WasteNotts (Reclamation) Limited

Directors' report and financial statements

Registered number 2674169

31 December 2006

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Statutory information

Directors

JR Meredith
LJD Cassells
SN Hardman
JR Wiegner

Company secretary

JM Bolton

Joint company secretary

C Favier-Tilston

Registered office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors (the "Directors") of WasteNotts (Reclamation) Limited (the 'Company') present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activity and business review

The principal activity of the Company continued to be waste disposal by incineration and the provision of steam for district heating and power generation

The activities, strategy and risks affecting the Company are inextricably similar to, and dependent on, those of the Group and consequently the following narrative relates to the Group including the Company The Group is one of the leading waste management services companies in the UK providing a range of cost effective and environmentally sustainable waste processing, recycling, disposal and energy recovery services for local authority and private commercial customers The Group comprises four trading divisions -

- North Division – responsible for landfill, transfer recycling and civic amenity operations in the North of England, East Midlands, North Wales and Scotland, for the Waste Treatment Division which treats hazardous solid and liquid wastes and for Alco, the Cumbria collection, treatment and healthcare business
- South Division – responsible for all landfill, transfer recycling and civic amenity operations in East Anglia, the South East, Lincolnshire, the West Midlands and South Wales and the servicing of recycling banks in the eastern part of England
- The Green Energy+ Division – manages Energy from Waste ('EfW") plants, which generate power by burning municipal solid waste at Eastcroft, Nottingham and at Allington, Kent
- Quarries Division – operates quarries in Yorkshire

The acquisition of the Group, including the Company and its waste disposal business, from WRG Holdings Limited (now Infinis Holdings Limited), by Fomento de Construcciones y Contratas, S A ("FCC"), on 27 September 2006, heralds an exciting stage in the Group's growth FCC is a multi-national business with operations in Europe, South America and the United States Following the acquisition of the Group, FCC is now a leading player in the UK waste management sector

The acquisition of the Group follows the demerger, in May 2006, of WRG Holdings Limited's activities into distinct waste management and renewable energy businesses ("WtE") Infinis Operations 2 Limited (formerly WRG Operations 2 Limited), a subsidiary of WRG Holdings Limited, acquired the renewable energy business of the Company

On 21 December 2006, the Group's immediate parent Azincourt Investment, S L re-financed its debt in relation to the acquisition of the Group under a Facility Agreement The Group and the Company were a party to this re-financing (see note 18)

Objectives, strategy and risk

The Group's key areas of strategic development and performance of the business include

- Sales and marketing new and replacement business is being sought and won on an ongoing basis The Group works hard to ensure that existing customers business is retained and key customer relationships are monitored on a regular basis The Group is developing into a key player in the PFI and Public Private Partnership market
- Services new waste management solutions continue to be developed for both new and existing customers We work with customers to find the best value integrated solutions that put recycling, composting and landfill diversion at the heart of waste management strategies

Directors' report

Objectives, strategy and risk (*continued*)

- Stakeholders the Group is working to strengthen relationships with our customers, suppliers, contractors and other stakeholders including the communities in the areas within which we operate
- Health and Safety the Group treats health and safety as a key area of importance and is always seeking ways of ensuring a safe environment for all employees and stakeholders
- Environment the Group strives to achieve environmental best practice across its operations To achieve this, the Directors keep policies, procedures and performance under continuous review and we also maintain an ongoing close relationship with the relevant regulatory bodies including the Environment Agency
- Employees the Group aims to enhance the quality of our workforce, by providing good working conditions, including training and development opportunities and by careful recruitment processes

The Group operates in a highly regulated market that contains numerous risks and uncertainties The Group has appointed a Risk Committee that actively monitors the key risks that impact the business including the compilation of a comprehensive risk register The Directors of the Company regard the following to be the principal risks and uncertainties affecting the business The Company's approach to managing these risks and uncertainties is considered below

