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Durham County Waste Management
Company Limited
Annual report and financial statements
for the year ended 31 March 2009



Durham County Waste Management Company Limited

Annual report for the year ended 31 March 2009

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Durham County Waste Management Company Limited

Chairman's Statement

The financial year 2009 was a difficult year for the Group, with profit before exceptional items and tax falling to £55,115 (2008 - £1,808,600) on turnover which was down by 1.7%.

Re-commissioning of the Group's innovative PARC household waste composting facility at Thornley continues to make good progress. In January 2010, the Group secured approval from DEFRA Animal Health to operate the plant commercially, demonstrating that it could consistently and reliably achieve the temperatures needed to meet the regulatory requirements of DEFRA. The Group is now in detailed discussions with the Environment Agency over the beneficial use of the bio-compost output on brownfield and contaminated land. The cost of the re-engineering process has been substantial however it leaves the Group well placed to deliver an effective low carbon alternative to mass burn incineration and other thermal technologies.

During the year the Company set up a Scientific Advisory Committee to advise it on technical matters associated with its PARC technology. Four senior academics; Professor Chambers of ADAS, Professor Curtis of Newcastle University, Professor Lightfoot, Chief Advisor Health Protection Agency and Professor Stentford of Leeds University accepted appointment to the committee.

The Company's commercial collections business continued to make good progress during the year, once again achieving record turnover. To help its customers increase their recycling, the Group commenced a mixed recyclate collection service, collecting mixed paper, card, plastics and cans from commercial customers for further separation at its Material Recycling Facility in Washington. This facility also accepts mixed recyclate from a number of local authorities in the area. Further recycling services are planned after the year end with the Group commencing mixed glass collection and confidential waste management services.

The Yorkshire commercial collections operation moved to a new base in Pudsey and expanded its operations into South Yorkshire, winning the contract to service Sheffield University. The operation will continue to consolidate its position in the Yorkshire region and after the year end commenced collection services in the Humberside region.

New services are not without initial cost and have contributed to the fall in the Group's profitability. However their longer term value to the Group should be significant.

Local authorities are obliged to meet increased recycling and diversion targets and are subject to a rising level of landfill tax which is significantly increasing the cost of landfill. Inevitably all landfill operators are experiencing a fall in tonnages of waste and this is only likely to continue. Regrettably this meant that the Group has had to cut its costs in this area and this has led to some redundancies and associated costs in the year. As a result the Group incurred a restructuring cost of £320,871 which has been disclosed as an exceptional item.

During the year the Group's contract for the collection of household recyclate in Durham came to an end whilst household recyclate collection services in Gateshead and Sunderland were taken in house by the authorities. As a result a number of employees of the Group were subject to TUPE transfers, leading to a fall in employee numbers from 348 to 288. The Company however remains a significant employer in the region, providing good employment rights and benefits which many of its competitors do not.

Durham County Waste Management Company Limited

Chairman's Statement (continued)

Like many companies with employees in a final salary pension scheme, the Company was adversely affected by the fall in world stock markets during the year. As a consequence the pension scheme moved from a small surplus of £166,320 to a deficit of £1,504,080. Although there are less than 60 employees in the scheme out of a total workforce of 288, the impact is significant on the Group, contributing significantly to the reduction in net assets from £9.1 million to £7.0 million.

The Group continues to actively support local charities and environmental causes, providing £367,630 of funding this year through schemes such as the Landfill Communities Scheme; most of that funding going to the County Durham Environmental Trust. Over ten years of the scheme, the Company's consistent financial contribution of over £10 million has been a significant factor in the County's continuing environmental improvement.

A handwritten signature in black ink, appearing to read 'Sir PD Carr', with a large, stylized initial 'S' and a flourish at the end.

Sir PD Carr CBE DL

Durham County Waste Management Company Limited

Directors' report for the year ended 31 March 2009

The directors present their report and the audited consolidated financial statements of the group and company for the year ended 31 March 2009.

Principal activities and business review

The group is involved in the collection, disposal and recycling of trade and municipal waste, through its trade collection operation and a number of landfill sites, transfer stations and waste processing centres in the North East of England. A review of the business is contained in the chairman's statement on page 1.

Results and dividends

The results of the group for the year are set out in the consolidated profit and loss account on page 9. No dividend has been paid and none is proposed (2008: nil) for the year. The loss for one financial year of £204,291 (2008 - £1,369,923 profit) have been (withdrawn from)/transferred to reserves.

Financial risk management

All financial assets are held in sterling, hence there is no foreign currency exchange rate exposure. There is minimal exposure to interest rate risk with the group's banking facilities linked to a margin over base rate for its overdraft and a margin over the 3 months libor for its long term shareholder loan. The group mitigates credit risk by the implementation of credit checks on new customers before sales commence and the application of a system of credit limits for ongoing customers.

