Kent Conservation & Management Limited
(A Company Limited by Guarantee)

Directors' report and financial statements

Registered number 4045661

31 December 2005

Contents

Statutory information

Directors

JR Meredith
LJD Cassells
SN Hardman

Company secretary

JM Bolton

Joint company secretary

SJ Calder

Registered office

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

Auditors

KPMG LLP
1 Puddle Dock
London
EC4V 3PD

Directors' report

The directors (the "Directors") of Kent Conservation & Management Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The principal activity of the Company is to promote and manage the conservation of certain land at Allington Quarry, Kent, for nature conservation purposes for the benefit of the community. The Company has a not-for-profit motive.

Review of developments

The Company has not traded during the year and has not yet achieved full operational status.

The Directors expect the Company to acquire certain land at Allington Quarry, Kent, from Kent Enviropower Limited ("KEL"), a wholly owned subsidiary of Waste Recycling Group Limited, in 2007. This land is currently being developed as a nature conservation site by KEL.

The Company is in the process of applying for charitable status and the Directors expect this to be achieved in 2006.

Directors and Directors' interests

The Directors who served as directors of the Company during the year ended 31 December 2005 and up to the date of this report were as follows:
JR Meredith
LJD Cassells
SN Hardman

Charitable and political donations

The Company did not make any political or charitable donations in either the current or previous financial year.

Auditors

A resolution to reappoint KPMG LLP as auditors of the Company will be proposed at the next general meeting at which accounts are laid before the Company.

By order of the board

JM Bolton
Company Secretary

11 May 2006

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

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

KPMG LLP
1 Puddle Dock
London
EC4V 3PD
United Kingdom

Independent auditors' report to the members of Kent Conservation & Management Limited
(A Company Limited by Guarantee)

We have audited the financial statements of Kent Conservation & Management Limited (A Company Limited by Guarantee) for the year ended 31 December 2005 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' responsibilities on page 3, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Kent Conservation & Management Limited (A Company Limited by Guarantee) *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

15 May 2006

Profit and loss account

year ended 31 December 2005

	Note	2005 £	2004 £
Interest receivable		**189**	109
Profit on ordinary activities before taxation		**189**	109
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	9	**189**	109

All results are derived from continuing operations.

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

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

Balance sheet
at 31 December 2005

	Note	2005 £	2004 £
Current assets			
Debtors: amounts falling due within one year	6	**1,127**	**1,100**
Cash at bank		**5,514**	**4,225**
		6,641	**5,325**
Creditors: amounts falling due after more than one year	7	**(6,343)**	**(5,216)**
Net current assets		**298**	**109**
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	**298**	**109**
		298	**109**

These financial statements were approved by the board of Directors on 10 May 2006 and were signed on its behalf by:

LJD Cassells
Director

Notes
(forming part of the financial statements)

1 Guarantee

In the event of the Company being wound up, the 3 members have agreed to contribute up to £10 each towards the cost of dissolution and the liabilities of the Company whilst he or she remains a member of the Company or within 12 months thereafter.

2 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, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. The introduction of FRS 21 and FRS 25 has had no material effect on the current or prior year numbers as the Company has no financial statement items in either year that are impacted by the introduction of these two accounting standards. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The corresponding amounts in these financial statements are in accordance with the new policies.

Accounting convention

The financial statements are prepared under the historical cost convention.

Taxation

The charge for taxation is based on the result for the year ended 31 December 2005 and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

3 Profit on ordinary activities before taxation

Auditors' remuneration in respect of audit fees has been met by Waste Recycling Limited.

4 *Information regarding* Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2005. The Company had no employees during the current or previous year.

Notes *(continued)*

5 Taxation

	2005 £	2004 £
UK Corporation tax		
United Kingdom corporation tax at 30% *(2004: 30%)* based on profits for the year	-	-
Deferred tax		
Timing differences, origination and reversal	-	-
Tax on profit on ordinary activities	-	-

The total current tax charge for the current year is less than the standard rate of 30% for the reasons set out in the following reconciliation:

	2005 £	2004 £
Profit on ordinary activities before tax	189	109
Tax on profit on ordinary activities at standard rate	57	33
Factors affecting charge:		
Group relief claimed	(57)	(33)
Total current tax charge	-	-

6 Debtors: amounts falling due within one year

	2005 £	2004 £
Other debtors	1,127	1,100

Other debtors relates to contractual amounts due to the Company by Kent County Council to discharge the Company's administrative expenses. As the Company has yet to commence its operations, the income has been deferred (see note 7) and will be defrayed against future such expenditure.

7 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Deferred income	6,343	5,216

8 Called up share capital

The Company has no share capital, as it is a company limited by guarantee.

Notes *(continued)*

9 Reserves

Profit and loss account	£
At 1 January 2005	109
Profit for the financial year	189
At 31 December 2005	298

10 Reconciliation of movement in shareholders' funds

	2005	2004
	£	£
Profit for the financial year	**189**	109
Opening shareholders' funds	**109**	-
Closing shareholders' funds	**298**	109

11 Related party transactions

The Company was established as a consequence and condition of a planning agreement between Kent County Council and Kent Enviropower Limited (KEL), relating to land at Allington Quarry, Kent. Allington Quarry is currently owned and utilised by KEL, a wholly owned subsidiary of Waste Recycling Group Limited, as part of its waste management activities.

Under the terms of the planning consent, the Company will promote and manage the conservation of an area of land on the Allington Quarry site once KEL has restored it in accordance with the agreement. Furthermore, on completion of the restoration work by KEL, that part of the land to be conserved as a nature conservation area will be sold to the Company for the sum of £1. It is not expected that this will take place until 2007.