

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**

**ANNUAL REPORT**

**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**PKF**



# WHITE ROSE ENVIRONMENTAL HOLDINGS LTD

## COMPANY INFORMATION

<b>Directors</b>	A P Hinton T J Hewitt N A Wyatt
<b>Secretary</b>	S J Middleton
<b>Company Number</b>	4057457
<b>Registered Office</b>	Pannell House 6 Queen Street Leeds LS1 2TW
<b>Auditors</b>	PKF Pannell House 6 Queen Street Leeds LS1 2TW
<b>Solicitors</b>	DLA Prince's Exchange Prince's Square Leeds LS1 4BY
<b>Bankers</b>	Fortis Bank Camomile Court 23 Camomile Street London EC3A 7PP

# WHITE ROSE ENVIRONMENTAL HOLDINGS LTD

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**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**MANAGING DIRECTOR'S STATEMENT**  
**PERIOD FROM 22 AUGUST 2000 TO ENDED 31 MARCH 2001**

2000/01 turned out to be an eventful year in the progress of White Rose Environmental Ltd. Kelda Plc announced their intention to offer the business for sale in April 2000 and began what turned out to be a protracted sale process. In the circumstances, trading performance held up remarkably well and the business consolidated its position as the leading provider of clinical waste management services in the UK.

The sale process was completed on 21 December 2000 and White Rose Environmental Limited was acquired by the company, an acquisition vehicle for a management team of Andy Hinton, Nick Wyatt and Terry Hewitt. Each of the new directors had been involved in the business previously, contributed significantly to its growth and therefore brought a significant degree of sectoral experience as well as experience from other related sectors gained at a senior level. The Managing Director under Kelda's ownership, Allan Mackay, and the other director Ivan Taggart (sales and marketing) did not transfer to the business under new ownership. Their contribution to the success of the business over the past few years has been significant and will be missed. Two non-Executive Directors, representing Kelda, James Newman and Ian Knight, also resigned at the date of sale.

**Review of operations**

The operations of White Rose Environmental Limited continued to perform well during 2000/01. Utilisation at the ten waste to energy plants exceeded 80% which is by far the best in the sector and waste energy was converted to steam and hot water on seven hospital sites (4,500 beds equivalent) and to electrical power at the remainder.

This, combined with cost controls implemented following the acquisition, started to yield positive results. The period from acquisition to 31 March 2001 saw an operating profit of £393k compared to an adjusted loss of £1,535k for the period to acquisition.

Following acquisition and a review of existing operations, the new team initiated a few changes to the operations. White Rose Confidential ceased to trade prior to 31 March 2001 and the decisions were taken to close the loss making Newcastle Service Centre and for 'Healthcare Services', launched in 1998 to provide collection and disposal services to the nursing home sector and with turnover approaching £2m per annum, to merge with the assets and business of The Well Corporation Ltd to form a new 50:50 Joint Venture. Both of these decisions took effect from 1 April 2001. The merger was designed to create a larger organisation targeted at the same sector. Operational efficiencies and overhead savings were anticipated and early trading in 2001/02 demonstrated immediately the benefits of the transaction.

White Rose Environmental Ltd's existing joint venture, WRE Services Ltd, continued to trade profitably but was adversely affected by the outbreak of Foot and Mouth Disease in the UK at the end of the trading year. The situation eased early in 2001/02 and the business was boosted by renewed 3 year contracts from the Intervention Board and extended planning permissions at both sites, Langar and Sleaf, for at least an equivalent period guaranteeing continued trading until the end of 2004.

# **WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**

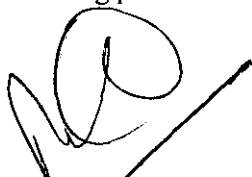
## **MANAGING DIRECTOR'S STATEMENT (continued)**

**31 MARCH 2001**

### **Future developments**

The business plan for 2001/02 shows a continuing improvement in the underlying profitability of White Rose Environmental Limited based primarily on improved cost management. Trading prospects look positive and the reputation of White Rose Environmental Limited as the leading provider of clinical waste management services looks set to improve turnover and prices. White Rose Environmental Limited is already fully compliant with the new Carriage of Dangerous Goods Regulations that will be introduced in January 2002 and will substantially affect the carriage of clinical waste on the public highway.

