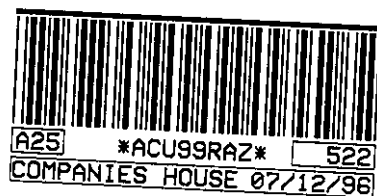


**DURHAM COUNTY WASTE MANAGEMENT
COMPANY LIMITED**
(Registered Number : 2651168)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1996



DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1996

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 1996. This period of account is the third 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 Company has continued to trade successfully during the period despite encountering a tightening of market conditions as a direct consequence of the continued decrease in waste tonnages generated coupled with price competition between waste disposal operators.

The Todhills Landfill Site which was acquired in March last year has now been successfully integrated into the Company's operations and has traded successfully during the year. This site has also increased the Company's void space capacity and is the first major acquisition in the Company's Landfill Replacement Programme.

The directors are of the opinion that Landfill Tax, which is due to be introduced on 1 October 1996, will have a major impact on the waste industry. However, they are confident that the Company is well placed to respond to any changes that may be encountered in the second half of the forthcoming financial year.

The Company is also pursuing recycling initiatives some of which are expected to be completed during the next year. In addition it is anticipated that there will be a significant increase in the work carried out by the landfill gas and pollution control specialists with the Company.

RESULTS AND DIVIDENDS

The results of the year are set out in the profit and loss account on page 5. A dividend of £500,000 has been proposed for the year (£400,000 : 1995). Retained profit has been credited to reserves.

CHARITABLE DONATIONS

The company made donations of £34,913 during the year, none of which were political contributions. Of the total, a donation of £33,333 was given to the Durham County Foundation.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1996 (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 CBE

None of the directors were beneficially interested in the share capital of the Company at any time during the year.

FIXED ASSETS

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

During the year the company acquired a participating interest in Environmental Insurance (Guernsey) Ltd. See note 9 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;

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

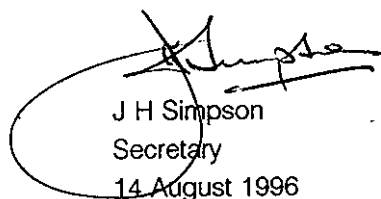
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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 20 September 1996.

On behalf of the Board



J H Simpson
Secretary
14 August 1996

Price Waterhouse



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

We have audited the financial statements on pages 5 to 21 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 1996 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

14 August 1996

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

	<u>Notes</u>	Year ended <u>31 March 1996</u> £	Year ended <u>31 March 1995</u> £
TURNOVER - continuing operations	2	9,816,617	8,438,810
Cost of sales		<u>(4,973,417)</u>	<u>(4,259,594)</u>
GROSS PROFIT		4,843,200	4,179,216
Administrative expenses		<u>(3,315,737)</u>	<u>(2,763,795)</u>
OPERATING PROFIT - continuing operations	3	1,527,463	1,415,421
Interest receivable and similar income	5	180,018	120,286
Interest payable and similar charges	5	<u>(44,114)</u>	<u>(60,385)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,663,367	1,475,322
Taxation	6	<u>(634,567)</u>	<u>(836,096)</u>
PROFIT FOR THE YEAR		1,028,800	639,226
Dividends paid/proposed		<u>(500,000)</u>	<u>(400,000)</u>
RETAINED PROFIT FOR THE YEAR	16	<u>528,800</u>	<u>239,226</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 21 form part of these accounts.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 1996

	Notes	1996		1995	
		£	£	£	£
INTANGIBLE FIXED ASSETS	7		377,365		391,297
TANGIBLE FIXED ASSETS	8		3,523,958		3,520,946
FIXED ASSET INVESTMENTS	9		100,010		-
CURRENT ASSETS					
Stocks and work in progress	10	362,805		519,326	
Debtors	11	1,741,280		1,113,990	
Cash at bank and in hand		<u>3,392,013</u>		<u>2,523,195</u>	
		5,496,098		4,156,511	
CREDITORS - Amounts falling due within one year	12	(4,326,863)		(3,291,353)	
NET CURRENT ASSETS			<u>1,169,235</u>		<u>865,158</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,170,568		4,777,401
CREDITORS - Amounts falling due after more than one year	13		(200,000)		(1,105,333)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(2,289,738)		(1,520,038)
			<u>2,680,830</u>		<u>2,152,030</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,378,002		1,378,002
Profit and loss account	16		<u>1,302,828</u>		<u>774,028</u>
			<u>2,680,830</u>		<u>2,152,030</u>

