

Registered number: 3497105

SITA (Kirklees) Limited

Directors' report and financial statements

for the year ended 31 December 2007

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SITA (Kirklees) Limited

Company information

| | |
|--------------------------|---|
| Directors | Councillor A Brice C Chapron P-A Hjort G Ingleson J Scanlon (alternate director) Councillor AV Cooper (alternate director) |
| Company secretary | G McKenna-Mayes |
| Company number | 3497105 |
| Registered office | SITA House Grenfell Road Maidenhead Berkshire SL6 1ES |
| Auditors | Ernst & Young LLP One Bridewell Street Bristol BS1 2AA |

SITA (Kirklees) Limited

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SITA (Kirklees) Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the financial statements for the year ended 31 December 2007

Principal activities

The company is engaged in the waste management business encompassing waste disposal collection and ancillary services. The company operates as part of the Integrated Waste Management division of the SITA Holdings UK Limited Group ("SITA Group"), the United Kingdom waste management business of Suez SA.

Business review

The company's key financial performance indicators during the year were as follows

| | 2007 £'000 | 2006 £'000 | Change % |
|--|---------------|---------------|-------------|
| Turnover | 18,604 | 20,327 | +18% |
| Operating profit | 54 | 3,548 | +50% |
| Profit after tax | (1,229) | 1,179 | -204% |
| Shareholder's funds | 4,237 | 5,466 | -22% |
| Current assets as % of current liabilities | 91% | 114% | |

Turnover fell 8% on the prior year, primarily due to a one-off receipt in 2006 from the Non-Fossil Fuel Purchasing Authority resulting from a change in an agreed contract with the company. This also resulted in a fall in operating profit for the year.

An exceptional write down of £1.5 million to the value of the incinerator plant was charged in the year following repairs carried out to the boiler during the year after a major outage in late 2006.

Shareholders' funds fell by 22% due to retained losses.

Current assets as a percentage of current liabilities fell to 91%.

The SITA Group has made great effort in recent years to reduce the environmental impact of its activities and of its customers' waste. Management systems within SITA aim to ensure full compliance with all relevant legislation and the highest environmental standards. The Group operates an integrated management system for environmental performance and quality, which is externally audited and accredited to international standards.

The SITA Group is working to trap as much methane generated from landfill sites as possible. Collection of this 'greenhouse gas' allows its use as a source of renewable energy, avoiding further emissions from power stations in the process. In 2007 electricity generation from methane collected increased by more than 17% over 2006. Electricity exports from its energy-from-waste plants fell slightly in the year, as the result of technical difficulties at one of the plants. The Group is also trialling the installation of wind turbines at selected sites, starting with its Teesside EfW plant. Overall the Group cut its impact, measured in carbon dioxide emissions per tonne of waste handled, by 37%.

The Group continues to look at ways to improve its environmental performance, particularly in the area of transport. Work is being done on reducing the level of fuel consumed per tonne of waste handled. Investigations are currently underway into the use of alternative fuels in the group's trucks, and trials are being carried out involving bio-fuels, bio-methane and electric vehicles.

SITA (Kirklees) Limited

Directors' report for the year ended 31 December 2007

Principal risks and uncertainties

The SITA Group has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

Operational risks

The SITA Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the SITA Group the preferred employer in the waste management sector through its employment policies.

Competitive risks

Part of the SITA Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

Legislative risks

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

Health and safety risks

The SITA Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its Health and Safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

Financial instrument risks

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

Use of derivatives

On certain major contracts, the SITA Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

SITA (Kirklees) Limited

Directors' report for the year ended 31 December 2007

Principal risks and uncertainties (continued)

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the Suez Group.

