

**DURHAM COUNTY WASTE MANAGEMENT COMPANY
LIMITED**
(Registered Number : 2651168)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1995



DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1995

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 1995. This period of account is the second period in which the Company has traded.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Company is the management, treatment and disposal of waste. The assets of the business were valued by the Mineral Valuer in a report prepared in December 1992. These values were approved by the Department of Environment prior to vesting on 15 March 1993, on which date the Company commenced trading.

The Company has successfully completed its primary phase of consolidation, whilst responding to considerable changes in external constraints which incorporate the need to meet new environmental criteria. The Company has become an autonomous unit providing its own internal financial, personnel and technical functions. The organisation is now moving into a secondary phase of development making a commitment to the on-going restructuring of the organisation, achieving Investors In People and quality assurance standards and developing performance appraisal.

The financial results for this period are favourable particularly when considered in context of the establishment of the Company and its control systems with the management and development of related business opportunities.

The directors are determined to ensure that environmental liabilities are professionally managed. Consequently considerable resources have been expended on environmental management issues drawing upon the experience of a number of professional advisers.

The household waste market is only expected to grow marginally. The Company will therefore be looking for growth in its commercial waste disposal business particularly focusing on large customers.

RESULTS AND DIVIDENDS

The results of the year are set out in the profit and loss account on page 5. A dividend of £400,000 has been paid in the year (£325,000 : 1994), retained profit has been credited to reserves.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

DIRECTORS

The directors of the Company during the year were as follows:

H J Barrie
A H Ewin
P D Carr CBE
P R M Harbottle
Dr R Iley CBE
J Jeffery

None of the directors were beneficially interested in the share capital of the Company at either the beginning or the end of the year.

FIXED ASSETS

Details of movements in tangible fixed assets during the year are given in note 8 to the accounts.

The directors are of the opinion that the market value of the Company's interests in land does not differ substantially from the amounts at which they are shown in the balance sheet.

INSURANCE

The Company has taken out insurance for its directors under the provisions of Section 310 (3a) of the Companies Act 1985 against liabilities arising in relation to the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

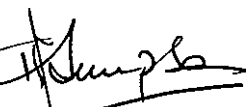
STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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

Price Waterhouse, as auditors of the Company, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company which is due to be held on 4 August 1995.

On behalf of the Board


J H Simpson
Secretary
4 August 1995

Price Waterhouse



**AUDITORS' REPORT TO THE SHAREHOLDERS OF
DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 8, 9 and 10.

Respective responsibilities of directors and auditors

As described on pages 2 and 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 an 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 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 March 1995 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

4 August 1995

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1995

	<u>Notes</u>	Year ended <u>31 March 1995</u> £	54 weeks ended <u>31 March 1994</u> £
TURNOVER - continuing operations	2	8,438,810	8,704,953
Cost of sales		<u>(4,259,594)</u>	<u>(4,245,356)</u>
GROSS PROFIT		4,179,216	4,459,597
Administrative expenses		<u>(2,763,795)</u>	<u>(2,757,923)</u>
OPERATING PROFIT - continuing operations	3	1,415,421	1,701,674
Interest receivable and similar income	5	120,286	87,569
Interest payable and similar charges	5	<u>(60,385)</u>	<u>(82,957)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,475,322	1,706,286
Taxation	6	<u>(836,096)</u>	<u>(699,987)</u>
PROFIT FOR THE YEAR		639,226	1,006,299
Dividends paid/proposed		<u>(400,000)</u>	<u>(325,000)</u>
RETAINED PROFIT FOR THE YEAR	15	<u>239,226</u>	<u>681,299</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company had no recognised gains or losses other than the profit or loss in either of the periods concerned.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There was no difference between reported profit and loss and historical cost profit and loss in either of the periods concerned.

The notes on pages 8 to 20 form part of these accounts.