Charitable donations

The Group made donations of £367,630 (2008: £648,296) during the year to the following organisations;

	2009 £	2008 £
Environmental trusts	347,850	580,506
Charities and local clubs	19,780	67,790
	367,630	648,296

Donations to environmental trusts include landfill tax recovered under the landfill tax credit scheme.

Directors

The directors of the company during the financial year and up to the date of signing the financial statements were as follows:

Sir PD Carr CBE DL (*non-executive chairman*)

SM Scott ACA

J Jeffery CBE (*non-executive director*)

A Nugent (*non-executive director*) - resigned 19 November 2008

Dr LG Grant - resigned 26 May 2008

Durham County Waste Management Company Limited

Directors' report for the year ended 31 March 2009 (continued)

Insurance

The Group maintains liability insurance for its Directors. The company has provided an indemnity for its Directors which is a qualifying third party indemnity provision for the purposes of Section 309 of the Companies Act 1985 against liabilities arising in relation to the company.

Employment

Consultation -

The group undertakes consultation with employees or their representatives at all levels with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees occurs through the in-house newsletter, briefing groups and a formally constituted works council which includes employee representatives from all levels within the group.

Equal opportunities –

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status.

Employment of disabled persons –

The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Remuneration committee -

The committee meets at least once a year to discuss the level of remuneration payable to executive directors.

Members of the committee comprise:

Sir PD Carr CBE DL (*non-executive director*)

J Jeffery CBE (*non-executive director*)

Durham County Waste Management Company Limited

Directors' report for the year ended 31 March 2009 (continued)

Audit committee -

The committee meets at least once a year and the external auditors attend the whole of each meeting. The committee examines matters relating to the financial affairs of the Group, including review of the annual results, internal control procedures and accounting policies.

Members of the committee comprise:

Sir PD Carr CBE DL (*non-executive director*)

SM Scott ACA

J Jeffery CBE (*non-executive director*)

A Nugent (*non-executive director*) – resigned 19 November 2008

Dr LG Grant - resigned 26 May 2008

In addition the board has established an environmental audit committee, which meets on a quarterly basis to review the group's environmental strategies, advise on improvements and provide a forum for considering environmental reports on behalf of the Board. The committee issues an annual environmental report, copies of which can be obtained from the company's registered office.

Members of the committee comprise:

J Jeffery CBE (*non-executive director*)

SM Scott ACA

Dr LG Grant - resigned 26 May 2008

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 group and of the profit or loss of the company and 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Durham County Waste Management Company Limited

Directors' report for the year ended 31 March 2009 (continued)

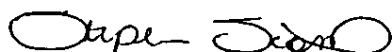
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



SM Scott ACA

Director

25 January 2010

Durham County Waste Management Company Limited

Independent auditors' report to the members of Durham County Waste Management Company Limited

We have audited the group and parent company financial statements of Durham County Waste Management Company Limited for the year ended 31 March 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the chairman's statement and all other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Durham County Waste Management Company Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
26 January 2010

Durham County Waste Management Company Limited

Consolidated profit and loss account for the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	1	39,931,279	40,642,302
Cost of sales		(34,783,742)	(33,821,264)
Gross profit		5,147,537	6,821,038
Administrative expenses		(4,671,064)	(4,669,362)
Operating profit before exceptional items	2	476,473	2,151,676
Exceptional items – on continuing operations	3	(320,871)	-
Operating profit including exceptional items		155,602	2,151,676
Net interest receivable	4a	102,850	199,835
Other finance costs	4b	(524,208)	(542,911)
(Loss)/profit on ordinary activities before taxation		(265,756)	1,808,600
Tax on (loss)/profit on ordinary activities	5	61,465	(438,677)
(Loss)/profit for the financial year	16	(204,291)	1,369,923

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents.

All operations are continuing.

Durham County Waste Management Company Limited

Consolidated statement of total recognised gains and losses for the year ended 31 March 2009

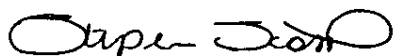
	Note	2009 £	2008 £
(Loss)/profit for the financial year		(204,291)	1,369,923
Actuarial (loss)/gain recognised in the pension scheme	21	(2,671,000)	1,319,000
Movement on deferred tax relating to the actuarial (loss)/gain		747,880	(391,080)
Total recognised gains and losses for the year		(2,127,411)	2,297,843

