searby
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF S.I.T.A. (GB) LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

3 Victoria Square
Victoria Street
St Albans
AL1 3TF

18 October 2000

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1999

	Note	1999 £ '000	1998 £ '000
TURNOVER	1,2	96,485	81,859
Cost of sales		(92,061)	(71,984)
GROSS PROFIT		4,424	9,875
Administrative expenses		(2,931)	(12,149)
Other operating income		730	-
OPERATING PROFIT/(LOSS)		2,223	(2,274)
Income from investments in related companies		6,868	1,955
Profit on disposal of investments		169	-
Provision against disposal of investments		-	(412)
Profit on disposal of contracts to group undertaking		-	1,784
Interest receivable	6	873	730
Interest payable	7	(1,642)	(3,631)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	8,491	(1,848)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8	(1,621)	1,522
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		6,870	(326)
DIVIDENDS PAID AND PROPOSED	9	(6,200)	-
RETAINED PROFIT/(LOSS) FOR THE YEAR	19	670	(326)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(125)	201
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		545	(125)

All amounts relate to continuing operations.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 8 to 16 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 1999

	Note	1999 £ '000	1998 £ '000
FIXED ASSETS			
Goodwill	10	9,409	10,454
Tangible fixed assets	11	20,995	14,434
Investments	12	35,039	35,039
		<u>65,443</u>	<u>59,927</u>
CURRENT ASSETS			
Stocks	13	1,129	1,858
Debtors	14	87,774	41,136
Cash at bank and in hand		1,957	-
		<u>90,860</u>	<u>42,994</u>
CREDITORS: amounts falling due within one year	15	<u>(107,038)</u>	<u>(53,084)</u>
NET CURRENT LIABILITIES		<u>(16,178)</u>	<u>(10,090)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>49,265</u>	<u>49,837</u>
CREDITORS: amounts falling due after more than one year	16	<u>(25,225)</u>	<u>(25,971)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(1,571)</u>	<u>(2,067)</u>
NET ASSETS		<u>22,469</u>	<u>21,799</u>
CAPITAL AND RESERVES			
Called up share capital	18	10,131	10,131
Share premium account		11,733	11,733
Other reserves		60	60
Profit and loss account		545	(125)
SHAREHOLDERS' FUNDS - All equity	19	<u>22,469</u>	<u>21,799</u>

The financial statements were approved by the board on 18 October 2000 and signed on its behalf.



R.A. Searby

Director

The notes on pages 8 to 16 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

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 itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

At 31 December 1999 the company had net current liabilities of £16,178,000 (1998 - £10,090,000). 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. 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 Goodwill

Goodwill arising on acquisition, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its estimated useful life of 10 years.

1.4 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 investment properties and 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:

Freehold property	20 years, straight-line basis
Short leasehold property	Lease term, straight-line basis
Plant & machinery	4 - 15 years, straight-line basis
Vehicles	4 - 15 years, straight-line basis
Fixtures & fittings	4 - 15 years, straight-line basis

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

1.5 Investments

Fixed asset investments are shown at cost less any provision for impairment.

1.6 Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.8 Taxation

Corporation tax payable is provided on taxable profits at the current rate.

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.

1.9 Pensions

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.10 Deferred costs

Contract procurement and reorganisation costs are charged to the profit and loss account except where it is appropriate to defer the charge over the life of the contract where their recoverability can be foreseen with reasonable assurance.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being the provision of municipal services.

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/(crediting):

	1999 £ '000	1998 £ '000
Amortisation of intangible assets	1,045	-
Depreciation of tangible fixed assets		
- owned by the company	3,617	3,467
Auditor's remuneration for audit services	-	120
Auditors' remuneration - non-audit services	-	78
Operating lease rentals		
- hire of plant & machinery	1,989	3,913
- other	1,777	1,027
Profit on disposal of contracts to group undertaking	-	(1,784)
Profit on disposal of investment	(169)	-

The audit fee for the current year has been borne by SITA Holding U.K. Limited. In the prior year the company bore the audit fee for itself and its direct subsidiaries, excluding LondonWaste Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	1999 £ '000	1998 £ '000
Wages and salaries	39,463	36,883
Social security costs	3,242	3,099
Other pension costs	694	812
	<u>43,399</u>	<u>40,794</u>

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

	1999	1998
Administration and management	260	315
Operations	2,962	2,625
	<u>3,222</u>	<u>2,940</u>

5. DIRECTORS' REMUNERATION

	1999 £ '000	1998 £ '000
Aggregate emoluments	-	123
Company pension contributions to money purchase schemes	-	6
Compensation for loss of office	-	50
	<u>-</u>	<u>179</u>

The UK emoluments of the directors in the current year were paid by SITA Holding U.K. Limited.

