

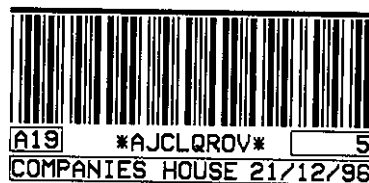


CHURNGOLD WASTE MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 May 1996

**Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**





REPORT AND FINANCIAL STATEMENTS 1996

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 May 1996.

ACTIVITIES

The principal activity of the company is waste collection and the management of tipping sites.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Results of the year

The company has performed satisfactorily given the general economic climate. Details of the company's performance are given in the profit and loss account on page 5 and the notes on pages 7 to 9.

Financial position

The position of the company at the end of the year is set out in the balance sheet on page 6 and the notes on pages 9 to 12.

Future prospects

The directors consider that the company is well placed to perform satisfactorily given a favourable trading climate.

DIVIDENDS AND TRANSFER TO RESERVES

The directors do not propose the payment of a dividend (1995 - £Nil). The retained profit of £167,725 (1995 - £221,265) has been transferred to reserves.

FIXED ASSETS

Changes in the fixed assets of the company are set out in note 7.

DIRECTORS

The directors and their interests in the share capital of the company at the beginning and end of the year were as follows:


	1996			1995		
	£1 deferred shares	1FF ordinary 'A' shares	1FF ordinary 'B' shares	£1 deferred shares	1FF ordinary 'A' shares	1FF ordinary 'B' shares
D F Lynch	644	500	144	644	500	144
P C Rinn	643	500	143	643	500	143
J R Henderson	143	-	143	143	-	143
J J Dimambro	-	-	-	-	-	-

DIRECTORS' REPORT (continued)

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on its behalf



J J Dimambro
Secretary



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 as at the end of the financial year 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;
- 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. 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.



Chartered Accountants

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol BS1 4JP

Telephone: National 0117 921 1622
International + 44 117 921 1622
Fax (Gp. 3): 0117 929 2801

CHURNGOLD WASTE MANAGEMENT LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 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 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 as at 31 May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants
and Registered Auditors

25 November 1996

PROFIT AND LOSS ACCOUNT
Year ended 31 May 1996

	Note	1996 £	1995 £
TURNOVER - continuing operations	2	2,516,573	1,899,265
Cost of sales		(1,663,674)	(1,158,149)
		<hr/>	<hr/>
Gross profit		852,899	741,116
Administrative expenses		(574,152)	(399,883)
		<hr/>	<hr/>
OPERATING PROFIT - continuing operations		278,747	341,233
Interest receivable and similar income		5,518	-
Interest payable and similar charges	4	(17,729)	(12,232)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	266,536	329,001
Tax on profit on ordinary activities	6	(98,811)	(107,736)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	167,725	221,265
		<hr/>	<hr/>

There were no recognised gains and losses for the current or previous year other than the profit retained. Accordingly no statement of recognised gains and losses has been prepared.



BALANCE SHEET

31 May 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	7		888,856		465,527
CURRENT ASSETS					
Debtors	8	446,144		328,052	
Cash at bank and in hand		261,695		158,688	
		<u>707,839</u>		<u>486,740</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Obligations under hire purchase contracts	10	213,561		122,692	
Trade creditors		133,909		127,455	
Amounts due to related parties		64,752		-	
Other creditors including taxation and social security	9	96,746		144,821	
Accruals and deferred income		307,397		95,713	
		<u>(816,365)</u>		<u>(490,681)</u>	
NET CURRENT LIABILITIES			(108,526)		(3,941)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>780,330</u>		<u>461,586</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		(219,678)		(94,139)
PROVISIONS FOR LIABILITIES AND CHARGES	11		(56,258)		(30,778)
			<u>504,394</u>		<u>336,669</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,614		1,614
Profit and loss account	13		502,780		335,055
TOTAL SHAREHOLDERS' FUNDS			<u>504,394</u>		<u>336,669</u>
Shareholders' funds are attributable to:					
Equity shareholders' funds			502,909		325,184
Non-equity shareholders' funds			1,485		1,485
			<u>504,394</u>		<u>336,669</u>

These financial statements were approved by the Board of Directors on *25th Nov* 1996.
Signed on behalf of the Board

P C Rinn, Director



NOTES TO THE ACCOUNTS

Year ended 31 May 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant, machinery and equipment	20% per annum
Motor vehicles	20% per annum

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets held under finance leases and hire purchase contracts and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the lease or hire purchase contract. The excess of the lease or hire purchase payments over the recorded obligations are treated as finance charges which are amortised over each term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to profit and loss account in equal annual instalments over the periods of the leases.

Related company

A related company is one with shareholders and directors in common with Churngold Waste Management Limited.

2. TURNOVER

The turnover and profit before taxation are attributable to one activity carried on wholly within the United Kingdom.