The group is well placed to build on the early benefits from acquisition and new management and we look to a strong performance in 2001/02.

A handwritten signature in black ink, appearing to be 'A P Hinton', written over a horizontal line.

A P Hinton

Managing Director

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**DIRECTORS' REPORT**  
**PERIOD FROM 22 AUGUST 2000 TO ENDED 31 MARCH 2001**

The directors submit their annual report on the affairs of the group together with the consolidated financial statements for the period ended 31 March 2001.

**Principal activity and review of business**

The company was incorporated on 22 August 2000 as White Rose Environmental Holdings Ltd with the purpose of acquiring the share capital and controlling interest in White Rose Environmental Limited.

On 21 December 2000, in accordance with its policy of selling its non core business activities, Kelda Group Plc, sold its interest in White Rose Environmental Limited and its subsidiary undertakings, to the company.

The principal activities of the company's subsidiary undertakings are that of the provision of integrated collection and incineration services for clinical waste from hospitals and animal waste as well as other waste products across the UK.

**Results and dividends**

The profit for the group for the period, after taxation, amounted to **£112,000**. The directors do not recommend the payment of a dividend but that the profit for the year be transferred to reserves.

**Directors**

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date were:

		Ordinary Shares of £1 each
		2001
A P Hinton	(Appointed 25/10/00)	89,334
T J Hewitt	(Appointed 21/12/00)	55,333
N A Wyatt	(Appointed 21/12/00)	55,333
DLA Nominations	(Appointed 22/8/00, resigned 25/10/00)	-
DLA Secretarial	(Appointed 22/8/00, resigned 25/10/00)	-

The director's interests in the company's issued Ordinary Share capital of £1 each at their dates of appointment were A P Hinton NIL, T J Hewitt 55,333, N A Wyatt 55,333.

The director's had no interests in the shares of the company's subsidiary undertakings.

**Political and charitable contributions**

There were no charitable or political contributions made during the current year.

# **WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**

## **DIRECTORS' REPORT (continued)**

**PERIOD FROM 22 AUGUST 2000 TO ENDED 31 MARCH 2001**

### **Employee involvement and employment of disabled persons**

The group places considerable value on the involvement of its employees and due consideration is given to employee's interests when making management decisions. The group has a policy of keeping employees informed on matters affecting them as employees and all the various factors affecting the performance of the company.

Applications for employment by disabled persons are always considered, bearing in mind the aptitude of the applicant concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that they continue their employment with the company and that appropriate training is arranged.

It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Great attention is given to the welfare of employees with regard to safety, health and environmental requirements.

The group's policy with regard to equal opportunities for disabled persons is subject to the maintenance of a safe working environment and the constraints of their disability.

### **Auditors**

PKF were appointed as auditors during the period and have expressed their willingness to continue in office. Accordingly a resolution concerning their reappointment will be proposed in accordance with section 385 of the Companies Act 1985.

By order of the board



Secretary

**S J Middleton**

21 December 2001

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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;
- 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.



**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**

We have audited the financial statements of White Rose Environmental Holdings Limited and its subsidiary undertakings for the period from 22 August 2000 to 31 March 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 the 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 company's and the group'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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 March 2001 and of the group's profit for the period from 22 August 2000 to 31 March 2001 and have been properly prepared in accordance with the Companies Act 1985.