6. INTEREST RECEIVABLE

	1999 £ '000	1998 £ '000
Interest receivable from group companies	867	436
Bank interest	7	-
Other interest receivable	-	294
	<u>874</u>	<u>730</u>

7. INTEREST PAYABLE

	1999 £ '000	1998 £ '000
Bank loans and overdrafts	867	2,775
Loans from group undertakings	775	856
	<u>1,642</u>	<u>3,631</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

8. TAXATION

	1999 £ '000	<i>1998</i> <i>£ '000</i>
Current year taxation		
UK Corporation Tax	-	<i>(1,507)</i>
Transfer from deferred taxation	-	<i>(15)</i>
	<u>-</u>	<u><i>(1,522)</i></u>
Prior years		
UK corporation tax	1,621	-
	<u>1,621</u>	<u><i>(1,522)</i></u>

9. DIVIDENDS PAID AND PROPOSED

	1999 £ '000	<i>1998</i> <i>£ '000</i>
Ordinary - proposed	6,200	-

10. GOODWILL

	Goodwill £ '000
Cost	
At 1 January 1999	10,454
At 31 December 1999	<u>10,454</u>
Amortisation	
Charge for year	1,045
At 31 December 1999	<u>1,045</u>
Net Book Value	
At 31 December 1999	<u>9,409</u>
<i>At 31 December 1998</i>	<u><i>10,454</i></u>

S.I.T.A. (GB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

11. TANGIBLE FIXED ASSETS

	Freehold property £ '000	Short leasehold property £ '000	Plant & machinery £ '000	Vehicles £ '000	Fixtures & fittings £ '000	Total £ '000
Cost or Valuation						
At 1 January 1999	640	2,122	27,992	-	-	30,754
Reclassifications	-	-	(21,035)	19,542	1,493	-
Additions	-	-	432	9,884	214	10,530
Disposals	-	-	(264)	(1,275)	(26)	(1,565)
Transfers to/(from) group companies	-	-	(8)	(219)	(516)	(743)
At 31 December 1999	<u>640</u>	<u>2,122</u>	<u>7,117</u>	<u>27,932</u>	<u>1,165</u>	<u>38,976</u>
Depreciation						
At 1 January 1999	16	835	15,469	-	-	16,320
Reclassifications	-	-	(12,149)	11,049	1,100	-
Charge for the year	13	60	676	2,776	92	3,617
Disposals	-	-	(237)	(1,257)	(2)	(1,496)
Transfers to/(from) group companies	-	-	(8)	(176)	(276)	(460)
At 31 December 1999	<u>29</u>	<u>895</u>	<u>3,751</u>	<u>12,392</u>	<u>914</u>	<u>17,981</u>
Net Book value						
At 31 December 1999	<u>611</u>	<u>1,227</u>	<u>3,366</u>	<u>15,540</u>	<u>251</u>	<u>20,995</u>
At 31 December 1998	<u>624</u>	<u>1,287</u>	<u>12,523</u>	<u>-</u>	<u>-</u>	<u>14,434</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £ '000
Cost	
At 1 January 1999	35,539
Disposals	(500)
At 31 December 1999	<u>35,039</u>
Provisions	
At 1 January 1999	500
Disposals	(500)
At 31 December 1999	<u>-</u>
Net book value	
At 31 December 1999	<u>35,039</u>
At 31 December 1998	<u>35,039</u>

<i>Principal subsidiary undertakings</i>	<i>Principal activity</i>	<i>% Holding</i>
LondonWaste Limited	Waste disposal and electricity generation	50 %
Midland Land Reclamation Limited	Management of landfill sites	100 %
Quadron Services Limited	Provision of municipal services	100 %
Shropshire Waste Management Limited	Management of landfill sites	80 %
S.I.T.A. Contract Services Limited	Provision of municipal services	100 %

All subsidiaries are registered in England and Wales.

The company's investment in Historic Property Restoration Limited was disposed of during the year. The profit on disposal of the subsidiary was £169,000.