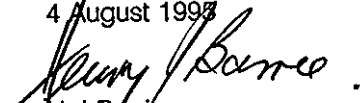
DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 1995

	Notes	1995		1994	
		£	£	£	£
INTANGIBLE FIXED ASSETS	7		391,297		405,229
TANGIBLE FIXED ASSETS	8		3,520,946		1,279,128
CURRENT ASSETS					
Stocks and work in progress	9	519,326		302,992	
Debtors	10	1,113,990		1,262,643	
Cash at bank and in hand		<u>2,523,195</u>		<u>2,640,750</u>	
		4,156,511		4,206,385	
CREDITORS - Amounts falling due within one year	11	<u>(3,291,353)</u>		<u>(2,725,598)</u>	
NET CURRENT ASSETS			<u>865,158</u>		<u>1,480,787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,777,401		3,165,144
CREDITORS - Amounts falling due after more than one year	12		(1,105,333)		(600,000)
PROVISIONS FOR LIABILITIES AND CHARGES	13		<u>(1,520,038)</u>		<u>(652,340)</u>
			<u>2,152,030</u>		<u>1,912,804</u>
CAPITAL AND RESERVES					
Called up share capital	14		1,378,002		1,378,002
Profit and loss account	15		<u>774,028</u>		<u>534,802</u>
			<u>2,152,030</u>		<u>1,912,804</u>

Approved by the Board on

4 August 1995


H J Barrie
Director

The notes on pages 8 to 20 form part of these accounts.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1995

	Notes	Year ended 31 March 1995 £	54 weeks ended 31 March 1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	2,521,133	2,332,443
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		120,286	87,569
Interest paid		(60,385)	(82,957)
Dividends paid		<u>(725,000)</u>	<u>-</u>
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(665,099)	4,612
TAXATION			
Corporation tax paid		<u>(653,945)</u>	<u>-</u>
TAX PAID		(653,945)	-
INVESTING ACTIVITIES			
Purchase of intangible assets on vesting		-	(418,000)
Purchase of fixed assets on vesting		-	(780,000)
Purchase of tangible fixed assets		(1,140,344)	(683,111)
Proceeds from sale of tangible fixed assets		<u>20,700</u>	<u>6,806</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,119,644)	(1,874,305)
NET CASH INFLOW BEFORE FINANCING		82,445	462,750
FINANCING			
Issue of share capital		-	1,378,000
Loan		-	1,000,000
Repayment of loan		<u>(200,000)</u>	<u>(200,000)</u>
NET CASH (OUTFLOW)/ INFLOW FROM FINANCING		<u>(200,000)</u>	<u>2,178,000</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	19	<u>(117,555)</u>	<u>2,640,750</u>

The notes on pages 8 to 20 form part of these accounts.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents invoiced charges and values accrued on contracts net of value added tax and discounts allowed.

(3) Intangible Fixed Assets

Intangible fixed assets reflect acquired goodwill which has been valued at the difference between the consideration given for the assets and liabilities transferring across to the Company on vesting, and the fair value of those assets and liabilities.

(4) Tangible Fixed Assets

a Site Development Costs - Acquisition & Initial Works

All costs associated with the acquisition of a site together with the provision of the site infrastructure (including access roads, buildings, power and water supplies) have been capitalised.

b Plant/fixtures and fittings/computers

All items of plant fixtures and fittings, and computer hardware and software have been capitalised.

c Motor Vehicles

All motor vehicles used on the public highway, and not subject to an operating lease agreement, have been capitalised.

d Buildings

All costs associated with the acquisition of leasehold or freehold industrial and office accommodation (including all professional fees and stamp duty or registry fees) have been capitalised.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(5) Depreciation

a Intangible Fixed Assets

The value of intangible fixed assets arising on vesting will be amortised over a 30 year period on a straight line basis, beginning on the date vesting took place.

b Tangible Fixed Assets - Site Development Costs - Acquisition and Initial Works

The charge for depreciation has been related to the volume of airspace consumed as a proportion of the estimated total volume of airspace acquired.

c Other Fixed Assets

The depreciation charge for other fixed assets has been calculated on a straightline basis using the following estimated useful economic lives:

Mobile plant	4 years
Weighbridges	10 years
Treatment plant	10 years
Computer equipment	3 years
Cars and light vans	3 years
Commercial vehicles	5 years
Fixtures and fittings	5 years
Freehold land	20 years
Industrial buildings	20 years
Office accommodation	25 years

All depreciation charges are calculated from the first day of the month following that in which the asset is brought into use. The calculation of all depreciation and amortisation charges assume that when an asset comes to the end of its useful economic life, it will have no residual value.