Durham County Waste Management Company Limited

Consolidated balance sheet as at 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Intangible assets	6		876,990		973,170
Tangible assets	7		15,518,160		15,296,656
			16,395,150		16,269,826
Current assets					
Stocks	9	219,976		250,337	
Debtors	10	8,053,249		7,822,655	
Cash at bank and in hand		4,583,338		7,108,656	
		12,856,563		15,181,648	
Creditors: amounts falling due within one year	11	(8,850,748)		(8,833,980)	
Net current assets			4,005,815		6,347,668
Total assets less current liabilities			20,400,965		22,617,494
Creditors: amounts falling due after more than one year	12		(1,509,115)		(1,729,403)
Provisions for liabilities	14		(10,437,313)		(11,976,543)
Net assets excluding pension (liability)/asset			8,454,537		8,911,548
Net pension (liability)/asset	21		(1,504,080)		166,320
Net assets including pension (liability)/asset			6,950,457		9,077,868
Capital and reserves					
Called up share capital	15		1,378,002		1,378,002
Profit and loss account	16		5,572,455		7,699,866
Total shareholders' funds			6,950,457		9,077,868

The financial statements on pages 9 to 33 were approved by the board of directors on 25 January 2010 and were signed on its behalf by:



SM Scott ACA
Director

Durham County Waste Management Company Limited


Registered Number 2651168

Durham County Waste Management Company Limited

Company balance sheet as at 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Intangible assets	6		56,427		70,533
Tangible assets	7		5,862,396		6,366,483
Investments	8		3,349,189		3,349,189
			9,268,012		9,786,205
Current assets					
Debtors	10	6,282,276		7,372,287	
Creditors: amounts falling due within one year	11	(794,148)		(714,906)	
Net current assets			5,488,128		6,657,381
Total assets less current liabilities			14,756,140		16,443,586
Creditors: amounts falling due after more than one year	12		(1,079,316)		(1,218,582)
Provisions for liabilities	14		(10,437,313)		(11,976,543)
Net assets			3,239,511		3,248,461
Capital and reserves					
Called up share capital	15		1,378,002		1,378,002
Profit and loss account	16		1,861,509		1,870,459
Total shareholders' funds			3,239,511		3,248,461

The financial statements on pages 9 to 33 were approved by the board of directors on 25 January 2010 and were signed on its behalf by:



SM Scott ACA
Director

Durham County Waste Management Company Limited

Registered Number 2651168

Durham County Waste Management Company Limited

Consolidated cash flow statement for the year ended 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Net cash inflow from operating activities	18		617,139		3,940,957
Returns on investments and servicing of finance					
Interest received		225,066		306,481	
Interest paid		(80,412)		(103,038)	
Interest element of finance lease		(41,804)		(3,608)	
Net cash flow from returns on investments and servicing of finance			102,850		199,835
Taxation			(223,215)		(169,081)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(2,874,382)		(2,451,489)	
Proceeds from sale of tangible fixed assets		108,500		7,500	
Proceeds from sale and operating leaseback		-		1,805,025	
Net cash outflow from capital expenditure and financial investments			(2,765,882)		(638,964)
Financing					
Repayment of long term loan		(139,267)		(139,267)	
Repayment of finance lease		(116,943)		(8,782)	
Cash outflow from financing			(256,210)		(148,049)
(Decrease)/increase in cash			(2,525,318)		3,184,698
Reconciliation of net funds:					
(Decrease)/increase in cash			(2,525,318)		3,184,698
Cash inflow from increase of debt	18		(52,761)		(629,084)
Cash outflow from repayment of debt	18		256,210		148,049
Movement in net debt in the year	18		(2,321,869)		2,703,663
Net funds at 1 April	18		5,130,505		2,426,842
Net funds at 31 March	18		2,808,636		5,130,505

Durham County Waste Management Company Limited

Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historic cost convention in accordance with the Companies Act 1985 and the applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, with the exception of the amendment to FRS 17, are set out below.

Change in accounting policy

During the year the group adopted the amendment to FRS 17. Other than the disclosures presented in the financial statements there was no impact of this change in accounting policy and therefore no prior year restatement was required.

Intangible assets

Goodwill arising up to 31 December 1997 has been eliminated against reserves in accordance with Financial Reporting Standard FRS 10 "Goodwill and Intangibles". From that date on goodwill has been capitalised and is amortised so as to write off the cost to the profit and loss account in equal annual instalments over a period of 20 years.

Tangible fixed assets

Tangible fixed assets are stated at historic costs less accumulated depreciation.

The cost of tangible fixed assets is the original purchase price, together with the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost, in equal annual instalments over their estimated useful lives and otherwise using the following rates

Freehold property	4%-5%
Plant and machinery	10%-33%

Site development costs are written off over the expected useful life of the site or, in the case of landfill sites, in proportion to the void space used.

Investments

Investments held as fixed assets are carried at cost less any provision for impairment.

Site restoration and aftercare

Provision has been made in accordance with FRS 12 "Provisions, contingent liabilities and contingent assets" for site restoration and aftercare costs likely to be incurred in the foreseeable future on sites filled or partially filled at the year end. Full provision is made for the costs, discounted at an appropriate cost of capital. The unwinding of the discount is charged on an annual basis to interest payable in the profit and loss account. The asset arising, representing part of the cost of the sites has been included in fixed assets and is being amortised as the site volumes are depleted.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stock.