Leeds, UK  
21 December 2001

  
**PKF**  
Registered Auditors

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

	Notes	2001 £000
<b>TURNOVER</b>	<b>2</b>	
Group and share of joint venture		7,989
Less share of joint venture		(358)
		<hr/>
Group turnover		7,631
Cost of sales		(2,715)
		<hr/>
<b>GROSS PROFIT</b>		4,916
Distribution costs		(2,776)
Administrative expenses		(1,747)
		<hr/>
<b>GROUP OPERATING PROFIT</b>	<b>3</b>	393
Share of operating loss in joint venture		(76)
		<hr/>
		317
Interest receivable	6	12
Interest payable	7	(417)
Share of interest in joint venture		(5)
		<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(93)
<b>TAXATION</b>	<b>8</b>	205
		<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		112
		<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains or losses for the period other than those included in the profit and loss account.

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**CONSOLIDATED BALANCE SHEET**  
**31 MARCH 2001**

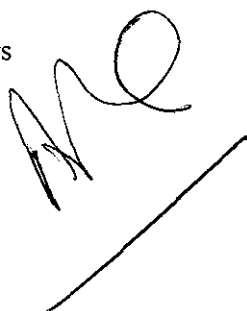
	Notes	2001 £000
<b>FIXED ASSETS</b>		
Intangible - Negative Goodwill	9	(6,289)
Tangible	10	16,732
Investments	11	231
		<u>10,674</u>
<b>CURRENT ASSETS</b>		
Stocks	12	293
Debtors	13	7,578
Cash at bank and in hand		2,058
		<u>9,929</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(8,742)</u>
<b>NET CURRENT ASSETS</b>		<u>1,187</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,861</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	<u>(11,549)</u>
<b>NET ASSETS</b>		<u><u>312</u></u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	18	200
Profit and loss account	19	112
<b>SHAREHOLDERS' FUNDS</b>	20	<u><u>312</u></u>

The financial statements were approved by the board on 21 December 2001

Signed on behalf of the board of directors

A P Hinton

Director



# WHITE ROSE ENVIRONMENTAL HOLDINGS LTD

## BALANCE SHEET

31 MARCH 2001

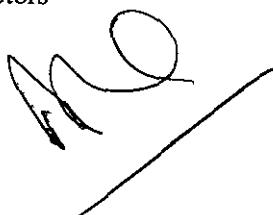
	Notes	2001 £000
<b>FIXED ASSETS</b>		
Investments	11	13,437
<b>CURRENT ASSETS</b>		
Debtors	13	318
		<u>318</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(2,147)</u>
<b>NET CURRENT LIABILITIES</b>		(1,829)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,608
<b>CREDITORS: amounts falling due after more than one year</b>	15	(11,549)
<b>NET ASSETS</b>		<u><u>59</u></u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	18	200
Profit and loss account	19	(141)
		<u><u>59</u></u>

The financial statements were approved by the board on 21 December 2001

Signed on behalf of the board of directors

A P Hinton

Director



**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

	2001 £000
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>	
Operating profit	393
Amortisation of intangible assets	(80)
Depreciation of tangible fixed assets	936
Increase in debtors	(854)
Increase in stocks	(19)
Increase in creditors	2,148
<b>Net cash inflow from operating activities</b>	<u>2,524</u>
 <b>CASH FLOW STATEMENT (note 22)</b>	
Net cash inflow from operating activities	2,524
Returns on investments and servicing of finance	(312)
Capital expenditure	(236)
Acquisitions and disposals	(13,437)
	<u>(11,461)</u>
<b>Financing</b>	13,325
<b>Increase in cash</b>	<u>1,864</u>
 <b>Reconciliation of net cash flow to movement in net debt (note 23)</b>	
Increase in cash in the period	1,864
New Loans	(13,400)
Loan issue costs	275
	<u>(11,261)</u>
<b>Change in net debt</b>	(11,261)
<b>Net debt at 22 August 2000</b>	-
<b>Net debt at 31 March 2001</b>	<u>(11,261)</u>

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**1 ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

**(a) 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 consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings made up to 31 March 2001.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 230(2) of the Companies Act 1985. The loss for the financial period of the parent company was £141,022.

**(b) Turnover**

Turnover comprises the value of sales (excluding of value added tax, trade discounts and intra group transactions) of goods and services in the normal course of business.

