

# **S.I.T.A. (GB) Limited**

Directors' report and consolidated  
financial statements

For the year ended 31 December 1995

Registered Number: 2291198



# S.I.T.A. (GB) Limited

## Directors' report and consolidated financial statements

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# S.I.T.A. (GB) Limited

## Directors, officers and advisors

Directors:	A.R. Barlow P. Carneau P. de la Chapelle E. Houdart J.C. Lebel T. Schwarz
Secretary:	Legibus Secretaries Limited 200 Aldersgate Street London EC1A 4JJ
Auditors:	Arthur Andersen Abbots House Abbey Street Reading RG1 3BD
Solicitors:	Taylor Joynson Garrett Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0DX  Bond Pearce Darwin House Southernhay Gardens Southernhay East Exeter EX1 1LA
Bankers:	Crédit Lyonnais P.O. Box 81 Broadwalk House 5 Appold Street London EC2A 2JP  Banque Nationale de Paris 8-13 King William Street London EC4P 4HS

# S.I.T.A. (GB) Limited

Directors, officers and advisors (*continued*)

Bankers (*continued*):

Crédit Commercial de France  
Peninsular House  
36 Monument Street  
London  
EC3R 8LJ

Crédit du Nord  
66 Mark Lane  
London  
EC3R 7HS

Société Générale  
Exchange House  
Primrose Street  
London  
EC2A 2HT

Registered office:

200 Aldersgate Street  
London  
EC1A 4JJ

# S.I.T.A. (GB) Limited

## Directors' report

The directors present their report and the financial statements of the Group for the year ended 31 December 1995.

### Principal Activities and Review of the Business

The Group's principal activities during the year continued to be the provision of municipal services, industrial and commercial waste collection, and the recycling, treatment and disposal of waste, utilising both landfill and waste-to-energy incineration.

Trading continued to expand significantly with consolidated revenues of £110.2 million representing a most acceptable increase of 88% on 1994. Pre-tax profits, at £3.62 million excluding minority interests, also showed a satisfactory 41% increase.

Management attention within the Municipal & Commercial Services Division was primarily concentrated, during the first half of the year, on the starting-up and integration of the significant number of new contracts awarded to the Company towards the end of 1994 - these contracts covered not only the mainstream refuse collection and street cleansing activities, but also a number of multi-service externalisation operations, in which the Company maintained its market leadership position. The second half of the year saw an upturn in new business opportunities, as a result of which a further 15 contracts with annual turnover values in excess of £18 million were secured for commencement early in 1996.

The landfill disposal division also enjoyed a successful year's trading, with both Midland Land Reclamation Ltd and Shropshire Waste Management Ltd exceeding their forecast expectations. Prices remained firm throughout the year, and a slight increase in volumes led to revenues increasing by 12.3% from £9.2 million to £10.3 million - pre-tax profits showed a very healthy increase of 35.9%. Environmental legislation and public awareness continue to play a major role in the day-to-day management of the business and, in response, the division opened a new Environmental Office at Narborough in Leicestershire which includes a fully equipped in-house laboratory able to service both companies in the division.

The LondonWaste Ltd venture with North London Waste Authority, which commenced operations in December 1994, enjoyed a successful first year's trading, achieving its Business Plan in respect of both sales and profits. Considerable management effort was invested in preparation for retrofitting the Edmonton Solid Waste Incineration Plant in order to meet the IPR 5/3 emission control regulations by 1 December 1996. The relevant supply contracts were negotiated and placed during the year and work started in line with the prescribed programme.

# S.I.T.A. (GB) Limited

## Directors' report *(continued)*

Looking to the future, the Board believes that opportunities for the Company to maintain its development will continue to be available. With more than 4000 employees, less than 8 years after its formation, SITA (GB) Ltd is now amongst the major public sector service organisations in the country. The dedication and professionalism of its management and staff have played, and continue to play a dominant role in that development - they are to be thanked and congratulated for those efforts.

### **Results and dividends**

The results for the year ended 31 December 1995 are shown in the profit and loss account on page 8. The profit for the year after taxation and minority interests was £1,721,745 (1994: £1,266,667).

The directors recommend the payment of a dividend of £500,000 (1994 : £148,000).

### **Post balance sheet events**

In April 1996 a new subsidiary undertaking, Historic Property Restoration Limited, was set up. This company provides specialist maintenance and restoration services for historic properties.

In August 1996 the Group purchased Nene Valley Waste Limited and Quadron Services Limited.

Nene Valley Waste Limited is involved in the collection and disposal of waste.

Quadron Services Limited and its wholly-owned subsidiary, Quadron Rushmoor Limited are involved in the provision of municipal services.

### **Fixed assets**

As part of the Group's expansion of its normal activities, significant purchases of plant have been made during the year. The movements are given in note 10 to the financial statements.

