

Wessex Waste Management Limited

Accounts 31 December 1993

together with directors' and auditors' reports

Registered number: 2536345



Directors' report

For the year ended 31 December 1993

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1993.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

Principal activities and business review

The principal activity of the company is the searching for and development of business opportunities in the waste management industry in the United Kingdom.

The company does not generate revenues. The loss of the company attributable to ordinary shareholders was £3,000 (1992 - profit of £35,000) on an historical cost basis. The directors do not recommend the payment of a dividend for the year.

Directors and their interests

The directors who served during the year are shown below:

N. Wheatley

W.N. Hood

L.M. Collier

E.G. Falkman

C.F. Skellett

J. Holsten (resigned 22 July 1993)

N. Wilson (appointed 8 July 1993)

Directors' report (continued)

Directors and their interests (continued)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985 other than those described below which comprise interests in the ordinary share capital of the parent company, Waste Management International plc ("shares").

	Number of shares as at:		Number of shares over which options were:	
	1 January 1993	31 December 1993	granted during the year	exercised during the year
L.M. Collier	20,000+	20,000+	100,000	-
C.F. Skellett	-	-	-	-
N. Wheatley	-	-	-	-
W.N. Hood	-	-	-	-
N. Wilson	*	-	56,084	-

* at date of appointment

+ interests held in the form of American Depository Shares

All the above options were granted on 27 April 1993 and are exercisable up to 26 April 2000 (26 April 2003 for those options granted to Mr Collier) at an exercise price of 588.4p per share.

Mr Falkman's interests are disclosed in the accounts of Waste Management International plc (see note 14).

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

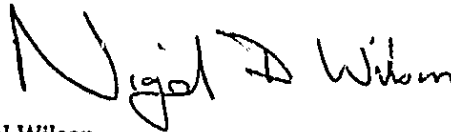
Directors' report (continued)

Liability insurance for company officers

As permitted by the Companies Act 1985 (as amended), the company has maintained insurance cover for the directors against liabilities in relation to the company.

Gate House
Turnpike Road
High Wycombe
Bucks
HP12 3NR

By order of the Board,



N. Wilson

Director

28 October 1994

Auditors' report

London

To the Shareholders of Wessex Waste Management Limited;

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 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.

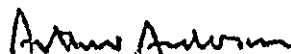
Basis of opinion

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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 at 31 December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

24 October 1994

Profit and loss account

For the year ended 31 December 1993

	Notes	1993 £'000	1992 £'000
Other operating (expenses) income	2	(5)	8
Operating (loss) profit		(5)	8
Investment income	3	2	27
(Loss) profit on ordinary activities before tax	4	(3)	35
Retained (loss) profit for the year	12	(3)	35
Accumulated deficit at beginning of year		(644)	(679)
Accumulated deficit at end of year		(647)	(644)

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses in either year other than the (loss) profit for each year.

Balance sheet

31 December 1993

	Notes	1993 £'000	1992 £'000
Fixed assets			
Investments	6	220,426	120,666
Current assets			
Debtors	7	62,306	
Deferred costs		1,142	638
Cash at bank and in hand		417	3
		63,865	641
Creditors: Amounts falling due within one year	8	(7,666)	(6,231)
Net current assets (liabilities)		56,199	(5,590)
Creditors: Amounts falling due after more than one year	9	(8,333)	-
Total assets less current liabilities		268,292	115,076
Capital and reserves			
Called-up share capital	10	111,376	111,376
Other capital reserves	11	157,563	4,344
Profit and loss account		(647)	(644)
Total capital employed		268,292	115,076

Signed on behalf of the Board

N. Wilson

Director

Nigel D Wilson

26 October 1994

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1993

1 Statement of accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below:

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Investments

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent diminutions in value.

c) Deferred costs

Expenditure incurred on specific projects relating to prospective acquisitions and joint venture opportunities is carried forward when success can be foreseen with reasonable assurance.

d) Taxation

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

e) Cash flow statements

The company is exempt from the obligation to present a cash flow statement in accordance with the Financial Reporting Standard No.1 "Cash Flow Statements", since it is entitled to exemptions available in sections 246 to 249 of the Companies Act 1985 for small companies.