Durham County Waste Management Company Limited

Deferred taxation

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Turnover

Turnover comprises waste disposal receipts, collection fees, and sales value of recyclable products, including landfill tax but exclusive of value added tax. Turnover is recognised at the point of a sale or service provided.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Finance Lease

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Pensions

The group operates a funded defined benefit pension scheme, the assets of which are held separately from those of the group in independently administered funds. The scheme is now closed to new entrants. In addition there are a number of money purchase arrangements to which the group and employees contribute.

The operating cost of providing pensions, as calculated periodically by independent actuaries, is charged to the Group's operating profit and loss in the period that those benefits are earned by employees. The financial return expected on the scheme's assets is recognised in the period in which they arise as part of finance income and the effect of the unwinding of the discounted value of the scheme's liabilities is treated as part of finance costs. The changes in value of the schemes' assets and liabilities are reported as actuarial gains or losses as they arise in the statement of total recognised gains and losses. The pension scheme's surplus, to the extent it is considered recoverable, or deficit is recognised in full and presented in the balance sheet net of any related deferred tax.

Grants

Capital based grants are treated as accruals and deferred income in the balance sheet and are amortised on a straight-line basis over the estimated useful lives of the assets to which they relate. Revenue based grants are credited to the profit and loss account in the period to which they relate.

Durham County Waste Management Company Limited

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

1 Segmental reporting

For the purposes of segmental reporting, turnover arises from one class of business and is all attributable to the United Kingdom.

2 Operating profit

	Group	
	2009	2008
	£	£
Operating profit before exceptional items is stated after charging/(crediting):		
Depreciation :		
-owned assets	1,796,867	1,643,953
-leased assets	49,853	-
Amortisation of goodwill	96,180	96,180
Profit on disposal of fixed assets	(82,392)	(3,500)
Operating lease rentals payable in respect of:		
- land	639,689	720,873
- plant and machinery	2,428,104	2,054,194
Auditors' remuneration		
Statutory audit	6,000	6,000
Other services – audit of subsidiary companies	25,725	25,725
Taxation services	30,000	30,000
Staff costs including directors' emoluments		
Wages and salaries	7,375,837	8,304,663
Social security costs	695,230	751,231
Pension costs (note 21)	492,109	601,654
	8,563,176	9,657,548

Durham County Waste Management Company Limited

2 Operating profit (continued)

	Group	
	2009 Number	2008 Number
Average monthly number (including executive directors) employed during the year.	288	348

	Group	
Directors' emoluments	2009 £	2008 £
The emoluments, including pension contributions, of the directors were as follows:		
Aggregate emoluments	250,564	343,364
Pension contributions	18,127	30,225
	268,691	373,589

The company paid pension contributions of £ 18,127 (2008: £30,225) to a defined contribution scheme on behalf of two directors (2008: two) during the year.

Total emoluments paid to the highest paid director during the year were £147,650 (2008: £180,663). In addition the company paid £15,106 (2008: £18,125) to a defined contribution scheme on behalf of the highest paid director.

In addition to the above, there is also amounts payable by the company of £168,142 (2008: nil) during the year to a director in respect of termination of office. The company paid £19,086 (2008: nil) to a defined contribution scheme on behalf of the director in respect of termination of office.

3 Exceptional items

	Group	
	2009 £	2008 £
Reorganisation and restructuring costs	320,871	-

Reorganisation and restructuring costs comprise of redundancy and other employment related costs.

Durham County Waste Management Company Limited

4 Net interest payable and other finance costs

a. Interest

	Group	
	2009 £	2008 £
Bank interest receivable	224,273	306,429
Other interest receivable	793	52
Interest receivable and similar income	225,066	306,481
Bank interest payable	(391)	(3,233)
Interest payable on finance leases	(41,804)	(3,608)
Other interest payable	(80,021)	(99,805)
Interest payable and similar charges	(122,216)	(106,646)
Net interest receivable	102,850	199,835

b. Other finance costs

	Group	
	2009 £	2008 £
Unwinding of discount on provision for restoration and aftercare costs	(485,208)	(557,911)
Other finance costs/income (note 21)	(39,000)	15,000
	(524,208)	(542,911)