### **Employees**

The Company's policy is to ensure the health and safety and welfare of everyone engaged in, or affected by its activities. Within the limitations of its business, the Company's policy is to engage disabled persons on standard terms of employment. Opportunities for career advancement are available to disabled persons.

The success of our business depends upon maintaining a highly qualified and well motivated work force and every effort is made to achieve a common awareness of the financial and economic factors affecting the performance of the Group.

# S.I.T.A. (GB) Limited

## Directors' report *(continued)*

### **Directors and their interests**

The directors who served during the year were:

A.R. Barlow  
P. Carneau  
P. de la Chapelle (appointed 26 January 1995)  
E. Houdart  
J.C. Lebel  
F. Melul (resigned 3 March 1995)  
J.J. Prompsy (resigned 19 October 1995)  
T. Schwarz (appointed 19 October 1995)

The directors' interests in the share capital of the company are shown in note 26 to the financial statements.

### **Charitable contributions**

Donations to UK charities during the year amounted to £54,742.

### **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 the group and of the profit or loss of the group 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 group 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

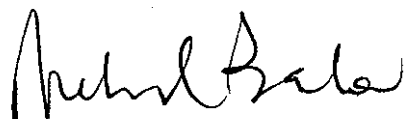
# S.I.T.A. (GB) Limited

## Directors' report *(continued)*

### **Auditors**

A resolution for the appointment of Arthur Andersen as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'A R Barlow', written in a cursive style.

**A R Barlow**  
*Director*

31 January 1997.



Report of the auditors  
To the shareholders of S.I.T.A. (GB) Limited

We have audited the accounts on pages 8 to 25, which have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

*Respective Responsibilities of Directors and Auditors*

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

*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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

*Opinion*

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
Chartered Accountants and Registered Auditors

Abbots House  
Abbey Street  
Reading  
RG1 3BD

31 January 1997

# S.I.T.A. (GB) Limited

## Consolidated profit and loss account for the year ended 31 December 1995

		1995		1994 (Note 25)	
	Note	£	£	£	£
<b>Turnover</b>	2				
Continuing operations		80,858,105		58,478,973	
Acquisitions		<u>29,296,044</u>		-	
			110,154,149		58,478,973
Raw materials and consumables	3	(16,451,219)		(6,968,924)	
Other external charges	3	<u>(27,328,840)</u>		<u>(17,233,692)</u>	
			<u>(43,780,059)</u>		<u>(24,202,616)</u>
			66,374,090		34,276,357
Staff Costs	3,6	(45,091,066)		(25,698,403)	
Depreciation	1,3	(5,671,867)		(2,581,767)	
Other operating charges	3	<u>(7,126,148)</u>		<u>(2,898,967)</u>	
			<u>(57,889,081)</u>		<u>(31,179,137)</u>
<b>Operating profit</b>					
Continuing operations		3,078,950		3,097,220	
Acquisitions		<u>5,406,059</u>		-	
			8,485,009		3,097,220
Interest receivable			239,874		58,047
Interest payable	4		<u>(2,512,870)</u>		<u>(586,984)</u>
<b>Profit on ordinary activities before taxation</b>	5		6,212,013		2,568,283
Taxation	8		<u>(2,925,728)</u>		<u>(1,298,000)</u>
<b>Profit on ordinary activities after taxation</b>			3,286,285		1,270,283
Minority interests			<u>(1,564,540)</u>		<u>(3,616)</u>
<b>Profit for the financial year</b>			1,721,745		1,266,667
Proposed dividend			<u>(500,000)</u>		<u>(148,000)</u>
<b>Retained profit for the financial year</b>	19		<u>1,221,745</u>		<u>1,118,667</u>

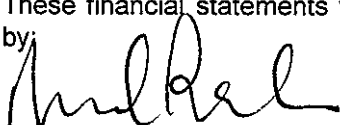
The group had no recognised gains and losses other than those included in the profits above, and therefore a separate statement of total recognised gains and losses has not been presented. There is no material difference between the profits shown above and their historical cost equivalents.

The notes on pages 13 to 25 form part of these financial statements.