Results and dividends

The loss for the year, after taxation, amounted to £1,229,000 (2006 - profit £ 1,179,000)

The directors do not recommend the payment of a dividend (2006 - £nil)

Directors

The directors who served during the year were

P-A Hjort
IA Sexton (resigned 19 February 2007)
C Chapron (appointed 19 February 2007)
Councillor A Brice
G Ingleson
J Scanlon (alternate director)
Councillor AV Cooper (alternate director)

No director who held office on 31 December 2007 had an interest in the company's shares either during the financial year or at 31 December 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Annual reports may differ from legislation in other jurisdictions.

SITA (Kirklees) Limited

**Directors' report
for the year ended 31 December 2007**

Provision of information to auditors

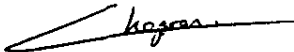
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Re-appointment of auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003

This report was approved by the board on *October 3rd, 2008* and signed on its behalf



C Chapron
Director

SITA (Kirklees) Limited

Independent auditors' report to the shareholders of SITA (Kirklees) Limited

We have audited the financial statements of SITA (Kirklees) Limited for the year ended 31 December 2007, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 21. 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report.

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.

SITA (Kirklees) Limited

Independent auditors' report to the shareholders of SITA (Kirklees) Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss 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



Ernst & Young LLP
Registered auditor
Bristol

Date 21 Oct 2008

SITA (Kirklees) Limited

**Profit and loss account
for the year ended 31 December 2007**

| | Note | 2007 £000 | 2006 £000 |
|---|-------------|----------------------|----------------------|
| Turnover | 1,2 | 18,604 | 20,327 |
| Cost of sales | | (16,480) | (15,682) |
| | | <hr/> | <hr/> |
| Gross profit | | 2,124 | 4,645 |
| Administrative expenses | | (2,070) | (1,097) |
| | | <hr/> | <hr/> |
| Operating profit | 3 | 54 | 3,548 |
| Interest receivable | | 417 | 487 |
| Interest payable | 5 | (2,528) | (2,446) |
| | | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities before taxation | | (2,057) | 1,589 |
| Tax on (loss)/profit on ordinary activities | 6 | 828 | (410) |
| | | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities after taxation | | (1,229) | 1,179 |
| | | <hr/> | <hr/> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account


The notes on pages 9 to 17 form part of these financial statements

SITA (Kirklees) Limited

**Balance sheet
as at 31 December 2007**

| | Note | £000 | 2007 £000 | £000 | 2006 £000 |
|--|------|-----------------|-----------------|-----------------|-----------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 7 | | 34,360 | | 35,046 |
| Current assets | | | | | |
| Stocks | 8 | 488 | | 162 | |
| Debtors | 9 | 3,287 | | 4,469 | |
| Cash at bank | | 10,409 | | 9,749 | |
| | | <u>14,184</u> | | <u>14,380</u> | |
| Creditors: amounts falling due within one year | 10 | <u>(15,634)</u> | | <u>(12,490)</u> | |
| Net current (liabilities)/assets | | | <u>(1,450)</u> | | <u>1,890</u> |
| Total assets less current liabilities | | | <u>32,910</u> | | <u>36,936</u> |
| Creditors, amounts falling due after more than one year | 11 | | <u>(26,344)</u> | | <u>(28,042)</u> |
| Provisions for liabilities | | | | | |
| Deferred tax | 12 | (1,643) | | (2,175) | |
| Other provisions | 13 | <u>(686)</u> | | <u>(1,253)</u> | |
| | | | <u>(2,329)</u> | | <u>(3,428)</u> |
| Net assets | | | <u>4,237</u> | | <u>5,466</u> |
| Capital and Reserves | | | | | |
| Called up share capital | 14 | | 8,839 | | 8,839 |
| Profit and loss account | 15 | | <u>(4,602)</u> | | <u>(3,373)</u> |
| Shareholders' funds | 16 | | <u>4,237</u> | | <u>5,466</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



30 OCT 2008

C Chapron
Director

The notes on pages 9 to 17 form part of these financial statements

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

1. Accounting policies

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover comprises amounts receivable by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts, but inclusive of Landfill Tax