Durham County Waste Management Company Limited

5 Tax on (loss)/profit on ordinary activities

a. Analysis of (credit)/charge in year

	Group	
	2009	2008
	£	£
Current tax		
UK corporation tax on (losses)/profits for the year	88,016	407,056
Adjustment in respect of prior years	(49,463)	(11,164)
Total current tax	38,553	395,892
Deferred tax		
Origination and reversal of timing differences	(197,520)	(53,817)
Adjustment in respect of prior years	-	9,902
Changes in tax rates	(778)	-
Pension cost relief in excess of pension cost charge	98,280	86,700
Total deferred tax	(100,018)	42,785
Tax on (loss)/profit on ordinary activities	(61,465)	438,677

b. Factors affecting tax charge for the year

The tax assessed for the year is higher (2008: lower) than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	Group	
	2009	2008
	£	£
(Loss)/profit on ordinary activities before tax	(265,756)	1,808,600
(Loss)/profit on ordinary activities multiplied by standard rate in the UK 28% (2008: 30%)	(74,412)	542,580
Effects of:		
Expenses not deductible for tax purposes	90,806	165,803
Accelerated capital allowances/other timing differences	48,641	(301,327)
Adjustment in respect of prior years	(49,463)	(11,164)
Non taxable items	22,981	-
Current tax charge for the year	38,553	395,892

Durham County Waste Management Company Limited

6 Intangible fixed assets

Intangible fixed assets comprise goodwill.

	Group £	Company £
Accumulated cost at 1 April 2008 and 1 April 2009	2,059,243	418,000
Amortisation		
At 1 April 2008	1,086,073	347,467
Amortisation for the year	96,180	14,106
At 31 March 2009	1,182,253	361,573
Net book amount - at 31 March 2009	876,990	56,427
Net book amount - at 31 March 2008	973,170	70,533

The goodwill arising on the acquisition of Premier Waste Management Limited and Joint Stocks landfill site is being amortised on a straight-line basis over 20 years. These periods are the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

7 Tangible fixed assets

Group

	Freehold property £	Site development £	Restoration & aftercare costs £	Plant and machinery £	Total £
Cost					
At 1 April 2008	5,666,243	6,924,740	14,069,773	8,244,235	34,904,991
Additions	36,136	2,389,572	-	501,435	2,927,143
Disposals	-	-	-	(272,336)	(272,336)
Decrease in future expenditure	-	-	(832,811)	-	(832,811)
At 31 March 2009	5,702,379	9,314,312	13,236,962	8,473,334	36,726,987
Depreciation					
At 1 April 2008	2,405,274	4,069,139	8,568,920	4,565,002	19,608,335
Charge for the year	78,966	909,190	177,028	681,536	1,846,720
Disposals	-	-	-	(246,228)	(246,228)
At 31 March 2009	2,484,240	4,978,329	8,745,948	5,000,310	21,208,827
Net book amount					
At 31 March 2009	3,218,139	4,335,983	4,491,014	3,473,024	15,518,160
At 31 March 2008	3,260,969	2,855,601	5,500,853	3,679,233	15,296,656

Durham County Waste Management Company Limited

7 Tangible fixed assets (continued)

Company

	Freehold property £	Site development £	Restoration & aftercare costs £	Total £
Cost				
At 1 April 2008	2,618,512	2,939,696	14,069,773	19,627,981
Additions	-	904,702	-	904,702
Decrease in future expenditure	-	-	(832,811)	(832,811)
At 31 March 2009	2,618,512	3,844,398	13,236,962	19,699,872
Depreciation				
At 1 April 2008	2,405,274	2,287,304	8,568,920	13,261,498
Charge for the year	20,858	378,092	177,028	575,978
At 31 March 2009	2,426,132	2,665,396	8,745,948	13,837,476
Net book amount				
At 31 March 2009	192,380	1,179,002	4,491,014	5,862,396
At 31 March 2008	213,238	652,392	5,500,853	6,366,483

Assets held under finance leases and capitalised in plant and machinery:

Group

	2009 £	2008 £
Cost	681,845	629,084
Aggregate depreciation	(49,853)	-
Net book amount	631,992	629,084

Durham County Waste Management Company Limited

8 Fixed asset investments

Group

The group holds no fixed asset investments.

Company

	2009 £	2008 £
Cost	3,349,189	3,349,189
Impairment	-	-
Net book amount	3,349,189	3,349,189

The company had the following shares in subsidiary undertakings, all of which were consolidated:

	Nature of business	Country of incorporation and operation	Interest
Premier Waste Management Limited	Collection, disposal and recycling of waste	England	100%
Capitol Waste Management Limited	Dormant	England	100%
Premier Landfill Contractors Limited	Landfill restoration services	England	100%
County Durham Aerobic Digester Limited	Dormant	England	100%

The directors believe that the carrying value of the investment is supported by their underlying net assets.

