Norfolk Waste Limited

Directors' report and financial statements

Registered number 03001490

31 December 2009

Contents

Statutory information

Directors

P Taylor
VF Orts-Llopis
CJ Ellis
A Serrano Minchan

Joint Company Secretary

C Favier-Tilston
C De Feo

Registered office

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

Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Directors' report

The directors (the "Directors") of Norfolk Waste Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activity

The principal activity of the Company is the handling, recycling and disposal of waste materials

Directors

The Directors who served as directors of the Company during the year ended 31 December 2009 and up to the date of this report were as follows

P Taylor	(appointed 1 December 2009)
VF Orts-Llopis	(appointed 1 December 2009)
CJ Ellis	
A Serrano Minchan	(appointed 1 August 2009)
J Meredith	(resigned 27 November 2009)
L Cassells	(resigned 30 November 2009)

Results and dividends

The result for the year ended 31 December 2009 is set out on page 6 The Directors do not recommend payment of a dividend (*2008 £nil*) and thus the profit for the financial year of £94,000 (*2008 £80,000*) has been transferred to reserves

Going concern

The Directors, having assessed the responses of their enquiries to the immediate parent company, Waste Recycling Group Limited ('WRG'), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities The most important components of financial risk are interest rate risk, credit risk and liquidity risk Due to the nature of the Company's activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are liquidity and credit risk

Credit and liquidity risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of the Waste Recycling Group Both credit and liquidity risk are mitigated by the nature of the debtor balances owed and creditor balances owing, being mainly inter-company from and to fellow subsidiaries of Waste Recycling Group

Directors Indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report Such provisions were made by Waste Recycling Group Limited, the intermediate parent company domiciled in the UK

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors report confirms 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 in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006 ('the Act")

Directors' report *(continued)*

Auditors

During the year KPMG LLP resigned as auditors and Deloitte LLP ("Deloitte") were appointed as auditors to the Company Pursuant to Section 487 of the Act, Deloitte will be deemed to be reappointed as auditors until further notice

By order of the Board of Directors on 25 June 2010

C De Feo
Joint Company Secretary

Directors' responsibilities statement

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 Generally Accepted Accounting Practice, (United Kingdom Accounting Standards and applicable law)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period In preparing the 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 parent company financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006 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

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of Norfolk Waste Limited

We have audited the financial statements of Norfolk Waste Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditors' 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
As explained more fully in the Directors Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Makhan Chahal

Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

5 July 2010

Profit and loss account

year ended 31 December 2009

	Note	2009	2008
		£000	£000
Turnover	*2*	**1,455**	1,292
Cost of sales		**(1,305)**	(1,147)
Gross profit		**150**	145
Administrative expenses		**(57)**	(62)
Profit on ordinary activities before taxation	*4*	**93**	83
Tax on profit on ordinary activities	*5*	**1**	(3)
Profit for the financial year	*11*	**94**	80

All results are derived from continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2009 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

Balance sheet
at 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	*6*	**317**	332
Current assets			
Debtors	*7*	**96**	1
Creditors: amounts falling due within one year	*8*	**(37)**	(50)
Net current assets/(liabilities)		**59**	(49)
Total assets less current liabilities		**376**	283
Provisions for liabilities	*9*	**(2)**	(3)
Net assets		**374**	280
Capital and reserves			
Called up share capital	*10*	-	-
Profit and loss account	*11*	**374**	280
Shareholders' funds	*12*	**374**	280

These financial statements for Norfolk Waste Limited (registered number 03001490) were approved by the board of Directors on 25 June 2010 and were signed on its behalf by

VF Orts-Llopis
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

Going concern

The Directors, having assessed the responses of their enquiries to the immediate parent company, Waste Recycling Group Limited ('WRG'), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors report and financial statements

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

Turnover

Turnover is stated net of valued added tax and trade discounts Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

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 properties	- over 50 years
Plant and machinery	- over 3 to 20 years

