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**KIRKLEES WASTE MANAGEMENT LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2001**  
**Registered Number: 3337856**



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COMPANIES HOUSE

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## KIRKLEES WASTE MANAGEMENT LIMITED

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### Company Information

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | IF Goodfellow<br>IA Sexton  |
| <b>Secretary</b>         | EJG Cooper  |
| <b>Company Number</b>    | 3337856   |
| <b>Registered Office</b> | The Pickeridge<br>Stoke Common Road<br>Fulmer<br>Buckinghamshire<br>SL3 6HA |
| <b>Auditors</b>          | Arthur Andersen<br>180 Strand<br>London<br>WC2R 1BL                         |

# KIRKLEES WASTE MANAGEMENT LIMITED

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001**

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The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2001.

**Principal activities**

The company acts as an intermediary holding company within the SITA group.

The subsidiary undertakings held by the company are listed in note 4 to the accounts. Consolidated accounts are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

**Results and dividends**

The loss for the year after taxation, amounted to £36,000 (2000 - loss of £1,019,000) .

The directors do not recommend the payment of a dividend (2000 - £nil) and the loss for the year after taxation will be deducted from reserves.

**Directors**

The directors who served during the year were as follows :

|               |                          |
|---------------|--------------------------|
| IF Goodfellow |                          |
| RA Searby     | (resigned 2 March 2001)  |
| IA Sexton     | (appointed 2 March 2001) |
| SJ Thorne     | (resigned 30 June 2001)  |

No director who held office on 31 December 2001 had an interest in the company's shares either during the financial year or at 31 December 2001.

The interests of the directors who held office on 31 December 2001 in the shares of the ultimate parent company, Suez SA are reported in the Directors' Report and Financial Statements of the company's intermediate holding company, Northumbrian Environmental Management Limited, for the year ended 31 December 2001.

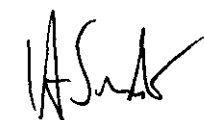
**Statement of directors' responsibilities**

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; 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

This report was approved by the board on 26 July 2002 and signed on its behalf by:



IA Sexton  
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
KIRKLEES WASTE MANAGEMENT LIMITED**

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We have audited the financial statements of Kirklees Waste Management Limited for the year ended 31 December 2001 which comprise the Profit and Loss account, Balance Sheet and the related notes numbered 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the company 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 opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

180 Strand  
London  
WC2R 1BL

26 July 2002

**KIRKLEES WASTE MANAGEMENT LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2001**

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|  | Note | 2001<br>£ '000 | 2000<br>£ '000 |
|--|------|----------------|----------------|
| Amounts written off investments                | 3    | -              | (944)          |
| Interest payable                               | 2    | (36)           | (75)           |
|  |      | <hr/>          | <hr/>          |
| <b>LOSS FOR THE YEAR</b>                       |      | <b>(36)</b>    | <b>(1,019)</b> |
| <b>PROFIT AND LOSS ACCOUNT BROUGHT FORWARD</b> |      | <b>(6,081)</b> | <b>(5,062)</b> |
|  |      | <hr/>          | <hr/>          |
| <b>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</b> |      | <b>(6,117)</b> | <b>(6,081)</b> |
|  |      | <hr/>          | <hr/>          |

There were no recognised gains and losses for 2001 or 2000 other than those included in the profit and loss account.  
The notes on pages 5 to 7 form an integral part of these financial statements.

**KIRKLEES WASTE MANAGEMENT LIMITED**

**BALANCE SHEET**  
**As at 31 December 2001**

|   | Note | 2001<br>£ '000 | 2000<br>£ '000 |
|---|------|----------------|----------------|
| <b>FIXED ASSETS</b>                                   |      |                |                |
| Investments   | 4    | 2,443          | 2,443          |
| <b>CREDITORS: amounts falling due within one year</b> | 5    | (8,560)        | (8,524)        |
| <b>NET CURRENT LIABILITIES</b>                        |      | (8,560)        | (8,524)        |
| <b>NET LIABILITIES</b>                                |      | (6,117)        | (6,081)        |
| <b>CAPITAL AND RESERVES</b>                           |      |                |                |
| Profit and loss account                               |      | (6,117)        | (6,081)        |
| <b>EQUITY SHAREHOLDERS' DEFICIT</b>                   | 7    | (6,117)        | (6,081)        |

The financial statements were approved by the board on 26 July 2002 and signed on its behalf by:



IA Sexton

Director

The notes on pages 5 to 7 form an integral part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2001

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**1. ACCOUNTING POLICIES**

The principal accounting policies which are summarised below have been applied consistently throughout the current and preceding year.