9 Stocks

	Group	
	2009 £	2008 £
Consumables	219,976	250,337

Durham County Waste Management Company Limited

10 Debtors

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	4,517,494	4,198,950	-	-
Other debtors	763,822	364,561	-	-
Amounts owed by parent undertaking	1,685,938	1,846,696	-	-
Amounts owed by group undertaking	-	-	5,473,797	5,453,191
Deferred tax asset (note 13)	436,912	238,614	-	-
Prepayments and accrued income	649,083	1,173,834	808,479	1,919,096
	8,053,249	7,822,655	6,282,276	7,372,287

11 Creditors: amounts falling due within one year

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade creditors	2,186,709	1,980,583	-	-
Other creditors	2,034,390	1,674,076	-	-
Other tax and social security	2,513,062	2,584,617	-	-
Accruals and deferred income	1,498,999	1,809,293	-	-
Shareholder loan	139,267	139,267	139,267	139,267
Finance lease	126,320	109,481	-	-
Corporation tax	352,001	536,663	654,881	575,639
	8,850,748	8,833,980	794,148	714,906

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Shareholder loan	1,079,316	1,218,582	1,079,316	1,218,582
Finance lease	429,799	510,821	-	-
	1,509,115	1,729,403	1,079,316	1,218,582

Durham County Waste Management Company Limited

12 Creditors: amounts falling due after more than one year (continued)

(a) Shareholder loan

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Borrowing are repayable as follows:				
Between one and two years	139,267	139,267	139,267	139,267
Between two and five years	417,800	417,800	417,800	417,800
After more than five years	522,249	661,515	522,249	661,515
	1,079,316	1,218,582	1,079,316	1,218,582

The borrowings represent a loan from the ultimate parent undertaking. The loan facility is £2,080,000 which is available on a draw down basis and is repayable in quarterly instalments over a fifteen year period. The loan attributes interest at a rate of 1% over the 3 month LIBOR.

(b) Finance lease

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Payments under finance lease are as follows:				
Between one and two years	162,102	148,685	-	-
Between two and five years	315,166	433,665	-	-
Total gross payment	477,268	582,350	-	-
Less finance charges included above	(47,469)	(71,529)	-	-
	429,799	510,821	-	-

13 Deferred taxation

Group

	Deferred taxation
	£
At 1 April 2008	(238,614)
Credit against asset	(198,298)
At 31 March 2009 (note 10)	(436,912)

Durham County Waste Management Company Limited

13 Deferred taxation (continued)

The deferred taxation asset is included within debtors (see note 10).

	2009		2008	
	Potential liability (asset)	Provision (asset)	Potential liability (asset)	Provision (asset)
	£	£	£	£
Deferred taxation				
Accelerated capital allowances	(105,152)	11,838	116,990	116,990
Other timing differences	(48,855)	(448,750)	(401,716)	(355,604)
	(154,007)	(436,912)	(284,726)	(238,614)

The deferred tax asset primarily relates to the timing of actual restoration expenditure incurred compared to restoration provisions charged in the profit and loss account. In accordance with the accounting policy, provision has been made for the deferred tax asset. Relief would be available in future periods if the restoration expenditure exceeds the annual charge in the profit and loss account.

Company

	Deferred taxation
	£
At 1 April 2008 and 31 March 2009	-

	2009		2008	
	Potential liability (asset)	Provision (asset)	Potential liability (asset)	Provision (asset)
	£	£	£	£
Deferred taxation				
Accelerated capital allowances	70,650	70,650	70,650	70,650
Other timing differences	(114,941)	(70,650)	(116,762)	(70,650)
	(44,291)	-	(46,112)	-

The deferred tax asset primarily relates to the timing of actual restoration expenditure incurred compared to restoration provisions charged in the profit and loss account. In accordance with the accounting policy, no provision has been made for the deferred tax asset. Relief would be available in future periods if the restoration expenditure exceeds the annual charge in the profit and loss account.

Durham County Waste Management Company Limited

14 Provisions for liabilities and charges

Restoration and aftercare

	Group	Company
	£	£
At 1 April 2008	11,976,543	11,976,543
Decrease in future expenditure (note 7)	(832,811)	(832,811)
Charged against provision	(1,191,627)	(1,191,627)
Unwinding of discounted provision (note 4)	485,208	485,208
At 31 March 2009	10,437,313	10,437,313

The restoration and aftercare provision relates to amounts payable in respect of the restoration and maintenance of sites at the end of their useful lives.

15 Called up equity share capital

	Group and Company	
	2009	2008
	£	£
Authorised		
20,000,000 ordinary shares of £1 each	20,000,000	20,000,000
Allotted, called up and fully paid		
1,378,002 ordinary shares of £1 each	1,378,002	1,378,002

16 Reserves

	Profit and loss account	
	Group	Company
	£	£
At 1 April 2008	7,699,866	1,870,459
Loss for the financial year	(204,291)	(8,950)
Actuarial gain recognised in the pension scheme	(2,671,000)	-
Movement of deferred tax relating to pension asset	747,880	-
At 31 March 2009	5,572,455	1,861,509

As permitted by Section 230(1) of the Companies Act 1985 the parent company has not presented its own profit and loss account. The amount of profit before tax dealt with in the financial statements of the parent company is £70,292 (2008: £47,402).