**(c) Operating leases**

The group enters into operating leases, the rentals of which are charged in the profit and loss account on a straight line basis over the lease term.

**(d) Intangible fixed assets**

Intangible fixed assets are stated at cost or valuation less amortisation. Amortisation is provided at rates calculated to write off the cost or valuation of intangible fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Negative goodwill	20 years
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**(e) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation, less their estimated residual value, on each asset on a straight line basis over their useful lives on the following bases:

Freehold buildings	20 - 40 years
Fixed plant	5 - 20 years
Vehicles, mobile plant and computers	3 - 10 years

Freehold land is not depreciated.

**(f) Investments**

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

The joint venture has been accounted for using the gross equity method.

**(g) Stocks**

Stocks are stated at the lower of cost and net realisable value.

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**(h) Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws applicable at the balance sheet date.

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(i) Pensions**

The group contributes to various pension schemes as detailed in note 25. The amount charged to the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**2 TURNOVER**

Turnover is attributable to one class of business. All turnover arose within the United Kingdom.

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	2001 £000
Amortisation of intangible assets	(80)
Depreciation of tangible fixed assets	936
Audit fees	25
Operating lease rentals:	
Land and buildings	358
Plant and machinery	149
Other	104
	<hr/> <hr/>

Amounts payable to PKF by the company and its subsidiaries in respect of non-audit services were £81,000.

**4 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	2001 £000
Wages and salaries	2,433
Social security costs	213
Other pension costs	33
	<hr/> <hr/>
	2,679

The average monthly number of employees, including executive directors, during the period was:

	No.
Waste services	443
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**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**5 DIRECTORS' EMOLUMENTS AND BENEFITS**

	<b>2001</b>
	<b>£000</b>
Directors' emoluments	74
	<u><u>          </u></u>

There were no company contributions to money purchase pension schemes on behalf of the directors.

**6 INTEREST RECEIVABLE**

	<b>2001</b>
	<b>£000</b>
Other interest receivable	12
	<u><u>          </u></u>

**7 INTEREST PAYABLE**

	<b>2001</b>
	<b>£000</b>
Bank loans and overdrafts	384
Amortisation of financing costs	33
	<u><u>          </u></u>
	417
	<u><u>          </u></u>

**8 TAXATION**

	<b>2001</b>
	<b>£000</b>
<b>UK corporation tax</b>	
Share of taxation in joint venture	(14)
<b>Deferred tax</b>	
Credit for the period	(191)
	<u><u>          </u></u>
	(205)
	<u><u>          </u></u>



**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**9 INTANGIBLE FIXED ASSETS**

**Group**

	Negative Goodwill £000
<b>Cost</b>	
Additions	(6,369)
At 31 March 2001	<u>(6,369)</u>
<b>Amortisation</b>	
Credit for the period	(80)
At 31 March 2001	<u>(80)</u>
<b>Net book amount</b>	
At 31 March 2001	<u><u>(6,289)</u></u>

The negative goodwill acquired was in relation to White Rose Environmental Limited and its investments (see note 11).

The negative goodwill is being amortised over a period of 20 years.

**10 TANGIBLE FIXED ASSETS**

**Group**

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings, tools & equipment £000	Total £000
<b>Cost</b>				
Acquisitions	3,610	12,068	1,754	17,432
Additions	-	208	28	236
Transfers	-	55	(55)	-
At 31 March 2001	<u>3,610</u>	<u>12,331</u>	<u>1,727</u>	<u>17,668</u>
<b>Depreciation</b>				
Charge for period	28	757	151	936
At 31 March 2001	<u>28</u>	<u>757</u>	<u>151</u>	<u>936</u>
<b>Net book amount</b>				
At 31 March 2001	<u><u>3,582</u></u>	<u><u>11,574</u></u>	<u><u>1,576</u></u>	<u><u>16,732</u></u>

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**11 FIXED ASSET INVESTMENTS**

**Group**

	Other investments £000
<b>Cost</b>	
Additions	299
At 31 March 2001	299
<b>Provisions</b>	
Charge to profit and loss	68
At 31 March 2001	68
<b>Net book amount</b>	
At acquisition	299
At 31 March 2001	231

The above investment comprises a 50% holding of the ordinary share capital of WRE Services Limited, a joint venture company. WRE Services Limited operates an incineration based waste management and disposal service offered primarily to the Intervention Board and other animal or agricultural business interests.