Approved by the Board on
14 August 1996

Henry J Barrie
H J Barrie
Director

The notes on pages 8 to 21 form part of these accounts.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1996

	Notes	31 March 1996 £	31 March 1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	2,225,171	2,521,133
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		162,272	120,286
Interest paid		(44,114)	(60,385)
Dividends paid		<u>-</u>	<u>(725,000)</u>
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		118,158	(665,099)
TAXATION			
Corporation tax paid		<u>(596,472)</u>	<u>(653,945)</u>
TAX PAID		(596,472)	(653,945)
INVESTING ACTIVITIES			
Purchase of fixed asset investments		(100,100)	-
Purchase of tangible fixed assets		(590,670)	(1,140,344)
Proceeds from sale of tangible fixed assets		<u>12,731</u>	<u>20,700</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(678,039)</u>	<u>(1,119,644)</u>
NET CASH INFLOW BEFORE FINANCING		1,068,818	82,445
FINANCING			
Repayment of loan		<u>(200,000)</u>	<u>(200,000)</u>
NET CASH OUTFLOW FROM FINANCING		<u>(200,000)</u>	<u>(200,000)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20	<u>868,818</u>	<u>(117,555)</u>

The notes on pages 8 to 21 form part of these accounts.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996

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 1996 (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 1996 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Environmental impairment liability

Provision has been made for the potential costs of environmental damage that may occur as a result of the company's activities. The directors consider the Company works to such high standards that its activities will not result in environment impairment but believe it is prudent to provide on a reasonable basis for any such cost. The provisions made are to supplement the limited cover offered by the insurance captive set up during the year by the Company and four other waste management companies.

(8) 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.

(9) Operating Leases

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

(10) 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.

(11) 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 21).

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 1996 (CONTINUED)

3 OPERATING PROFIT

	<u>1996</u>	<u>1995</u>
	£	£
Operating profit is stated after charging/(crediting)		
Depreciation and amortisation	600,809	311,614
Profit on disposal of fixed assets	(11,860)	(9,200)
Operating lease rentals payable on hire of:		
- plant and machinery	236,915	177,377
- other rental costs	20,520	20,520
- land	<u>1,061,195</u>	<u>1,011,777</u>
Auditors' remuneration		
Audit	6,500	6,400
Other	<u>5,842</u>	<u>2,000</u>

4 DIRECTORS AND EMPLOYEES

	<u>1996</u>	<u>1995</u>
	£	£
Staff costs including directors' emoluments		
Wages and salaries	1,778,053	1,592,523
Social security costs	134,046	126,650
Pension costs	<u>318,872</u>	<u>140,530</u>
	<u>2,230,971</u>	<u>1,859,703</u>
	<u>Number</u>	<u>Number</u>
Average number employed during the year was	<u>108</u>	<u>96</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

4 DIRECTORS AND EMPLOYEES (CONTINUED)

Directors' emoluments

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

	<u>1996</u>	<u>1995</u>
	£	£
Fees	38,600	35,222
Amounts paid to third party in respect of services of a director	8,400	7,106
Other emoluments	<u>67,382</u>	<u>63,231</u>
	114,382	105,559
	<u> </u>	<u> </u>

Emoluments excluding pension scheme contributions

Chairman	14,000	10,306
Highest paid director	62,184	58,142

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	<u>4</u>	<u>4</u>

5 INTEREST

	<u>1996</u>	<u>1995</u>
	£	£
Loan interest payable (Note 13)	(44,066)	(60,105)
Other interest payable	<u>(48)</u>	<u>(280)</u>
Total interest payable	(44,114)	(60,385)
	<u> </u>	<u> </u>
Bank interest receivable	<u>180,018</u>	<u>120,286</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

6 TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
Charge for the year		
Corporation tax at 33%	925,000	836,096
Prior year adjustment	(290,433)	-
Deferred tax (note 14)	<u>-</u>	<u>-</u>
	634,567	836,096
	<u><u>634,567</u></u>	<u><u>836,096</u></u>