Durham County Waste Management Company Limited

17 Reconciliation of shareholders' funds

	2009 £	2008 £
(Loss)/profit for the financial year	(204,291)	1,369,923
Actuarial (loss)/gain recognised in the pension scheme	(2,671,000)	1,319,000
Movement of deferred tax relating to actuarial (loss)/gain	747,880	(391,080)
Net (decrease)/increase to shareholders' funds	(2,127,411)	2,297,843
Opening shareholders' funds	9,077,868	6,780,025
Closing shareholders' funds	6,950,457	9,077,868

18 Cash flow

a. Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	476,473	2,151,676
Depreciation and amortisation charges	1,942,900	1,740,133
Profit on disposal of fixed assets	(82,392)	(3,500)
Cash movement on provisions for liabilities and charges	(1,191,627)	(780,755)
Decrease/(increase) in stock	30,361	(110,387)
Increase in debtors	(32,296)	(186,165)
Increase in creditors	184,591	1,403,955
Difference between pension charge and cash contribution	(390,000)	(274,000)
Net cash inflow from operating activities excluding exceptional items	938,010	3,940,957
Net cash outflow from exceptional activities	(320,871)	-
Net cash inflow from operating activities including exceptional items	617,139	3,940,957

Durham County Waste Management Company Limited

18 Cash flow (continued)

b. Analysis of movement in net funds

	At 1 April 2008 £	Cash flow £	Non cash Changes £	At 31 March 2009 £
Cash:				
Cash at bank and in hand	7,108,656	(2,525,318)	-	4,583,338
Debt:				
Finance leases	(620,302)	116,943	(52,761)	(556,120)
Debts falling due within one year	(139,267)	139,267	(139,267)	(139,267)
Debts falling due after one year	(1,218,582)	-	139,267	(1,079,315)
	(1,978,151)	256,210	(52,761)	(1,774,702)
Net funds	5,130,505	(2,269,108)	(52,761)	2,808,636

19 Contingent liabilities

a. Bonds

Barclays Bank has provided bonds to customers of the company in order to guarantee ongoing work on a number of contracts. At 31 March 2009 the bonds totalled £3,251,757 (2008 - £2,165,639). In consideration for these bonds the company has taken out a mortgage debenture in favour of Barclays Bank. The debenture provides for a fixed and floating charge over the assets of the group.

b. Legal claim

In December 2007, Premier Waste Management Limited ("Premier"), a subsidiary of the Company, received a claim from one of its sub contractors relating to a contract between the two parties for the processing and recycling of tyres, which Premier had cancelled in accordance with the terms of the contract. On 20 December 2007, the sub contractor sought an injunction at Leeds High Court to force Premier to continue with the contract, which was rejected by the court and costs awarded in favour of Premier. Subsequently the sub contractor has sought the appointment of an arbitrator in pursuit of its claim although the matter remains currently under the jurisdiction of the High Court. Premier has rejected the claim and believes, on the basis of legal advice that it is without merit.

Durham County Waste Management Company Limited

20 Operating lease commitments

The annual rental commitments at 31 March 2009 in respect of non-cancellable operating leases were as follows:

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Group				
Operating leases which expire:				
Within one year	-	176,472	-	305,199
Between one and five years	-	1,089,984	36,000	1,238,204
After more than five years	923,352	796,801	702,722	510,791
	923,352	2,063,257	738,722	2,054,194

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Company				
Operating leases which expire:				
Between one and five years	-	7,972	-	18,344
After more than five years	710,777	-	535,147	-
	710,777	7,972	535,147	18,344

21 Pensions

The group operates a funded defined benefit scheme, as part of the Citrus Pension plan, to which contributions are made by the group and employees. The scheme is closed to new entrants. In addition there are a number of money purchase arrangements to which the group and employees contribute. The total pension cost for the group for the year was £492,109 (2008 - £601,654) of which £284,109 (2008 - £269,654) relates to defined contribution schemes. Pension costs are assessed in accordance with the advice of qualified independent actuaries.

A full actuarial valuation was carried out at 31 March 2006 by a qualified independent actuary. The next full actuarial valuation of the scheme was due on 31 March 2009 (but has not yet been finalised) and triennially thereafter. From 1 April 2007 the recommended contribution rate set by the scheme actuary is 20.4% of pensionable earnings. In addition the group has agreed to contribute a further sum of £267,240 per annum, payable in monthly instalments, until further notice.

Durham County Waste Management Company Limited

21 Pensions (continued)

The principal assumptions used in valuing the pension liabilities were:

	2009 %	2008 %	2007 %
Valuation method	Projected unit	Projected unit	Projected unit
Rate of increase in salaries	4.50	4.60	4.20
Rate of increase of pensions in payment	3.50	3.60	3.20
Discount rate	7.10	6.90	5.40
Inflation rate	3.50	3.60	3.20

The mortality assumptions used in the valuation of the defined benefit pension liabilities are summarised on the table below and have been selected to reflect the characteristics and experience of the membership of those plans. This has been done by adjusting standard mortality tables which reflect research into mortality experience in the UK (PA92 tables based on members' year of birth with the short cohort effect rated up by one year for non-manual members and by two years for manual members).