**1.1 Basis of preparation of financial statements**

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

At 31 December 2001 the company had net liabilities of £6,117,000 (2000: £6,081,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as a fellow group undertaking has confirmed its intention and ability to provide such financial support as may be necessary to enable the company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months. The company's parent company has also confirmed that the company will not be required to pay amounts due to other group undertakings unless the company has sufficient funds to pay other creditors in full.

**1.2 Investments**

Fixed asset investments are shown at cost less any provision for impairment.

**2. INTEREST PAYABLE**

|                                | 2001<br>£ '000 | 2000<br>£ '000 |
|--------------------------------|----------------|----------------|
| Interest payable on loan notes | 36             | 75             |

**3. PROVISION FOR IMPAIRMENT**

In the prior year a provision of £944,000 was made against the value of the investments in the company's subsidiary undertakings to write them down to their estimated value.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2001

**4. FIXED ASSET INVESTMENTS**

|                                 | Shares in group<br>undertakings<br>£ '000 |
|---------------------------------|---|
| <b>Cost</b>                     |   |
| At 1 January 2001               | 8,287                                     |
| At 31 December 2001             | <u>8,287</u>                              |
| <b>Provision for impairment</b> |   |
| At 1 January 2001               | (5,844)                                   |
| At 31 December 2001             | <u>(5,844)</u>                            |
| <b>Net book value</b>           |   |
| At 31 December 2001             | <u>2,443</u>                              |
| At 31 December 2000             | <u>2,443</u>                              |

| <i>Subsidiary undertakings</i>      | <i>Principal activity</i>                     | <i>% Holding</i> |
|-------------------------------------|---|------------------|
| Ever 1007 Limited                   | Aggregate extraction                          | 100 %            |
| Merryshields Gravel Company Limited | Non-trading                                   | 100 %            |
| West Tyne Gravel Company Limited    | Non-trading                                   | 100 %            |
| WmE Christer (Gravel) Limited       | Non-trading                                   | 100 %            |
| Ryton Testing Services Limited *    | Testing services to the construction industry | 100 %            |
| Ryton Waste Disposal Limited        | Landfill operator                             | 100 %            |

\* held via a subsidiary

All subsidiaries are registered in England and Wales.

**5. CREDITORS:****Amounts falling due within one year**

|                                     | 2001<br>£ '000 | 2000<br>£ '000 |
|-------------------------------------|----------------|----------------|
| Loan notes - deferred consideration | 625            | 900            |
| Amounts owed to group undertakings  | 7,920          | 7,619          |
| Other creditors                     | -              | 5              |
| Accruals and deferred income        | 15             | -              |
|                                     | <u>8,560</u>   | <u>8,524</u>   |

The loan notes bear an interest rate of LIBOR and are repayable at the option of the holder on any 30 June or on the option of the company on 16 March 2003.

# KIRKLEES WASTE MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2001

### 6. CALLED UP SHARE CAPITAL

|   | 2001<br>£ | 2000<br>£ |
|---|-----------|-----------|
| <b>Authorised</b>                         |           |           |
| 100 ordinary shares of £1 each            | 100       | 100       |
| <b>Allotted, called up and fully paid</b> |           |           |
| 1 ordinary share of £1 each               | 1         | 1         |

### 7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                               | 2001<br>£ '000 | 2000<br>£ '000 |
|-------------------------------|----------------|----------------|
| Loss for the year             | (36)           | (1,019)        |
| Opening shareholders' deficit | (6,081)        | (5,062)        |
| Closing shareholders' deficit | (6,117)        | (6,081)        |

### 8. CONTINGENT LIABILITIES

During the year the company became party to a cross-guarantee arrangement with other SITA group companies in respect of bank overdrafts. The potential liability outstanding at 31 December 2001 was £13,057,000 (2000 - £19,173,000).

### 9. RELATED PARTIES

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

### 10. CONTROLLING PARTY

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Kirklees Waste Management Limited. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

### 11. PARENT COMPANY

The ultimate parent undertaking is Suez SA, a company incorporated in France.

The largest group of which Kirklees Waste Management Limited is a member and for which group financial statements are drawn up is that headed by Suez SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England and Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.