- Health and Safety Health and safety is a key issue for the Group due to the nature of operations including the use of heavy plant and equipment and difficult working conditions The Group is continually seeking, in consultation with the appropriate authorities, opportunities to enhance performance in this area, implementing any improvements identified as necessary, expeditiously Rigorous health and safety training for all employees is undertaken and is underpinned by detailed policies and procedures The Directors receive regular reports on health and safety performance affecting the Company's operations and it employs a dedicated team to monitor and promote high standards All employees are expected to recognise their role for achieving high performance on health and safety matters and exhibit this through their approach and attitude at work
- Environmental risks The Group's operations are heavily regulated under environmental legislation principally by the Environment Agency in England and Wales and the Scottish Environment Protection Agency in Scotland Compliance with all environmental legislation pertinent to the Company's activities is a minimum requirement The Directors receive regular reports on environmental compliance at the Group's sites and environmental compliance is monitored and controlled by a dedicated team within the Group The Group has adopted a formal environmental policy and detailed environmental procedures to enable compliance with environmental legislation
- Major disruption/disaster The Group as part of its risk management programme has developed business continuity planning for its operations As part of this planning the Group has developed plans to accommodate the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region
- The effect of new legislation or other regulatory activities The Group monitors forthcoming and current legislation regularly to ensure full compliance and to anticipate and assess the impact upon its operations Many contracts with municipal customers include provisions which allow the Group to pass through certain increased costs arising as a result of legislative changes which occur during the life of the contracts
- Litigation The Group is subject to litigation from time to time The outcome of legal action is always uncertain and there is the risk that it may prove more costly and time consuming than expected There is a risk that litigation could be instigated in the future which could materially impact the Group In some liability cases legal expenses are covered by insurance This risk is managed through constant monitoring and having a full time Director on the board with legal responsibility

Directors' report

Objectives, strategy and risk *(continued)*

- Competitive risk The Group operates in highly competitive markets Competitors may be able to offer services at rates below that of the Group due to lower operating and overhead costs and lower investment returns To mitigate this risk the Group ensures that its cost base is appropriately structured In addition the Group endeavours to enter into medium and long term waste disposal contracts to guarantee revenues over the longer term, particularly with its municipal customers
- Employees The loss of key employees to the business or the inability to hire experienced management personnel could have a material adverse effect on the business To manage this risk succession planning for senior positions within the Group is undertaken In addition the acquisition of the Group by FCC in September 2006 enables the Group to draw on wider resources within the FCC group going forward

Future trends and developments

The Directors consider that the business of the Group and Company is sound for the immediate future The development of the business will be subject to numerous factors However the impact of the European Union Landfill Directive and the diversion of waste away from landfill sites to alternative disposal methods or recycling initiatives will fundamentally shape the development of the business going forward The need for significant amounts of capital to support this transition is most likely to lead to consolidation within the waste management industry thereby presenting both opportunity and risk to the Group

Results and dividends

The result for the year ended 31 December 2006 is set out on page 10 The profit for the financial year amounted to £348,000 *(2005 £571,000)* On 15 September 2006, the Company paid an interim dividend amounting to £3,000,000 *(2005 £nil)* and thus the retained loss of £2,652,000 *(2005 retained profit £571,000)* has been withdrawn from (*2005 transferred to*) reserves

Other Financial and Non-Financial Key Performance Indicators (KPI's)

To help deliver the strategy and to assist in managing operational performance of the business, the following KPI's are part of the tools used by the Group to monitor the Group's businesses performance

- EBITDAP – earnings before interest, tax, depreciation, amortisation, provisions and exceptional items This is used as a management tool on a site by site basis as it is a measure of performance including revenues and costs which can be directly controlled by site It is also used for the business as a whole as a measure of cash flow

	2006 £000	2005 £000
EBITDAP	**1,770**	1,536

- Return on capital employed (ROCE) – defined as profit before tax divided by net assets This is used as a measure of performance across the Group and in similar businesses where there is a requirement for regular and high levels of capital investment

	2006 %	2005 %
ROCE	**4 5**	4 7

Directors' report

Other Financial and Non-Financial Key Performance Indicators (KPI's) (continued)

- WRG's main safety KPI over recent years has been the Incidence Rate per 100,000 employees for RIDDOR-reportable incidents This includes both major incidents and incidents leading to over three days absence from work This is a common KPI in the industry In 2006 WRG achieved a 5 1% improvement over the prior year (1687 versus 1778 in 2005), against a target improvement of 10% Major incidents, during the year, were significantly reduced but not absences over three days These are the focus for improvement going forwards via a campaign of tool box talks, posters and e-learning In 2006 the Environment Agency adopted a 10% year on year improvement of this KPI as its safety objective in the newly-published EA Waste Sector Plan