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

| | | |
|------------------------------------|---|-------------------------------|
| Short leasehold land and buildings | - | over unexpired term of lease |
| Landfill sites | - | on the basis of airspace used |
| Plant & machinery | - | 5 - 21 years, straight line |
| Motor vehicles | - | 3 - 12 years, straight line |
| Fixtures & fittings | - | 5 - 10 years, straight line |

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

**Notes to the financial statements
for the year ended 31 December 2007**

1. Accounting policies (continued)

1.6 Taxation

Current 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- provision is made for tax gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding arrangement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.7 Pensions

The company participates in SITA UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 1 April 2006 and 6 April 2007. These are multi-employer schemes, the assets and liabilities of which are held separately from the group. The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes.

1.8 Provisions for environmental and landfill costs and landfill gas revenues

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The company estimates its total future requirements for closure costs and for post-closure monitoring and maintenance of the site after the anticipated closure. The provisions include final capping of the site, site inspection, ground water monitoring, leachate management, methane gas control and recovery, and the operation and maintenance costs to be confirmed during the period after the site closes. Certain of these costs, principally capping costs, are incurred during the operating life of the site. The company provides for closure and post-closure costs as the permitted airspace is used, however in accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", full provision has been made for the company's minimum unavoidable costs.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.00% and discounted by 4.70% (2006 - 5.39%). The discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas during the post-closure period, where contracts are in place for its sale, are capitalised as a fixed asset and discounted in line with the post-closure provision.

1.9 Capitalisation of finance costs

The interest and finance costs attributable to the financing of separately identifiable major capital projects prior to their date of completion are capitalised and depreciated over the useful economic life of the project.

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

2. Turnover

The whole of the turnover is attributable to the one principal activity of waste disposal, collection and ancillary services

All turnover arose within the United Kingdom

3. Operating profit

The operating profit is stated after charging

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Depreciation of tangible fixed assets - owned by the company | 2,688 | 2,696 |
| Auditors' remuneration | 16 | 16 |
| | <u>2,704</u> | <u>2,712</u> |

During the year, no director received any remuneration in respect of his services as director of the company (2006 - £NIL)

4. Staff costs

Staff costs were as follows

| | 2007 £000 | 2006 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 3,139 | 2,448 |
| Social security costs | 318 | 243 |
| Other pension costs | 170 | 155 |
| | <u>3,627</u> | <u>2,846</u> |

The average monthly number of employees, including the directors, during the year was as follows

| | 2007 No. | 2006 No. |
|-------------------------------|-------------|-------------|
| Direct operatives | 114 | 105 |
| Management and administration | 12 | 12 |
| | <u>126</u> | <u>117</u> |

5. Interest payable

| | 2007 £000 | 2006 £000 |
|----------------------------------|--------------|--------------|
| On bank loans and overdrafts | 1,923 | 2,036 |
| Discount on provisions | 71 | 22 |
| On loans from group undertakings | 534 | 388 |
| | <u>2,528</u> | <u>2,446</u> |

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

6 Taxation

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Analysis of tax credit in the year | | |
| Current tax (see note below) | | |
| UK corporation tax credit on (loss)/profit for the year | (587) | (285) |
| Adjustments in respect of prior periods | 292 | (69) |
| Total current tax | (295) | (354) |
| Deferred tax | | |
| Origination and reversal of timing differences | (65) | 1,430 |
| Adjustments in respect of prior periods | (647) | (666) |
| Effect of loss of industrial building allowances | 179 | - |
| Total deferred tax (see note 12) | (533) | 764 |
| Tax on (loss)/profit on ordinary activities | (828) | 410 |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2006 - lower than) the standard rate of corporation tax in the UK (30%) The differences are explained below