7 INTANGIBLE FIXED ASSETS

	<u>Acquired Goodwill</u>
	£
Cost	
At 31 March 1996 and 1995	<u><u>418,000</u></u>
Amortisation	
At 1 April 1995	26,703
Amortisation for the year	<u>13,932</u>
At 31 March 1996	40,635
	<u><u>40,635</u></u>
Net book amount	
At 31 March 1996	<u><u>377,365</u></u>
At 31 March 1995	<u><u>391,297</u></u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	Freehold property	Long leasehold property	Site development	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£	£	£
Cost						
At 1 April 1995	2,167,956	263,112	300,644	1,200,577	70,416	4,002,618
Additions	35,553	3,097	302,294	241,272	8,454	590,670
Disposals	—	—	—	(2,000)	—	(2,000)
At 31 March 1996	2,203,509	266,209	602,938	1,439,849	78,870	4,591,375
Depreciation						
At 1 April 1995	646	17,775	33,371	395,220	34,660	481,672
Charge for the year	217,859	9,508	70,992	266,187	22,331	586,877
Released on disposal	—	—	—	(1,132)	—	(1,132)
31 March 1996	218,505	27,283	104,363	660,275	56,991	1,067,417
Net book amount						
At 31 March 1996	<u>1,985,004</u>	<u>238,926</u>	<u>498,575</u>	<u>779,574</u>	<u>21,879</u>	<u>3,523,958</u>
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>
					<u>1996</u>	<u>1995</u>
					£	£
Future capital commitments						
Authorised, contracted for and not provided					—	<u>85,000</u>
Authorised, not contracted for and not provided					—	—

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

9 FIXED ASSET INVESTMENTS

	<u>1996</u>	<u>1995</u>
Participating interest at cost	<u>100,010</u>	<u>-</u>

During the year the company purchased a 20% interest in Environmental Insurance (Guernsey) Limited, a company registered in Guernsey, as part of a joint venture with four other waste management companies.

Environmental Insurance (Guernsey) Limited is a captive insurance company established to cover potential pollution liability.

10 STOCKS AND WORK IN PROGRESS

	<u>1996</u> £	<u>1995</u> £
Consumables	207,048	183,404
Work in progress	<u>155,759</u>	<u>335,922</u>
	362,805	519,326
	<u> </u>	<u> </u>

11 DEBTORS

	<u>1996</u> £	<u>1995</u> £
Trade debtors	1,329,111	1,030,906
Prepayments and accrued income	206,145	18,144
Other debtors	81,024	64,940
ACT Recoverable	<u>125,000</u>	<u>-</u>
	1,741,280	1,113,990
	<u> </u>	<u> </u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

12 CREDITORS - Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Loan	200,000	200,000
Trade creditors	374,385	225,377
Taxation and social security	327,677	273,316
Bills of exchange payable	705,333	705,333
Proposed dividend	500,000	-
Accruals and deferred income	1,169,468	1,002,404
ACT payable	125,000	100,000
Corporation Tax	<u>925,000</u>	<u>784,923</u>
	<u>4,326,863</u>	<u>3,291,353</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.

13 CREDITORS - Amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
	£	£
Loan	200,000	400,000
Bills of exchange payable	<u>-</u>	<u>705,333</u>
	<u>200,000</u>	<u>1,105,333</u>

The loan is from Durham County Council and bears interest at a fixed rate of 8%. It is repayable by equal half yearly instalments over a period of 2 years from the balance sheet date.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Other provisions £	Total £
At 1 April 1995	-	1,520,038	1,520,038
Charge for the year	-	<u>769,700</u>	<u>769,700</u>
At 31 March 1996	-	<u>2,289,738</u>	<u>2,289,738</u>

Included within the above are provisions relating to Site Restoration and Aftercare of £1,103,331 (1995 : £640,038) and Environmental Impairment Liability of £1,186,407 (1995 : £880,000).