- WRG operates an Environmental Management System (EMS) that conforms to the ISO 14001 standard The key environmental aspects of our activities are identified in the EMS as landfill gas and leachate emissions to the surrounding receptors KPI's are set for each of these aspects at every landfill site and reported monthly, both individually and in aggregate The KPI for landfill gas is the proportion of gas migration monitoring points sampled that are compliant within limits For leachate it is the proportion of leachate level monitoring points that are compliant For landfill gas migration, 2006 average compliance was 93 2% versus 93 4% for 2005 The lack of improvement in this KPI is due to a higher than normal incidence of landfill fires, disrupting gas control, and the temporary removal and replacement of gas control systems to facilitate further landfilling Neither factor is expected to reoccur For leachate a valid comparison cannot be made, as leachate compliance levels have changed at many sites as a result of the implementation of the Landfill Directive under the PPC permit regime Leachate monitoring continues, indeed is enhanced by improvements made in order to comply with the Directive's requirements After control levels have been rebased, the KPI will be reported from 2007 onwards

Directors and their interests

The Directors who served as directors of the Company during the year ended 31 December 2006 and up to the date of this report were as follows

JR Meredith
LJD Cassells
SN Hardman
JR Wiegner (appointed 6 October 2006)

None of the Directors or connected persons who held office at 31 December 2006 held any interests in the share capital of the Company or any related group undertaking at 31 December 2006

Employees

A policy of equal opportunity employment throughout the Group continues to be encouraged at all times Subject to the nature of its businesses in the waste management industry, the policy of the Group is to ensure that there are fair opportunities for the employment and training of disabled persons The Directors recognise the importance of communication with employees Members of the Executive management team regularly visit sites and discuss with staff matters of current interest and concern to the business

Directors' report *(continued)*

Elective regime

On 31 July 2003 the Company passed elective resolutions in accordance with section 379A of the Companies Act 1985 as amended (the "Act") to dispense with the formalities of

- the laying of accounts and reports before the Company in general meeting (section 252 of the Act)
- the holding of annual general meetings (section 366A of the Act)
- the obligation to appoint auditors annually (section 386 of the Act)

Section 253(2) gives members the right to require the laying of accounts before the Company in general meeting To exercise such right, a member must give notice in writing to that effect deposited at the registered office of the Company within 28 days of the day on which the report and financial statements are sent out in accordance with section 238(1) of the Act

Charitable and political donations

No political or charitable donations were made during the year ended 31 December 2006 *(2005 £nil)*

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to a shareholders' elective resolution passed on 31 July 2003, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

JM Bolton
Company Secretary

16th March 2007

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

KPMG LLP
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Independent auditors' report to the members of WasteNotts (Reclamation) Limited

We have audited the financial statements of WasteNotts (Reclamation) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 7

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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 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

Independent auditors' report to the members of WasteNotts (Reclamation) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

16 March 2007

Profit and loss account
year ended 31 December 2006

	Note	2006 £000	2005 £000
Turnover	*2*	6,489	4,880
Cost of sales		(5,360)	(3,745)
Gross profit		1,129	1,135
Administrative expenses		(410)	(240)
Operating profit		719	895
Interest payable and similar charges	*5*	(404)	(444)
Profit on ordinary activities before taxation	*3*	315	451
Tax on profit on ordinary activities	*6*	33	120
Profit for the financial year	*14*	348	571

All results are derived from continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2006 or previous financial year other than as stated in the profit and loss account Therefore, no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on a historical cost basis and that shown in the profit and loss account

Balance sheet
at 31 December 2006

	Note	2006 £000	2005 £000
Fixed assets			
Tangible assets	8	**9,251**	10,548
Current assets			
Debtors amounts falling due within one year	9	**4,373**	6,257
Cash at bank and in hand		-	-
		4,373	6,257
Creditors amounts falling due within one year	10	**(900)**	(817)
Net current assets		**3,473**	5,440
Total assets less current liabilities		**12,724**	15,988
Creditors amounts falling due after more than one year	11	**(3,697)**	(4,276)
Provisions for liabilities and charges	12	**(2,069)**	(2,102)
Net assets		**6,958**	9,610
Capital and reserves			
Called up share capital	13	**6,296**	6,296
Profit and loss account	14	**662**	3,314
Equity shareholders' funds	15	**6,958**	9,610