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| (Loss)/profit on ordinary activities before tax | (2,057) | 1,589 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%) | (617) | 477 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 83 | 668 |
| Capital allowances for year in excess of depreciation | (46) | (1,310) |
| Adjustments to tax charge in respect of prior periods | 292 | (69) |
| Other timing differences | (7) | (120) |
| Current tax credit for the year (see note above) | (295) | (354) |

Factors that may affect future tax charges

There were no factors that may affect future tax charges

SITA (Kirklees) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

7. Tangible fixed assets

| | Land and buildings £000 | Plant and machinery £000 | Motor vehicles £000 | Furniture, fittings and equipment £000 | Construc- tion in progress £000 | Total £000 |
|---|--|---|------------------------------------|---|--|-----------------------|
| Cost | | | | | | |
| At 1 January 2007 | 17,949 | 32,115 | 1,052 | 88 | 231 | 51,435 |
| Additions | 7 | 87 | 196 | 1 | 3,829 | 4,120 |
| Movement on landfill gas revenues capitalised | (599) | - | - | - | - | (599) |
| Disposals | - | (24) | (50) | - | - | (74) |
| Transfers | - | 479 | 16 | - | (576) | (81) |
| At 31 December 2007 | 17,357 | 32,657 | 1,214 | 89 | 3,484 | 54,801 |
| Depreciation | | | | | | |
| At 1 January 2007 | 6,953 | 8,869 | 521 | 46 | - | 16,389 |
| Charge for the year | 673 | 1,861 | 138 | 16 | - | 2,688 |
| On disposals | - | (24) | (45) | - | - | (69) |
| Transfers | - | (1) | (66) | - | - | (67) |
| Impairment charge | - | 1,500 | - | - | - | 1,500 |
| At 31 December 2007 | 7,626 | 12,205 | 548 | 62 | - | 20,441 |
| Net book value | | | | | | |
| At 31 December 2007 | 9,731 | 20,452 | 666 | 27 | 3,484 | 34,360 |
| At 31 December 2006 | 10,996 | 23,246 | 531 | 42 | 231 | 35,046 |

The net book value of land and buildings may be analysed as follows

| | 2007 £000 | 2006 £000 |
|---|----------------------|----------------------|
| Short-term leasehold land and buildings | 9,696 | 10,362 |
| Landfill gas revenues capitalised | 35 | 634 |
| | 9,731 | 10,996 |

Included in the cost of land and buildings is capitalised interest and finance costs totalling £1,679,000 (2005 - £1,679,000)

8. Stocks

| | 2007 £000 | 2006 £000 |
|---------------|----------------------|----------------------|
| Raw materials | 488 | 162 |

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

9. Debtors

| | 2007 | 2006 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade debtors | 1,930 | 1,898 |
| Amounts owed by group undertakings | 169 | 169 |
| Group relief receivable | 587 | 1,079 |
| Other debtors | 1 | 3 |
| Prepayments and accrued income | 600 | 1,320 |
| | 3,287 | 4,469 |

10. Creditors: Amounts falling due within one year

| | 2007 | 2006 |
|------------------------------------|---------------|---------------|
| | £000 | £000 |
| Bank loans and overdrafts | 1,698 | 1,500 |
| Trade creditors | 716 | 413 |
| Amounts owed to group undertakings | 9,502 | 8,812 |
| Social security and other taxes | 407 | 640 |
| Other creditors | 2 | 3 |
| Accruals and deferred income | 3,309 | 1,122 |
| | 15,634 | 12,490 |

11. Creditors: Amounts falling due after more than one year

| | 2007 | 2006 |
|------------|-------------|-------------|
| | £000 | £000 |
| Bank loans | 26,344 | 28,042 |

Creditors include amounts not wholly repayable within 5 years as follows

| | 2007 | 2006 |
|--------------------------|-------------|-------------|
| | £000 | £000 |
| Repayable by instalments | 18,589 | 20,628 |

The long-term bank loan bears interest in part at a fixed rate of between 7.15% and 7.55%, and the remainder at a variable rate of LIBOR plus 0.75%. The loan is secured by fixed and floating charges on the assets of the company.