	1996		1995	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Deferred taxation				
Accelerated capital allowances	42,208	42,208	47,879	47,879
Other timing differences	<u>(533,515)</u>	<u>(42,208)</u>	<u>(500,182)</u>	<u>(47,879)</u>
	<u>(491,307)</u>	-	<u>(452,303)</u>	-

15 CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised		
20,000,000 (1995: 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 (1995: 1,378,002) ordinary shares of £1 each	<u>1,378,002</u>	<u>1,378,002</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

16 PROFIT AND LOSS ACCOUNT

	<u>1996</u> £
At 1 April 1995	774,028
Retained profit for the year	<u>528,800</u>
At 31 March 1996	<u>1,302,828</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit for the year	1,028,800	639,226
Dividends payable/paid	<u>(500,000)</u>	<u>(400,000)</u>
Net addition to shareholders funds	528,800	239,226
Opening shareholders' funds	<u>2,152,030</u>	<u>1,912,804</u>
Closing shareholders' funds	<u>2,680,830</u>	<u>2,152,030</u>

18 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 1996 the bonds totalled £819,400 (1995 : £820,000). 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.

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

19 OPERATING LEASE COMMITMENTS

At 31 March 1996 the Company had the following annual commitments under operating leases:

	1996			1995		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£	£	£	£	£	£
Expiring within one year	<u>-</u>	<u>64,177</u>	<u>64,177</u>	<u>10,000</u>	<u>52,748</u>	<u>62,748</u>
Expiring between one and five years	<u>21,000</u>	<u>222,673</u>	<u>243,673</u>	<u>-</u>	<u>139,824</u>	<u>139,824</u>
Expiring after five years	<u>748,925</u>	<u>-</u>	<u>748,925</u>	<u>794,812</u>	<u>-</u>	<u>794,812</u>

20 CASH FLOW

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

	1996	1995
	£	£
Operating profit	1,527,463	1,415,421
Depreciation and amortisation charges	600,809	311,614
Profit on disposal of fixed assets	(11,860)	(9,200)
Provisions for liabilities and charges	769,700	867,698
Decrease/(increase) in stock	156,521	(216,334)
(Increase)/decrease in debtors	(484,544)	67,403
(Decrease)/increase in creditors	<u>(332,918)</u>	<u>84,531</u>
Net cash inflow from operating activities	<u>2,225,171</u>	<u>2,521,133</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

20 CASH FLOW (CONTINUED)

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

	<u>1996</u>	<u>1995</u>
	£	£
Balance as at 1 April 1995	2,523,195	2,640,750
Net cash inflow/(outflow)	<u>868,818</u>	<u>(117,555)</u>
Balance as at 31 March 1996	<u>3,392,013</u>	<u>2,523,195</u>

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

	<u>Current</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>1996</u>	<u>1995</u>	<u>year</u>	<u>1995</u>	<u>1993</u>	<u>year</u>
	£	£	£	£	£	£
Cash at bank and in hand	<u>3,392,013</u>	<u>2,523,195</u>	<u>868,818</u>	<u>2,523,195</u>	<u>2,640,750</u>	<u>(117,555)</u>
	<u>3,392,013</u>	<u>2,523,195</u>	<u>868,818</u>	<u>2,523,195</u>	<u>2,640,750</u>	<u>(117,555)</u>

(4) Analysis of changes in financing during the year

	<u>Current year</u>		<u>Prior year</u>	
	<u>Share capital</u>	<u>Loan</u>	<u>Share capital</u>	<u>Loan</u>
	£	£	£	£
Balance as at 1 April 1995	1,378,002	600,000	1,378,002	800,000
Repayment of loan	-	<u>(200,000)</u>	-	<u>(200,000)</u>
Balance as at 31 March 1996	<u>1,378,002</u>	<u>400,000</u>	<u>1,378,002</u>	<u>600,000</u>

DURHAM COUNTY WASTE MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

21 PENSIONS

Retirement benefits for employees are provided by a defined benefit scheme to which contributions are made by the Company and the employees. The majority of the company's employees transferred into the scheme upon vesting. As a result of the extension of the definition of pensionable pay the latest actuarial valuation of the scheme, performed as at 31 March 1995, revealed an actuarial deficit. The scheme's assets of £1,600,000 represented a funding level of 75%. Steps taken to remove this deficit are set out below.

Contributions are paid in accordance with the recommendations of the actuaries, to enable the company to achieve the Minimum Funding Requirement contained in the 1995 Pensions Act. 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 year was £318,872 (1995 : £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 for the year under review, and 12% for the ensuring year. This cost has been assessed at the 31 March 1995 actuarial valuation 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.

22 ULTIMATE PARENT UNDERTAKING

The Company is wholly owned by Durham County Council.