(6) Site Restoration and Aftercare

Provision has been made for site restoration and aftercare costs (including capping, gas and leachate management costs) likely to be incurred in the foreseeable future on sites filled at the year end, or partially filled at the year end.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Stocks and Work in Progress

Stocks of consumables have been valued at the lower of cost and net realisable value. Work in progress has been assessed as the value of restoration works rechargeable to third parties.

(8) Operating Leases

Operating lease rentals are charged to the profit and loss account as they fall due.

(9) Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

(10) Pensions

The Company contributes to defined benefit pension schemes for its employees. Funds are being accumulated to meet the accruing liabilities which are held under trusts which are entirely separate from the Company's assets. The pension costs are charged or credited to profit and loss account on a systematic basis over the estimated remaining service lives of the employees (Note 20).

2 SEGMENTAL REPORTING

For the purposes of segmental reporting, turnover and profit on ordinary activities before taxation arise from one class of business and are all attributable to the United Kingdom.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

3 OPERATING PROFIT

	<u>1995</u>	<u>1994</u>
	£	£
Operating profit is stated after charging/(crediting)		
Depreciation and amortisation	311,614	203,227
Profit on disposal of fixed assets	(9,200)	(5,407)
Operating lease rentals payable on hire of:		
- plant and machinery	177,377	146,435
- other rental costs	20,520	20,520
- land	<u>1,011,777</u>	<u>927,577</u>
Auditors' remuneration		
Audit	6,400	6,200
Other	<u>2,000</u>	<u>2,800</u>

4 DIRECTORS AND EMPLOYEES

	<u>1995</u>	<u>1994</u>
	£	£
Staff costs including directors' emoluments		
Wages and salaries	1,592,523	1,568,596
Social security costs	126,650	123,857
Pension costs	<u>140,530</u>	<u>201,958</u>
	1,859,703	1,894,411
	<u>Number</u>	<u>Number</u>
Average number employed during the year was	<u>96</u>	<u>95</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

4 DIRECTORS AND EMPLOYEES (CONTINUED)

Directors' emoluments

The emoluments, including pension contributions of the directors were as follows:

	<u>1995</u>	<u>1994</u>
	£	£
Fees	35,222	34,840
Amounts paid to third party in respect of services of a director	7,106	8,710
Other emoluments	<u>63,231</u>	<u>63,294</u>
	105,559	106,844
	<u> </u>	<u> </u>

Emoluments excluding pension scheme contributions

Chairman	10,306	8,710
Highest paid director	58,142	58,305

The emoluments of other directors excluding pension scheme contributions were within the following ranges

	<u>Number</u>	<u>Number</u>
Nil - £5,000	-	-
£5,001 - £10,000	4	4

5 INTEREST

	<u>1995</u>	<u>1994</u>
Loan interest payable (Note 12)	(60,105)	(82,725)
Other interest payable	(280)	(232)
Bank interest receivable	<u>120,286</u>	<u>87,569</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

6 TAXATION

	<u>1995</u>	<u>1994</u>
	£	£
Charge for the year		
Corporation tax at 33%	836,096	699,987
Deferred tax (note 13)	<u>-</u>	<u>-</u>
	<u>836,096</u>	<u>699,987</u>