**S.I.T.A. (GB) Limited**  
**Consolidated balance sheet**  
*as at 31 December 1995*

		1995		1994 (Note 25)	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		55,803,356		55,739,786
<b>Current assets</b>					
Stocks	12	2,342,152		2,043,541	
Debtors	13	22,667,306		13,774,816	
Deferred costs	14	1,470,221		906,869	
Cash at bank and in hand		<u>5,644,050</u>		<u>1,580,831</u>	
		32,123,729		18,306,057	
<b>Creditors: Amounts falling due within one year</b>	15	<u>(26,573,388)</u>		<u>(18,103,060)</u>	
<b>Net current assets:</b>					
Due within one year		3,653,337		(544,419)	
Due after more than one year		<u>1,897,004</u>		<u>747,416</u>	
<b>Total net current assets</b>			<u>5,550,341</u>		<u>202,997</u>
<b>Total assets less current liabilities</b>			61,353,697		55,942,783
<b>Creditors: Amounts falling due after more than 1 year</b>	16		(21,021,669)		(23,993,580)
<b>Provisions for liabilities and charges</b>	17		<u>(3,237,767)</u>		<u>(1,639,939)</u>
			<u>37,094,261</u>		<u>30,309,264</u>
<b>Capital and Reserves</b>					
Called up share capital	18		10,130,696		8,182,485
Capital contributions: non-equity			-		4,720,366
Share premium	19		11,733,151		3,681,362
Profit and loss account	19		2,203,887		982,142
Goodwill reserve	19		<u>(10,273,676)</u>		<u>(10,213,676)</u>
<b>Shareholders' funds:</b>	20				
Equity interests			13,794,058		2,632,313
Non-equity interests			-		4,720,366
			13,794,058		7,352,679
Minority interest			<u>23,300,203</u>		<u>22,956,585</u>
			<u>37,094,261</u>		<u>30,309,264</u>

These financial statements were approved by the board of directors on 31 January 1997 and were signed on its behalf by:



**A R Barlow**  
*Director*

The notes on pages 13 to 25 form part of these financial statements.

# S.I.T.A. (GB) Limited

Company balance sheet  
as at 31 December 1995

		1995		1994
				(Note 25)
	Notes	£	£	£
<b>Fixed assets</b>				
Tangible assets	10	6,100,793		4,710,341
Investments	11	<u>34,786,179</u>		<u>34,726,179</u>
		40,886,972		39,436,520
<b>Current assets</b>				
Stock	12	817,727	515,805	
Debtors	13	18,952,781	12,602,143	
Deferred costs	14	743,333	-	
Cash at bank and in hand		<u>11,861</u>	<u>513,305</u>	
		20,525,702	13,631,253	
<b>Creditors: Amounts falling due within one year</b>	15	<u>(13,641,262)</u>	<u>(12,351,217)</u>	
<b>Net current assets:</b>				
Due within one year		5,438,964	1,280,036	
Due after more than one year		<u>1,445,476</u>	<u>-</u>	
<b>Total net current assets</b>		<u>6,884,440</u>		<u>1,280,036</u>
<b>Total assets less current liabilities</b>		47,771,412		40,716,556
<b>Creditors: Amounts falling due after more than 1 year</b>	16	<u>(24,977,143)</u>		<u>(24,000,000)</u>
		<u>22,794,269</u>		<u>16,716,556</u>
<b>Capital and Reserves</b>				
Called up share capital	18	10,130,696		8,182,485
Capital contributions: non-equity		-		4,720,366
Share premium	19	11,733,151		3,681,362
Profit and loss account	19	<u>930,422</u>		<u>132,343</u>
<b>Shareholders' funds:</b>	20			
Equity interests		22,794,269		11,996,190
Non-equity interests		<u>-</u>		<u>4,720,366</u>
		<u>22,794,269</u>		<u>16,716,556</u>

These financial statements were approved by the board of directors on 31 January 1997 and were signed on its behalf by:



A R Barlow  
Director

The notes on pages 13 to 25 form part of these financial statements.

# Midland Land Reclamation Limited

## Directors' Report

The directors present their report and the audited financial statements of the company for the year ended 31 December 1995.

### Review of the Business

The company's principal activities are the acquisition and management of landfill sites, infilling and restoration.

1995 has been a challenging year with increasing environmental legislation and awareness becoming a major part of the day to day running of the business.

In response to this we have opened a new Environmental Office at Narborough Lodge, within which we now have our own in house laboratory.

Prices have remained firm throughout the year with volumes showing a slight increase.

Financial expectations of 1995 have been met, both in turnover and profit before tax.

### Result and Dividends

The result for the period ended 31st December 1995 are shown in the profit and loss account on page 5. The profit after taxation for the year was £1,188,653 (1994: £1,156,664).

An interim dividend of £1,300,000 has been proposed (1994: £850,000).

### Post Balance Sheet Events

In August 1996 the company purchased the entire share capital of Nene Valley Waste Limited, which is involved in the collection and disposal of waste.

### Directors and Their Interests

The directors who held office during the year were as follows:

P. Brongniart (resigned 10 April 1995)  
J.C. Lebel  
E. Perol  
B.E. Ward

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The directors' interests in the share capital of its UK parent company, S.I.T.A. (GB) Limited, are shown in note 24 of the financial statements.

# Midland Land Reclamation Limited

## Directors' Report *(continued)*

### Fixed Assets

The movements in fixed assets are shown in note 9 to the financial statements.

### 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 the 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

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of Arthur Andersen as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



**B E Ward**  
Director

30 January 1997