	2009 Years	2008 Years
Longevity at age 65 for current pensioners		
- Men (non manual/manual)	20.5/19.6	20.4/19.6
- Women (non manual/manual)	23.3/22.5	23.3/22.4
Longevity at age 65 for future pensioners		
- Men (non manual/manual)	21.3/20.4	21.2/20.4
- Women (non manual/manual)	24.1/23.2	24.1/23.2

The assets in the scheme and the expected rate of return were:

	Expected rate of return %	2009 Market value £	Expected rate of return %	2008 Market value £
Equities	6.50	5,493,000	7.00	7,259,000
Government bonds	4.00	1,331,000	4.50	1,842,000
Corporate bonds	6.50	951,000	6.90	1,192,000
Cash	0.30	676,000	5.25	542,000
		8,451,000		10,835,000

Durham County Waste Management Company Limited

21 Pensions (continued)

The (deficit)/surplus of the scheme is made up as follows:

	2009 £	2008 £
Total market value of assets	8,451,000	10,835,000
Present value of scheme liabilities	(10,540,000)	(10,604,000)
(Deficit)/surplus in the scheme	(2,089,000)	231,000
Related deferred tax asset/(liability)	584,920	(64,680)
Net pension (liability)/asset	(1,504,080)	166,320

Reconciliation of present value of scheme liabilities:

	2009 £	2008 £
Opening defined benefit obligation	10,604,000	12,349,000
Current service costs	208,000	332,000
Interest cost	725,000	666,000
Contributions by scheme participants	87,000	95,000
Actuarial gain	(581,000)	(2,386,000)
Benefits paid	(503,000)	(452,000)
Closing defined benefit obligation	10,540,000	10,604,000

Reconciliation of fair value of scheme assets:

	2009 £	2008 £
Opening fair value of scheme assets	10,835,000	10,972,000
Expected return on assets	686,000	681,000
Contribution by scheme participants	87,000	95,000
Contributions by employer	598,000	611,000
Actuarial losses	(3,252,000)	(1,072,000)
Benefits paid	(503,000)	(452,000)
Closing fair value of scheme assets	8,451,000	10,835,000

The expected return on scheme assets is based on the long term expectation for each asset class at the beginning of the period.

The actual return on scheme assets in the year was a loss of £2,566,000 (2008: loss of £391,000).

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21 Pensions (continued)

Analysis of the amount charged to operating profit:

	2009 £	2008 £
Current service cost	208,000	332,000
Total operating charge	208,000	332,000

Analysis of the amount charged to other financial (costs)/income:

	2009 £	2008 £
Expected return on pension scheme assets	686,000	681,000
Interest on pension scheme liabilities	(725,000)	(666,000)
Finance (costs)/income	(39,000)	15,000

History of experience gains and losses:

	2009 £	2008 £	2007 £	2006 £	2005 £
Fair value of scheme assets.	8,451,000	10,835,000	10,972,000	10,023,000	7,941,000
Defined benefit obligation	(10,540,000)	(10,604,000)	(12,349,000)	(13,275,000)	(10,962,000)
Surplus/ (deficit)	(2,089,000)	231,000	(1,377,000)	(3,252,000)	(3,021,000)
Experience adjustments on scheme assets:					
Amount (£)	(3,252,000)	(1,072,000)	(41,000)	1,278,000	292,000
Percentage of scheme assets	(38.5%)	(9.9%)	(0.4%)	12.8%	3.7%
Experience adjustment on scheme liabilities:					
Amount (£)	(1,000)	(86,000)	933,000	3,000	(12,000)
Percentage of scheme liabilities	(0.0%)	(0.8%)	7.6%	0.0%	(0.1)%
Total actuarial gains/(losses) on obligation :					
Amount (£)	581,000	2,386,000	1,800,000	(1,658,000)	(217,000)
Percentage of present value of scheme liabilities	5.5%	22.5%	14.6%	(12.5%)	(2.0%)

Durham County Waste Management Company Limited

22 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Durham County Council. A Copy of Durham County Council's financial statements can be obtained from the Treasurer, County Hall, Durham DH1 5UL. These are the financial statements of the smallest and largest group of companies into which Premier Waste Management Limited is consolidated.

23 Related party transactions

The group entered into the following related party transactions during the year:

Ultimate parent undertaking

	2009 £	2008 £
Sales	8,732,751	11,293,863
	2009 £	2008 £
Services purchased	381,168	405,639

At the year end the Group was owed £1,685,938 (2008: £1,846,696) by the ultimate parent undertaking.

All transactions are at an arms length basis.