7 INTANGIBLE FIXED ASSETS

	<u>Acquired Goodwill</u>
	£
Cost	
At 31 March 1995 and 1994	<u>418,000</u>
Amortisation	
At 1 April 1994	12,771
Amortisation for the year	<u>13,932</u>
	<u>26,703</u>
At 31 March 1995	<u>26,703</u>
Net book amount	
At 31 March 1995	<u>391,297</u>
At 31 March 1994	<u>405,229</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	Freehold property	Long leasehold property £	Site development £	Plant and machinery £	Fixtures and fittings £	Total £
Cost						
At 1 April 1994	-	263,112	151,845	989,091	65,435	1,469,483
Additions	2,167,956	-	148,802	229,271	4,981	2,551,010
Disposals	-	-	-	(17,875)	-	(17,875)
At 31 March 1995	2,167,956	263,112	300,647	1,200,487	70,416	4,002,618
Depreciation						
At 1 April 1994	-	9,906	-	165,556	14,893	190,355
Charge for the year	646	7,869	33,371	236,029	19,767	297,682
Released on disposal	-	-	-	(6,365)	-	(6,365)
31 March 1995	646	17,775	33,371	395,220	34,660	481,672
Net book amount						
At 31 March 1995	<u>2,167,310</u>	<u>245,337</u>	<u>267,276</u>	<u>805,267</u>	<u>35,756</u>	<u>3,520,946</u>
At 31 March 1994	<u>-</u>	<u>253,206</u>	<u>151,845</u>	<u>823,535</u>	<u>50,542</u>	<u>1,279,128</u>
					<u>1995</u>	<u>1994</u>
					£	£
Future capital commitments						
Authorised, contracted for and not provided					<u>85,000</u>	<u>106,439</u>
Authorised, not contracted for and not provided					<u>Nil</u>	<u>Nil</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

9 STOCKS AND WORK IN PROGRESS

	<u>1995</u>	<u>1994</u>
	£	£
Consumables	183,404	180,249
Work in progress	<u>335,922</u>	<u>122,743</u>
	519,326	302,992
	<u> </u>	<u> </u>

10 DEBTORS

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	1,030,906	1,102,240
Prepayments and accrued income	18,144	18,190
Other debtors	64,940	60,963
ACT Recoverable	<u>-</u>	<u>81,250</u>
	1,113,990	1,262,643
	<u> </u>	<u> </u>

11 CREDITORS - Amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Loan	200,000	200,000
Trade creditors	225,377	230,610
Taxation and social security	273,316	100,597
Bills of exchange payable	705,333	-
Proposed dividend	-	325,000
Accruals and deferred income	1,002,404	1,088,154
ACT payable	100,000	81,250
Corporation Tax	<u>784,923</u>	<u>699,987</u>
	3,291,353	2,725,598
	<u> </u>	<u> </u>

Bills of exchange payable within one year and after more than one year were used as part consideration for the acquisition of the Todhills landfill site.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

12 CREDITORS - Amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
	£	£
Loan	400,000	600,000
Bills of exchange payable	<u>705,333</u>	<u>-</u>
	<u>1,105,333</u>	<u>600,000</u>

The loan is from Durham County Council and bears interest at fixed rates. It is repayable by half yearly instalments over a period of 3 years from the balance sheet date.

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u>	<u>Other provisions</u>	<u>Total</u>
	£	£	£
At 1 April 1994	-	652,340	652,340
Charge for the year	<u>-</u>	<u>867,698</u>	<u>867,698</u>
At 31 March 1995	-	1,520,038	1,520,038

	<u>1995</u>		<u>1994</u>	
	<u>Potential liability</u>	<u>Provision made</u>	<u>Potential liability</u>	<u>Provision made</u>
	£	£	£	£
Deferred taxation				
Accelerated capital allowances	47,879	47,879	66,322	66,322
Other timing differences	<u>(500,182)</u>	<u>(47,879)</u>	<u>(230,499)</u>	<u>(66,322)</u>
	<u>(452,303)</u>	<u>-</u>	<u>(164,177)</u>	<u>-</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

14 CALLED UP SHARE CAPITAL

	<u>1995</u> £	<u>1994</u> £
Authorised		
20,000,000 (1994: 20,000,000)		
ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, called up and fully paid		
1,378,002 (1994: 1,378,002) ordinary shares of £1 each	<u>1,378,002</u>	<u>1,378,002</u>

15 PROFIT AND LOSS ACCOUNT

	<u>1995</u> £
At 1 April 1994	534,802
Retained profit for the year	<u>239,226</u>
At 31 March 1995	774,028
	<u> </u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £	<u>1994</u> £
Profit for the year	639,226	1,006,299
Dividends paid/payable	<u>(400,000)</u>	<u>(325,000)</u>
	239,226	681,299
New share capital allotted and fully paid	<u>-</u>	<u>1,378,000</u>
Net addition to shareholders funds	239,226	2,059,299
Opening shareholders' funds	<u>1,912,804</u>	<u>(146,495)</u>
Closing shareholders' funds	2,152,030	1,912,804
	<u> </u>	<u> </u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