	2001 £000
Under the gross equity/equity method of accounting the company's investment in joint ventures/associated companies would be:	
Share of gross assets	780
Share of gross liabilities	(549)
	231

**Company**

	Shares in subsidiary undertakings £000
<b>Cost and net book amount</b>	
Additions	13,437
At 31 March 2001	13,437

On 21 December 2000, the company acquired the share capital and controlling interest in White Rose Environmental Limited, a company providing integrated collection and incineration services for clinical waste from hospitals and other waste producers across the UK. White Rose Environmental Limited has a number of dormant subsidiaries, registered in England and Wales.

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**11 FIXED ASSET INVESTMENTS (continued)**

During the financial year White Rose Environmental Limited made a loss after tax of £528,000 and at the end of the year the aggregate capital and reserves was £21,074,000.

See note 21 for acquisition information.

**12 STOCKS**

	Group 2001 £000	Company 2001 £000
Consumables	293	-

**13 DEBTORS**

	Group 2001 £000	Company 2001 £000
<b>Due within one year</b>		
Trade debtors	5,319	-
Amounts due from joint venture	231	-
Other debtors	1,076	318
Prepayments & accrued income	952	-
	<u>7,578</u>	<u>318</u>

**14 CREDITORS**

	Group 2001 £000	Company 2001 £000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts (note 16)	1,770	1,770
Trade creditors	1,910	91
Amounts owed to group undertakings	-	227
Other tax and social security	668	-
Accruals and deferred income	4,394	59
	<u>8,742</u>	<u>2,147</u>

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**15 CREDITORS**

	Group 2001 £000	Company 2001 £000
<b>Amounts falling due after more than one year</b>		
Bank loans (note 16)	11,549	11,549

Included within creditors falling due after more than one year above are amounts in respect of debts not wholly payable within five years of the balance sheet date as follows:

	Group 2001 £000	Company 2001 £000
Bank loans	5,000	5,000

**16 BANK LOANS**

Loans fall due for payment as follows:

	Group 2001 £000	Company 2001 £000
<b>Bank loans</b>		
Within one year	1,576	1,576
Between one and two years	1,592	1,592
Between two and five years	4,957	4,957
After more than five years	5,000	5,000
	<u>13,125</u>	<u>13,125</u>

Included within the above includes bank loan financing fees which are being amortised over the period of the loan as follows:

	104	104
Within one year		
Between one and two years	88	88
Between two and five years	83	83
	<u>275</u>	<u>275</u>

The bank loans are secured by a debenture over the group assets.

**WHITE ROSE ENVIRONMENTAL HOLDINGS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIOD FROM 22 AUGUST 2000 TO 31 MARCH 2001**

**17 PROVISIONS FOR LIABILITIES AND CHARGES**

**Group**

	Deferred taxation £000
At acquisition	191
Credited to profit and loss	(191)
<b>At 31 March 2001</b>	<b>-</b>

All of the deferred tax related to capital allowances. The company had no provision for liabilities and charges. There is unprovided deferred tax in respect of unrelieved losses of £68,000 at 31 March 2001 for the group.

**18 SHARE CAPITAL**

	Authorised £000	Allotted, called up and fully paid No.	£000
At 31 March 2001			
'A' Ordinary shares of £1 each	90	89,334	90
'B' Ordinary shares of £1 each	55	55,333	55
'C' Ordinary shares of £1 each	55	55,333	55
'D' Ordinary shares of £1 each	22	-	-
	<u>222</u>	<u>200,000</u>	<u>200</u>

On 21 December 2000 the share capital was restructured into 'A', 'B', 'C' and 'D' ordinary shares. All classes of share rank pari-passu.