NOTES TO THE ACCOUNTS
Year ended 31 May 1996

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996	1995
	£	£
Directors' emoluments	33,060	-
Emoluments of chairman (and highest paid director)	10,000	-
Emoluments of the directors, excluding pension contributions, were within the following scales:		
	No.	No.
£0 - £5,000	2	4
£5,001 - £10,000	2	-
	£	£
Employee costs (excluding directors) during the year:		
Wages and salaries	79,500	56,290
Social security costs	6,762	5,535
	86,262	61,825
Average number of persons (excluding directors) employed:	No.	No.
Sales and distribution	3	3

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
Bank loans and overdrafts and other loans repayable within five years	3,551	3,429
Finance charges under hire purchase obligations	14,178	8,803
	17,729	12,232

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£	£
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned assets	69,943	48,568
- leased assets	99,962	57,252
Auditors' remuneration	2,000	2,500
Profit on disposal of fixed assets	(7,659)	-

NOTES TO THE ACCOUNTS
Year ended 31 May 1996

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
United Kingdom corporation tax at 33% (1995 - 33%) based on the profit for the year	70,000	101,000
Deferred taxation	25,480	10,282
Adjustment in respect of prior years	3,331	(3,546)
	<hr/>	<hr/>
	98,811	107,736
	<hr/>	<hr/>

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Plant, machinery and equipment £	Total £
Cost			
At 1 June 1995	307,264	340,815	648,079
Additions	154,215	472,360	626,575
Disposals	-	(41,000)	(41,000)
	<hr/>	<hr/>	<hr/>
At 31 May 1996	461,479	772,175	1,233,654
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 June 1995	72,553	109,999	182,552
Provisions	51,709	118,196	169,905
Disposals	-	(7,659)	(7,659)
	<hr/>	<hr/>	<hr/>
At 31 May 1996	124,262	220,536	344,798
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 1996	337,217	551,639	888,856
	<hr/>	<hr/>	<hr/>
At 31 May 1995	234,711	230,816	465,527
	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes assets held under hire purchase contracts with a net book value of £681,859 (1995 - £316,110).

NOTES TO THE ACCOUNTS
Year ended 31 May 1996

8. DEBTORS

	1996	1995
	£	£
Trade debtors due within one year	425,546	325,384
Amounts owed by related companies	946	53
Other debtors	1,837	1,185
Called up share capital not paid	1,430	1,430
Prepayments and accrued income	16,385	-
	<hr/>	<hr/>
	446,144	328,052
	<hr/>	<hr/>

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1996	1995
	£	£
This amount includes:		
Taxation and social security	96,746	144,621
	<hr/>	<hr/>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996	1995
	£	£
Obligations under hire purchase contracts	219,678	94,139
	<hr/>	<hr/>

All amounts fall due within five years. Obligations under hire purchase contracts are secured by the related assets.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

Movement for the year	£
At 1 June 1995	30,778
Charged to profit and loss account - current year	25,480
	<hr/>
At 31 May 1996	56,258
	<hr/>

NOTES TO THE ACCOUNTS

Year ended 31 May 1996

11. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 1996 £	Provided 1995 £	Unprovided 1996 £	Unprovided 1995 £
Capital allowances in excess of depreciation	56,258	30,778	-	-

12. SHARE CAPITAL

	1996 £	1995 £
Authorised:		
100,000 deferred shares of £1 each	100,000	100,000
100,000 ordinary shares of 1FF each	12,843	12,843
	<u>112,843</u>	<u>112,843</u>
Allotted and fully paid:		
1,430 deferred shares of £1 each	1,430	1,430
1,000 'A' ordinary shares of 1FF each	129	129
430 'B' ordinary shares of 1FF each	55	55
	<u>1,614</u>	<u>1,614</u>

Rights attached to shares

The holders of the 'A' ordinary shares have the right to receive notice of an attend and vote at any general meeting of the company. The holders of the 'B' ordinary shares and the deferred shares have no such rights.

The annual gross dividend cannot exceed 10,000,000 French Francs and is distributed 99 per cent to the holders of ordinary shares and 1 per cent to the holders of deferred shares.

On winding up, the surplus assets of the company are applied first in repayment to the holders of ordinary shares of the amount paid up on those shares together with a premium of 10,000 French Francs per share and the balance is distributed among all shareholders in proportion to the amounts paid up the shares.

NOTES TO THE ACCOUNTS

Year ended 31 May 1996

**13. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENTS ON RESERVES**

	Share capital £	Profit and loss account £	Total 1996 £	Total 1995 £
Balance at 1 June	1,614	335,055	336,669	115,404
Profit retained for the year	-	167,725	167,725	221,265
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 May	1,614	502,780	504,394	336,669
	<hr/>	<hr/>	<hr/>	<hr/>

14. RELATED PARTY TRANSACTIONS

Rent of £48,000 was paid to Messrs P C Rinn and D F Lynch who both own shares in the company and are directors of the company.

This transaction is not necessarily at normal commercial rates.