No depreciation is provided for on freehold land

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

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 a non-discounted basis

Notes *(continued)*

2 Turnover

All turnover was generated in the United Kingdom from the handling, recycling and disposing of waste materials

3 Information regarding directors and employees

None of the Directors received any remuneration or other benefits in respect of services to the Company during the year ended 31 December 2009 or the year ended 31 December 2008 They are all remunerated as Directors or employees of Waste Recycling Group Limited, the parent company of the Company

	2009	2008
	£000	£000
Wages and salaries	**43**	43
Social security costs	**4**	4
	47	47
	No	No
The average weekly number of employees (including Directors) in the year	**5**	4

4 Profit on ordinary activities before taxation

	2009	2008
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Depreciation – owned assets	**15**	17
Operating lease rentals – plant and machinery	**41**	49

Auditors' remuneration in respect of audit fees totalling £4,000 has been met by Waste Recycling Limited, a fellow subsidiary undertaking of Waste Recycling Group Limited

5 Tax on profit on ordinary activities

	2009	2008
	£000	£000
Corporation tax		
United Kingdom corporation tax at 28% *(2008 28 5%)* based on profit for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Timing differences, origination and reversal	**(1)**	3
Tax (credit)/charge on profit on ordinary activities	**(1)**	3

Notes *(continued)*

5 Tax on profit on ordinary activities *(continued)*

The total current tax charge for the current and previous year is different from the standard rate of 28% (*2008 28 5%*) for the reasons set out in the following reconciliation

	2009 £000	2008 £000
Profit on ordinary activities before tax	**93**	83
Tax on profit on ordinary activities at standard rate	**26**	24
Factors affecting charge		
Depreciation in excess of capital allowances	**4**	4
Group relief	**(30)**	(28)
	-	-

6 Tangible fixed assets

	Freehold/ leasehold properties £000	**Plant and machinery £000**	**Total £000**
Cost			
At 1 January 2009 and 31 December 2009	401	36	437
Depreciation			
At 1 January 2009	89	16	105
Charge for the year	14	1	15
At 31 December 2009	103	17	120
Net book value			
At 31 December 2009	**298**	**19**	**317**
At 31 December 2008	312	20	332

7 Debtors

	2009 £000	2008 £000
Trade debtors	**16**	-
Amounts due from group undertakings	**79**	-
Prepayments	**1**	1
	96	1

Notes *(continued)*

8 Creditors. amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**5**	17
Amounts owed to parent undertaking	**12**	12
Amounts owed to group undertakings	**-**	11
Accruals	**20**	10
	37	50

9 Provisions for liabilities

Deferred Taxation	2009 £000	2008 £000
At 1 January 2009	**3**	-
(Credit) / Charge for year	**(1)**	3
At 31 December 2009	**2**	3

The amounts of deferred taxation provided are as follows

Deferred taxation

	Provided		Unprovided	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Accelerated capital allowances	**2**	3	**-**	-

10 Called up share capital

	2009 £	2008 £
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Called up, allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

11 Reserves

	Profit and loss account £000
At 1 January 2009	280
Profit for the financial year	94
At 31 December 2009	**374**

Notes *(continued)*

12 Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	**94**	80
Net additions to shareholders funds	**94**	80
Opening shareholders funds	**280**	200
Closing shareholders funds	**374**	280

13 Pension contributions

The Company participates in the defined contribution scheme operated by Waste Recycling Group Limited on behalf of its eligible employees The assets of this scheme are held separately from those of the Company in independently administered funds The contributions by the Company to the scheme in the year amounted to £nil (2008 £nil)

14 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 It is not practical to estimate the value of the contingent liability at 31 December 2009

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 into 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 The Facility Agreement was amended on 27 March 2007 principally reducing the level of the Facility and on 22 June 2007 primarily to extend a deadline for the release of an escrow account fund from the Environment Agency It is not practical to estimate the value of the contingent liability at 31 December 2009

15 Related party transactions

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

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

16 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