The 2 ordinary shares issued on incorporation were redesignated as 'A' ordinary shares.

**19 RESERVES**

	Group £000	Company £000
<b>Profit and loss account</b>		
Profit/(loss) for the period	112	(141)
<b>At 31 March 2001</b>	<u>112</u>	<u>(141)</u>

**20 SHAREHOLDERS' FUNDS**

	2001 £000
Profit for the period	112
New shares issued	200
<b>Shareholders' funds at 31 March 2001</b>	<u><b>312</b></u>

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**21 ACQUISITIONS AND DISPOSALS**

Details of the net assets acquired, fair value adjustments made and negative goodwill arising are as follows:

	Book Value £000	Fair value adjustments £000	Fair value £000
Tangible fixed assets	18,049	(618)	17,431
Stocks	274	-	274
Debtors	6,767	(43)	6,724
Cash	81	-	81
Creditors	(4,634)	(178)	(4,812)
Provisions	(191)	-	(191)
Investments	299	-	299
Net assets acquired	20,645	(839)	19,806
Negative goodwill arising	(6,369)	-	(6,369)
	<u>14,276</u>	<u>(839)</u>	<u>13,437</u>
<b>Satisfied by:</b>			
Cash			13,232
Acquisition expenses			205
Total consideration for acquisitions in the period			<u>13,437</u>

Details of the fair value adjustments are as follows:

Tangible fixed assets	adjustments to the value of certain plant and machinery to reflect their value in use to the business.
Debtors	increase in the provision for doubtful debts.
Other creditors	increase in accruals for liabilities.

**22 GROSS CASH FLOWS**

	2001 £000
<b>Returns on investments and servicing of finance</b>	
Interest received	12
Interest paid	(324)
	<u>(312)</u>
<b>Capital expenditure</b>	
Payments to acquire tangible fixed assets	(236)
	<u></u>
<b>Acquisitions and disposals</b>	
Acquisition of subsidiary	(13,437)
	<u></u>

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**22 GROSS CASH FLOWS (continued)**

	2001 £000
<b>Financing</b>	
Issue of share capital	200
New loans	13,400
Loan issue costs paid	(275)
	<u>13,325</u>

**23 ANALYSIS OF CHANGES IN NET DEBT**

	At 22 August 2000 £000	Cash flows £000	Other changes £000	At 31 March 2001 £000
Cash at bank and in hand	-	2,058	-	2,058
Overdrafts	-	(194)	-	(194)
		<u>1,864</u>		
Debt due within 1 year	-	(1,576)	-	(1,576)
Debt due after 1 year	-	(11,549)	-	(11,549)
Total	<u>-</u>	<u>(11,261)</u>	<u>-</u>	<u>(11,261)</u>

**24 OTHER COMMITMENTS**

**Group**

At 31 March 2001 the group had annual commitments under operating leases as follows:

	Land and buildings 2001 £000	Other 2001 £000
<b>Expiry date:</b>		
Within one year	16	55
Between one and five years	54	799
After more than five years	<u>220</u>	<u>-</u>

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**25 PENSION COSTS**

During the period, White Rose Environmental Ltd participated in the Kelda Group personal pension plan (KGPP) and the Water Mirror Image Pension Scheme (WMIS). The KGPP and the WMIS are funded and include a number of defined benefits sections and one defined contribution section. Details of the last actuarial valuations are contained in the published accounts of Kelda Group Plc. In addition, White Rose Environmental Ltd participated in the group personal pension plan (GPPP), a defined contribution scheme operated by Kelda Group Plc.

Following the sale of the company by Kelda Group Plc, it was agreed that contributions to the above scheme could continue to 31 March 2001.

With effect from 1 April 2001, the company formed its own defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Participation in the scheme is at the discretion of the employees subject to the completion of a satisfactory length of service. The pension cost charge for the year is shown in note 4.