2 Other operating (expenses) income

	1993 £'000	1992 £'000
Administration expenses	(5)	(4)
Sundry income	-	12
	<u>(5)</u>	<u>8</u>

Notes to accounts (continued)

3 Investment income

	1993 £'000	1992 £'000
Interest receivable and similar income	<u>2</u>	<u>27</u>

4 (Loss) profit on ordinary activities before taxation

(Loss) profit on ordinary activities before taxation is stated after charging:

	1993 £'000	1992 £'000
Auditors' remuneration in respect of audit services	<u>-</u>	<u>4</u>

In the current year, auditors' remuneration was borne by another group undertaking.

5 Staff costs

The average weekly number of persons employed by the company during the year was nil (1992 - nil).

No remuneration was paid to any director in connection with the management of the company during the year (1992 - £nil).

6 Fixed asset investments

The following are included in the net book value of fixed asset investments:

	1993 £'000	1992 £'000
Subsidiary undertakings	<u>220,426</u>	<u>120,666</u>

Notes to accounts (continued)

6 Fixed asset investments (continued)

Principal investments

The company has investments in the following principal subsidiary undertakings:

Principal subsidiary undertakings	Country of registration	Principal activity	Proportion of all types of shares held by the company
UK Waste Management Limited	England	Waste collection and disposal	100%
Hemmings Hygiene Limited	England	Clinical waste collection	100%
Waste Management Limited	England	Waste collection and disposal	100%
SCS Contractors Limited	England	Municipal services	100%
R.A. Johnson (Haulage) Limited	England	Non trading	100%

The movement in the year was as follows:

	1993 £'000
Cost	
Beginning of year	
Acquisition of Waste Management Limited	120,666
Acquisition of SCS Contractors Limited	95,689
Acquisition of R.A. Johnson (Haulage) Limited	2,523
End of year	1,548
	<u>220,426</u>

No amounts have been written off the carrying values of the investments in subsidiary undertakings. In the directors' opinion the aggregate value of the shares in and amounts receivable from the subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

7 Debtors

The following are included in the net book value of debtors:

	1993 £'000	1992 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	<u>62,306</u>	<u>-</u>

Notes to accounts (continued)

8 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1993 £'000	1992 £'000
Amounts owed to other group undertakings	-	6,231
Deferred consideration	7,666	-
	<u>7,666</u>	<u>6,231</u>

9 Creditors: Amounts falling due after more than one year

	1993 £'000	1992 £'000
Deferred consideration	<u>8,333</u>	<u>-</u>

10 Called-up share capital

	1993 £'000	1992 £'000
<i>Authorised</i>		
75,000,002 ordinary "A" shares of £1.00 each	75,000	75,000
75,000,000 ordinary "B" shares of £1.00 each	<u>75,000</u>	<u>75,000</u>
	<u>150,000</u>	<u>150,000</u>
<i>Allotted, called-up and fully-paid</i>		
55,688,002 (1992 - 55,688,002) ordinary "A" shares of £1.00 each	55,688	55,688
55,688,000 (1992 - 55,688,000) ordinary "B" shares of £1.00 each	<u>55,688</u>	<u>55,688</u>
	<u>111,376</u>	<u>111,376</u>

11 Other capital reserves

	1993 £'000	1992 £'000
At 1 January	4,344	108,116
Capital injections by joint venture partners	153,219	7,404
Capitalisation into ordinary shares	-	(111,176)
At 31 December	<u>157,563</u>	<u>4,344</u>

During the year equal capital injections were made by each joint venture partner.

Notes to accounts (continued)

12 Reconciliation of movements in shareholders' funds

	1993 £'000	1992 £'000
(Loss) profit for the financial year	(3)	35
Capital injections by joint venture partners	153,219	7,404
Net addition to shareholders' funds	<u>153,216</u>	<u>7,439</u>
Opening shareholders' funds	115,076	107,637
Closing shareholders' funds	<u>268,292</u>	<u>115,076</u>

13 Guarantees and other financial commitments

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

14 Ultimate parent company

The ultimate parent company is WMX Technologies, Inc., incorporated in the USA.

The largest group in which the results of Wessex Waste Management Limited and subsidiary undertakings are consolidated is that headed by the ultimate parent company. The smallest group in which they are consolidated is that headed by Waste Management International plc, registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from 3003 Butterfield Road, Oak Brook, Illinois 60521, U.S.A. and 3 Shortlands, London W6 8RX respectively.

The company has taken advantage of Section 228 of the Companies Act 1989 in not preparing group accounts.