13. STOCKS

	1999 £ '000	1998 £ '000
Raw materials and consumables	783	907
Work in progress	346	951
	<u>1,129</u>	<u>1,858</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

14. DEBTORS

	1999 £ '000	1998 £ '000
Amounts falling due after more than one year		
Deferred contract procurement costs	45	206
Amounts falling due within one year		
Trade debtors	12,672	6,073
Amounts owed by group undertakings	61,360	22,284
Other debtors	69	1,028
Proposed dividends receivable	6,868	1,955
Corporation tax recoverable	-	117
Deferred contract procurement costs	161	161
Prepayments and accrued income	6,599	9,312
	<u>87,774</u>	<u>41,136</u>

15. CREDITORS:**Amounts falling due within one year**

	1999 £ '000	1998 £ '000
Bank loans and overdrafts	-	29,790
Trade creditors	-	1,603
Amounts owed to group undertakings	89,487	9,951
Corporation tax	1,701	-
Social security and other taxes	3	1,915
Other creditors	1,520	376
Accruals and deferred income	8,127	9,449
Proposed dividend	6,200	-
	<u>107,038</u>	<u>53,084</u>

16. CREDITORS:**Amounts falling due after more than one year**

	1999 £ '000	1998 £ '000
Bank loans	15,000	15,000
Amounts owed to group undertakings	10,225	10,736
Other creditors	-	235
	<u>25,225</u>	<u>25,971</u>

The amount due to group undertakings is interest bearing and represents a loan in the form of a commitment to provide airspace over a period of up to 20 years from 15 December 1994.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Onerous contracts £ '000
At 1 January 1999	2,067
Charged to profit and loss account	283
Credited to profit and loss account	(779)
At 31 December 1999	<u>1,571</u>

Onerous contracts

The company has provided against future operating losses expected on long-term contracts.

Deferred taxation

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

	Deferred tax liability/(asset) provided		Full potential liability/(asset)	
	1999 £ '000	1998 £ '000	1999 £ '000	1998 £ '000
Accelerated capital allowances	884	323	884	323
Other timing differences	(884)	(323)	(962)	(641)
	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>(318)</u>

Deferred taxation has been calculated based on a corporation tax rate of 30% (1998: 31%).

18. CALLED UP SHARE CAPITAL

	1999 £ '000	1998 £ '000
Authorised		
20,000,000 ordinary shares of 1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
10,130,696 ordinary shares of 1 each	<u>10,131</u>	<u>10,131</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £ '000	1998 £ '000
Profit/(loss) for the year	6,870	(326)
Dividends	(6,200)	-
Net addition to shareholders' funds	<u>670</u>	<u>(326)</u>
Opening shareholders' funds	21,799	22,125
Closing shareholders' funds	<u>22,469</u>	<u>21,799</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

20. CONTINGENT LIABILITIES

The company has provided unsecured guarantees to third parties in respect of performance bonds. At 31 December 1999 guarantees outstanding amounted to £12,608,000 (1998: £16,928,000).

During the year the company became party to a cross-guarantee arrangement with other SITA group companies in respect of bank overdrafts. The potential liability outstanding at 31 December 1999 was £6,259,000.

21. OTHER COMMITMENTS

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999	1998	1999	1998
	£ '000	£ '000	£ '000	£ '000
Expiry date:				
Within 1 year	8	41	104	755
Between 2 and 5 years	350	215	1,784	706
In more than 5 years	589	694	-	-
	947	950	1,888	1,461

22. PENSION COMMITMENTS

The group provides pension arrangements to the majority of full time employees through a number of defined benefit schemes and the related costs are assessed in accordance with the advice of professionally qualified actuaries.

Details of the most recent actuarial valuations of the principal schemes, which were conducted at dates between 1 January 1997 and 6 April 1998 are contained in the financial statements of the company's UK parent undertaking, SITA Holding U.K. Limited.

The pension cost charge for the year for defined benefit schemes was £672,000 (1998 - £643,000).

The company also operates a defined contribution scheme for which the pension cost charge for the year amounted to £23,000 (1998 - £123,000).

23. 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.

24. CONTROLLING PARTY

In the opinion of the directors, SITA Holding U.K. Limited controls the company as a result of controlling 100% of the issued share capital of S.I.T.A. (GB) Limited. Suez Lyonnaise des Eaux SA is the ultimate controlling party, being the ultimate controlling party of SITA Holding U.K. Limited.

25. PARENT COMPANY

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

The largest group of which S.I.T.A. (GB) Limited is a member and for which group financial statements are drawn up is that headed by Suez Lyonnaise des Eaux SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holding U.K. Limited, a company registered in England and Wales. The consolidated financial statements of the SITA Holding U.K. Limited Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.