These financial statements were approved by the board of Directors on 16th March 2007 and were signed on its behalf by

LJD Cassells
Director

Notes
(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Accounting convention

The financial statements are prepared under the historical cost convention

Cash flow exemption

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is a wholly owned subsidiary of a group which has prepared a consolidated cash flow statement

Tangible fixed assets

Tangible fixed assets are shown at cost Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of assets as follows

Freehold buildings	- over 25 to 50 years
Leased assets	- over the term of the lease
Plant and machinery	- over 3 to 20 years

Pensions

The Company participates in the defined contribution scheme operated by Waste Recycling Group Limited on behalf of its eligible employees Contributions to the scheme are charged to the profit and loss account for the year in which they are payable

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised with discounting in respect of all timing differences between the treatment of certain items of taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents invoiced sales of goods and services excluding value added tax

Leases

In respect of each finance lease, the cost of the asset is capitalised and the cost less residual value of the asset is depreciated over the term of the lease Rentals payable are apportioned between finance charges and leasing commitment The total finance charge is allocated to accounting periods over the term of the lease at a constant periodic rate of charge on the remaining lease commitments for each accounting period

All other leases are operating leases and the relevant annual rates are charged to the profit and loss account on a straight line basis over the lease term

2 Turnover

All turnover was generated in the United Kingdom principally from waste disposal by incineration and the provision of steam for district heating and power generation

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2006 £000	2005 £000
Profit on ordinary activities is stated after charging		
Depreciation – owned assets	**907**	546
Depreciation – leased assets	**144**	95
Operating lease rentals – other	**44**	41
Operating lease rentals – plant and machinery	**48**	46

Auditors' remuneration in respect of audit fees has been met by Waste Recycling Limited, a fellow subsidiary undertaking of Waste Recycling Group Limited

4 Information regarding Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2006 or the previous financial year They are all remunerated as Directors or employees of Waste Recycling Group Limited, an indirect parent company of the Company

	2006 £000	2005 £000
Staff costs incurred in respect of employees below:		
Wages and salaries	**87**	69
Social security costs	**9**	7
Other pension costs	**4**	4
	100	80

	2006 No	2005 No
The average weekly number of employees (including the Directors) during the year was	**9**	8

5 Interest payable and similar charges

	2006 £000	2005 £000
Finance lease interest	**404**	444

Notes *(continued)*

6 Tax on profit on ordinary activities

	2006 £000	2005 £000
UK Corporation tax		
United Kingdom corporation tax at 30% *(2005 30%)* based on profits for the year	-	-
Total current tax charge	-	-
Deferred tax		
Timing differences, origination and reversal	(33)	(120)
Tax on profit on ordinary activities	(33)	(120)

The total current tax charge for the current and previous year is less than the standard rate of 30% (*2005 30%*) for the reasons set out in the following reconciliation

	2006 £000	2005 £000
Profit on ordinary activities before tax	315	451
Tax on profit on ordinary activities at standard rate	95	135
Factors affecting charge		
Non-taxable items	(3)	-
Group loss relief claimed	(164)	-
Depreciation in excess of capital allowances/(Capital allowances in excess of depreciation)	72	(135)
	-	-

7 Dividends

	2006 £000	2005 £000
Interim dividend paid on 15 September 2006 of £0 48 per ordinary share (*2005 £nil*)	3,000	-

Notes *(continued)*

8 Tangible fixed assets

	Other property £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2006	15,211	4,674	19,885
Additions	17	-	17
Disposals	-	(142)	(142)
Transfers between group companies/reclassifications	4	(125)	(121)
At 31 December 2006	15,232	4,407	19,639
Depreciation			
At 1 January 2006	9,026	311	9,337
Charge for year	748	303	1,051
At 31 December 2006	9,774	614	10,388
Net book value			
At 31 December 2006	**5,458**	**3,793**	**9,251**
At 31 December 2005	6,185	4,363	10,548

The net book value of other property includes £5,157,000 *(2005 £5,301,000)* in respect of assets held under finance leases The depreciation charged on these assets during the year was £144,000 *(2005 £95,000)*

9 Debtors: amounts falling due within one year

	2006 £000	2005 £000
Amounts due from fellow group undertakings	**4,373**	6,257

10 Creditors amounts falling due within one year

	2006 £000	2005 £000
Obligations under finance leases	**579**	496
Amounts due to fellow group undertakings	**321**	321
	900	817