17 BONDS

The Co-Operative Bank has provided bonds to customers of the Company in order to guarantee ongoing work on a number of contracts. At 31 March 1995 the bonds totalled £820,000 (1994: £570,000). In consideration for these bonds the Company has taken out a mortgage debenture in favour of the Co-Operative Bank. The debenture provides for a fixed and floating charge over the assets of the Company to the value of £850,000.

18 OPERATING LEASE COMMITMENTS

At 31 March 1995 the Company had the following annual commitments under operating leases:

	<u>1995</u>			<u>1994</u>		
	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>
	£	£	£	£	£	£
Expiring within one year	10,000	52,748	62,748	-	1,819	1,819
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expiring within two and five years	-	139,824	139,824	-	171,479	171,479
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expiring after five years	794,812	-	794,812	1,088,336	20,040	1,108,376
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

19 CASH FLOW

(1) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1995</u>	<u>1994</u>
	£	£
Operating profit	1,415,421	1,701,674
Depreciation and amortisation charges	311,614	203,227
Profit on disposal of fixed assets	(9,200)	(5,407)
Provisions for liabilities and charges	867,698	652,340
Increase in stock	(216,334)	(302,992)
Decrease/(increase) in debtors	67,403	(1,181,393)
Increase in creditors	<u>84,531</u>	<u>1,264,994</u>
Net cash inflow from operating activities	<u>2,521,133</u>	<u>2,332,443</u>

(2) Analysis of changes in cash and cash equivalents during the period

	<u>1995</u>	<u>1994</u>
	£	£
Balance as at 1 April 1994	2,640,750	-
Net cash inflow	<u>(117,555)</u>	<u>2,640,750</u>
Balance as at 31 March 1995	<u>2,523,195</u>	<u>2,640,750</u>

(3) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>Current period</u>			<u>Prior period</u>		
	<u>31 March</u>	<u>31 March</u>	<u>Change in</u>	<u>31 March</u>	<u>14 March</u>	<u>Change in</u>
	<u>1995</u>	<u>1994</u>	<u>period</u>	<u>1994</u>	<u>1993</u>	<u>period</u>
	£	£	£	£	£	£
Cash at bank and in hand	<u>2,523,195</u>	<u>2,640,750</u>	<u>(117,555)</u>	<u>2,640,750</u>	<u>-</u>	<u>2,640,750</u>
	2,523,195	2,640,750	(117,555)	2,640,750	-	2,640,750
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1995 (CONTINUED)

19 CASH FLOW (CONTINUED)

(4) Analysis of changes in financing during the period

	Current Period		Prior Period	
	Share capital £	Loan £	Share capital £	Loan £
Balance as at 1 April 1994	1,378,002	800,000	2	-
Financing arising on vesting	-	-	1,378,000	-
New loans	-	-	-	1,000,000
Repayment of loan	-	(200,000)	-	(200,000)
Balance as at 31 March 1995	1,378,002	600,000	1,378,002	800,000

20 PENSIONS

Retirement benefits for employees are provided by a defined benefit scheme to which contributions are made by the Company and the employees. Contributions are paid in accordance with the recommendations of a firm of independent actuaries. The Company's contributions are charged in the profit and loss account in the period in which the liability to pay contributions arises. The pension charge for the period was £140,530.

The scheme is administered by an independent trustee company. The next full actuarial valuation of the scheme is due on 31 March 1998 and triennially thereafter.

The regular pension cost for providing pension benefits has been assessed as 9.2% of the pensionable payroll of employees within the scheme which is subject to review on 31 March 1995. This cost has been assessed using the projected unit method with a three year control period and the following assumptions;

Investment return	9% pa
Salary increases	7% pa
Pension increases	5% pa

In addition, the Company also meets the cost of insuring the employees' death-in-service benefits.

21 ULTIMATE PARENT UNDERTAKING

The Company is wholly owned by Durham County Council.