

Pennine Waste Management Limited

**Directors' report and financial
statements**

Registered number 03057012

31 December 2009



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Statutory information

Directors

P Taylor
VF Orts-Llopis
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 Pennine Waste Management 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 operation of a waste transfer station and the composting of green waste

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)
A Serrano Minchan	(appointed 1 August 2009)
J Meredith	(resigned 27 November 2009)
L Cassells	(resigned 30 November 2009)
SN Jennings	(resigned 11 June 2010)

Results and dividends

The results of the Company for the year ended 31 December 2009 are set out on page 6. The Directors do not recommend the payment of a dividend (2008: nil) and therefore the profit for the financial year ended 31 December 2009 of £268,000 (2008: £361,000) has been transferred (2008: 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 ~~30~~ 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 Pennine Waste Management Limited

We have audited the financial statements of Pennine Waste Management Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, 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 (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

	<i>Note</i>	2009 £000	2008 £000
Turnover	2	5,202	4,583
Cost of sales		(4,720)	(4,080)
Gross profit		482	503
Administrative expenses		(214)	(223)
Profit on ordinary activities before taxation	3	268	280
Tax on profit on ordinary activities	5	-	81
Profit for the financial year	11	268	361

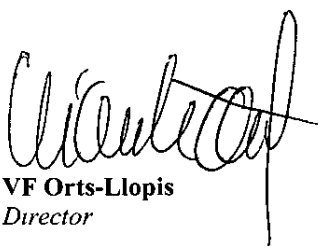
All results are derived from continuing operations

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

	<i>Note</i>	2009 £000	2008 £000
Current assets			
Debtors	7	1,454	1,127
Creditors' amounts falling due within one year	8	(734)	(675)
Net assets		720	452
Capital and reserves			
Called up share capital	10	93	93
Share premium	11	463	463
Profit and loss account	11	164	(104)
Shareholders' funds	12	720	452

These financial statements for Pennine Waste Management Limited (registered number 03057012) were approved by the board of Directors on ~~30~~ 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 value 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

Fixed plant and buildings	- over 25 years
Plant and machinery	- over 5 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

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

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.

Leases

Operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

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.

2 Turnover

All turnover was generated in the United Kingdom principally from the operation of a waste transfer station and the composting of green waste.

3 Profit on ordinary activities before taxation

	2009 £000	2008 £000
Profit on ordinary activities before taxation is stated after charging		
Operating leases – hired plant and machinery	7	7
	<u>7</u>	<u>7</u>

Auditors' remuneration in respect of audit fees totalling £4,000 has been borne 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 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 £000	2008 £000
Wages and salaries	77	98
Social security costs	8	11
	<u>85</u>	<u>109</u>
	No.	No.
The average weekly number of employees (including the Directors) during the year was	<u>6</u>	<u>7</u>

Notes (continued)

5 Tax on profit on ordinary activities

	2009 £000	2008 £000
UK Corporation tax		
United Kingdom corporation tax at 28% (2008 28.5%) based on profits for the year	-	-
Adjustment in respect of prior years	-	(81)
	<u>-</u>	<u>(81)</u>
Total current tax (credit) / charge	<u>-</u>	<u>(81)</u>

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	268	280
	<u>268</u>	<u>280</u>
Tax on profit on ordinary activities at standard rate	75	80
Factors affecting charge		
Group relief	(70)	(73)
Depreciation in excess of capital allowances	(5)	(7)
Adjustment in respect of prior years	-	(81)
	<u>-</u>	<u>(81)</u>
	<u>75</u>	<u>80</u>

6 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2009 and 31 December 2009	360	172	532
	<u>360</u>	<u>172</u>	<u>532</u>
Depreciation			
At 1 January 2009 and 31 December 2009	360	172	532
	<u>360</u>	<u>172</u>	<u>532</u>
Net book value			
At 31 December 2008 and 31 December 2009	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

7 Debtors

	2009 £000	2008 £000
Trade debtors	46	27
Amounts due from fellow subsidiary undertakings	1,408	1,100
	<u>1,454</u>	<u>1,127</u>

8 Creditors amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	5	32
Amounts due to fellow subsidiary undertakings	685	514
Corporation tax	-	52
Accruals	44	77
	<u>734</u>	<u>675</u>

9 Provisions for liabilities

	2009 £000	Unprovided 2008 £000
Deferred Tax		
Depreciation in excess of capital allowances	(1)	-
	<u></u>	<u></u>

The Company has unprovided deferred tax assets as there is insufficient certainty as to whether events will materialise to crystallise the deferred tax

10 Called up share capital

	2009 £	2008 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<u></u>	<u></u>
Called up, allotted and fully paid		
92,626 ordinary shares of £1 each	92,626	92,626
	<u></u>	<u></u>

Notes (continued)

11 Reserves

	Share Premium account £000	Profit and loss account £000	Total £000
At 1 January 2009	463	(104)	359
Profit for the financial year	-	268	268
At 31 December 2009	463	164	627

12 Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	268	361
Opening shareholders' funds	452	91
Closing shareholders' funds	720	452

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 the scheme are held separately from those of the Company in independently administered funds.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Contributions by the Company to the scheme for the year ended 31 December 2009 amounted to £nil (2008: £nil).

14 Contingent liabilities

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 this 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.