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

12. Deferred taxation

| | 2007 £000 | 2006 £000 |
|---------------------|--------------|--------------|
| At 1 January 2007 | 1,411 | 1,411 |
| Charge for the year | 232 | 764 |
| At 31 December 2007 | <u>1,643</u> | <u>2,175</u> |

The provision for deferred taxation is made up as follows

| | 2007 £000 | 2006 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | 1,902 | 2,420 |
| Other timing differences | (259) | (245) |
| | <u>1,643</u> | <u>2,175</u> |

13. Provisions

| | Environ- mental and landfill costs £000 |
|---------------------|--|
| At 1 January 2007 | 1,253 |
| Additions | 67 |
| Amounts used | (634) |
| At 31 December 2007 | <u>686</u> |

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 18

14. Share capital

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Authorised, allotted, called up and fully paid | | |
| 19 "A" ordinary shares of 1p each | - | - |
| 81 "B" ordinary shares of 1p each | - | - |
| 8,839,377 ordinary shares of £1 each | 8,839 | 8,839 |
| | <u>8,839</u> | <u>8,839</u> |

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

14. Share capital (continued)

The "A" and "B" shares entitle holders to one vote per share, but are not entitled to dividends. Voting rights for "A" shares cannot be used to remove a director appointed by "B" shareholders and vice versa. On a winding up, "A" and "B" shares have priority over ordinary shares for repayment of capital.

The ordinary shares do not entitle holders to vote or attend general meetings, but shareholders are entitled to dividends.

15. Reserves

| | Profit and loss account £000 |
|---------------------|---|
| At 1 January 2007 | (3,373) |
| Loss for the year | (1,229) |
| At 31 December 2007 | <u>(4,602)</u> |

16. Reconciliation of movement in shareholders' funds

| | 2007 £000 | 2006 £000 |
|-----------------------------|----------------------|----------------------|
| Opening shareholders' funds | 5,466 | 4,287 |
| (Loss)/profit for the year | (1,229) | 1,179 |
| Closing shareholders' funds | <u>4,237</u> | <u>5,466</u> |

17. Contingent liabilities

The company has contingent liabilities under performance bonds and guarantees issued in the normal course of business amounting to £465,000 (2006 - £465,000).

18. Capital commitments

At 31 December 2007 the Company had capital commitments as follows

| | 2007 £000 | 2006 £000 |
|---|----------------------|----------------------|
| Contracted for but not provided in these financial statements | <u>712</u> | <u>-</u> |

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2007

19. Pension commitments

The company participates in SITA UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 1 April 2006 and 6 April 2007. These are multi-employer schemes, the assets and liabilities of which are held separately from the group. The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes. The assets and liabilities of the pension schemes at 31 December 2007 are disclosed in the financial statements of the company's parent undertaking, SITA Holdings UK Limited.

The pension cost charge represents contributions payable by the company to the funds and amounted to £170,000 (2006 - £155,000).

20. Related party transactions

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.

21. Ultimate parent undertaking and controlling party

At the year end the ultimate parent undertaking was Suez SA, a company incorporated in France.

The largest group of which SITA (Kirklees) 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 16 Rue de la Ville l'Eveque, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

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 SITA (Kirklees) Limited. At the year end Suez SA was the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

On 22 July 2008 the company's ultimate parent undertaking, Suez SA, merged with Gaz de France. Prior to the merger, Suez transferred its shareholding in SITA Holdings UK Limited's parent undertaking, Suez Environment UK Limited, held by its subsidiary Suez Environnement, to a new entity, Suez Environnement Company ("the Company") and distributed 65% of the Company's capital to Suez shareholders. After this distribution the merged GDF SUEZ held a 35.41% interest in the Company. On 22 July 2008 Suez Environnement Company shares were listed for trading on the Euronext Paris and Euronext Brussels stock exchanges.