Notes *(continued)*

11 Creditors amounts falling due after more than one year

	2006 £000	2005 £000
Obligations under finance leases	3,697	4,276
Split between due in		
One to two years	670	496
Two to five years	3,027	2,909
After five years	-	871
	3,697	4,276
Included within creditors amounts falling due within one year (note 10)	579	496
	4,276	4,772

Obligations under finance leases are secured by related assets

12 Provisions for liabilities and charges

	Provided 2006 £000	Provided 2005 £000	Unprovided 2006 £000	Unprovided 2005 £000
Deferred taxation				
At 1 January 2006	2,102	2,222	-	-
Credited to profit and loss account	(33)	(120)	-	-
At 31 December 2006	2,069	2,102	-	-
Deferred tax comprises				
Accelerated capital allowances	2,069	2,102	-	-

13 Called up share capital

	2006 £000	2005 £000
Authorised		
7,000,000 ordinary shares of £1 each	7,000	7,000
Called up, allotted and fully paid		
6,295,500 ordinary shares of £1 each	6,296	6,296

Notes *(continued)*

14 Reserves

	Profit and loss account £000
At 1 January 2006	3,314
Profit for the financial year	348
Dividends	(3,000)
At 31 December 2006	662

15 Reconciliation of movement in shareholders' funds

	2006 £000	2005 £000
Profit for the financial year	348	571
Dividends	(3,000)	-
Net (deduction)/addition to shareholders' funds	(2,652)	571
Opening shareholders' funds	9,610	9,039
Closing shareholders' funds	6,958	9,610

16 Operating lease commitments

At 31 December 2006, the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2006 £000	Land and buildings 2005 £000	Plant and machinery 2006 £000	Plant and machinery 2005 £000
Operating leases which expire				
In two to five years	-	-	5	5
In over five years	51	51	-	-
	51	51	5	5

Notes *(continued)*

17 Pension contributions

The Company participates in the defined contribution schemes operated by Waste Recycling Group Limited on behalf of its eligible employees The assets of these schemes are held separately from those of the Company in independently administered funds

Certain employees of the Company are members of the LAWDC's Pension Scheme in which Waste Recycling Group Limited is a participating employer This is a defined benefit multi-employer scheme, the assets of which are held independently of the Group The Company is unable to identify its share of the underlying assets and liabilities of the scheme Further details regarding the scheme are provided in the financial statements of Waste Recycling Group Limited

Contributions to the scheme for the period are stated below and the agreed contribution rate commencing from 1 January 2004 is 16%

An actuarial valuation of the scheme at 31 March 2003 indicated that the scheme was 96% funded based upon the minimum funding requirement basis The outcome of the 31 March 2006 actuarial valuation is in the process of finalisation At 31 December 2006 the deficit on the WRG section of the LAWDC scheme, calculated on an FRS 17 basis, was £3,226,000 (2005 *£5,184,000)* There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The contributions made by the Company under the different schemes during the year were as follows

	2006	2005
	£000	£000
Defined contribution schemes	**2**	2
LAWDC pension scheme	**2**	2
	4	4

18 Contingent liabilities

a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group

b) On 21 December 2006, the Company was a party to the refinancing of Azincourt Investment, SL "Azincourt" and its subsidiary companies Azincourt was the company used by Fomento de Construcciones y Contratas, S A for the acquisition of Waste Recycling Group Limited and its subsidiary undertakings, including the Company The Company agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of Waste Recycling Group Limited The Company also entered in to a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour

Notes (continued)

19 Related party transactions

In the ordinary course of business, the Company also traded with fellow subsidiaries of Waste Recycling Group Limited

In the period prior to the change in the Company's ultimate parent undertaking on 27 September 2006, the Company also traded with fellow subsidiaries of WRG Holdings Limited (now Infinis Holdings Limited)

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of these transactions

20 Ultimate parent company

The Directors regard Fomento de Construcciones y Contratas, S A , a company registered in Spain, as the ultimate controlling party and the ultimate parent entity

Fomento de Construcciones y Contratas, S A is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up Waste Recycling Group Limited is the parent company of the smallest group of which the Company is a member and for which group accounts are drawn up Copies of the financial statements of both Waste Recycling Group Limited and Fomento de Construcciones y Contratas, S A are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG