

**VT Environmental Engineering  
Limited**

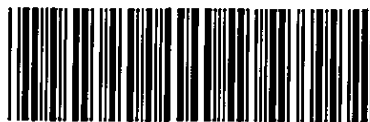
*(formerly VT Environment and Waste  
Management Limited)*

**Directors' report and financial  
statements**

Registered number 6409516

31 March 2009

TUESDAY



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25/08/2009

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**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

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**VT Environmental Engineering Limited**  
(formerly VT Environment and Waste Management Limited)  
**Directors' report and financial statements**

**The directors' report and the business review**

The directors present their annual report and the audited financial statements of VT Environmental Engineering Limited (formerly VT Environment and Waste Management Limited) for the period ended 31 March 2009.

**Principal activity**

The principal activity of the company is the provision of environmental services for waste management and recycling.

**Business review**

The company was incorporated on 25 October 2007.

The company did not trade during the 6 months to 31 March 2008, but did start activities 1 April 2008.

The main activity during the period was the progression of the Wakefield Municipal District Council waste disposal/treatment PFI.

Other waste disposal/treatment PFI's were being actively bid, however none have reached preferred bidder stage.

**Directors**

The directors who held office during the period were as follows:

CJ Cundy	(appointed 25 October 2007)	(resigned 13 December 2007)
DJ Hobbs	(appointed 15 August 2008)	(resigned 3 August 2009)
PJ Harrison	(appointed 13 December 2007)	
PJ Lester	(appointed 25 October 2007)	(resigned 15 August 2008)
P McIntosh	(appointed 15 August 2008)	(resigned 30 July 2009)

**Dividends**

The directors do not recommend the payment of a dividend.


**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken, as a director, to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

During the period KPMG Audit Plc were appointed to fill a casual vacancy. In accordance with Section 384 of Companies Act 1985 a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

  
**MP Jowett**  
Secretary

24 August 2009

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Statement of directors' responsibilities in respect of the directors' report and 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 and applicable law (UK Generally Accepted Accounting Practice).

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 year.

In preparing these 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 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 a 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 Audit Plc

### **Independent auditors' report to the members of VT Environmental Engineering Limited** *(formerly VT Environment and Waste Management Limited)*

We have audited the financial statements of VT Environmental Engineering Limited *(formerly VT Environment and Waste Management Limited)* for the period ended 31 March 2009 which comprise the profit and loss account, the balance sheet and 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***

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

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 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 judgements 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.



KPMG Audit Plc

**Independent auditors' report to the members of VT Environmental Engineering Limited** *(formerly VT Environment and Waste Management Limited) (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 March 2009 and of its loss for the period 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.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

*24* August 2009  
8 Salisbury Square  
London  
EC4Y 8BB

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Profit and loss account**

*for the period ended 31 March 2009*

	Notes	18 months ended 31 March 2009 £000
<b>Turnover</b>	2	11
Cost of sales		-
<b>Gross profit</b>		11
Administration expenses		(1,366)
Reorganisation provision	12	(67)
		(1,433)
<b>Operating loss</b>		(1,422)
Interest receivable and similar income		-
Interest payable and similar charges	5	(167)
<b>Loss on ordinary activities before taxation</b>	6	(1,589)
Tax credit on loss on ordinary activities	7	442
<b>Loss for the financial period</b>	15	(1,147)

The above results for the current period all relate to continuing activities.

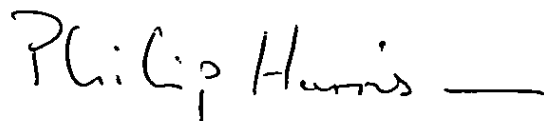
There are no recognised gains or losses other than the loss for the period reported above. There is also no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above, and their historical cost equivalents.

**VT Environmental Engineering Limited**  
 (formerly VT Environment and Waste Management Limited)  
**Directors' report and financial statements**

**Balance sheet**  
 at 31 March 2009

	Notes	31 March 2009 £000
<b>Fixed assets</b>		
Tangible fixed assets	8	935
Investments	9	<u>2,389</u>
		<u>3,324</u>
<b>Current assets</b>		
Debtors	10	<u>5,789</u>
		5,789
<b>Creditors: amounts falling due within one year</b>	11	<u>(10,193)</u>
<b>Net current liabilities</b>		<u>(4,404)</u>
<b>Total assets less current liabilities</b>		(1,080)
<b>Creditors: amounts falling due after more than one year</b>		-
<b>Provisions for liabilities and charges</b>	12	<u>(67)</u>
<b>Net liabilities</b>		<u>(1,147)</u>
<b>Capital and reserves</b>		
Called up share capital	13	-
Profit and loss account	14	<u>(1,147)</u>
<b>Shareholders' deficit</b>	15	<u>(1,147)</u>

These financial statements were approved by the board of directors on 24 August 2009 and were signed on its behalf by:



**P J Harrison**  
 Director



**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes**

*(forming part of the financial statements)*

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

***Basis of preparation***

The financial statements have been prepared in accordance with UK generally accepted accounting principles using the historical cost accounting convention. The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on the going concern basis because the company's ultimate parent undertaking has confirmed that it will provide such financial and other support as is necessary to enable the company to trade for the foreseeable future.

Under Financial Reporting Standard 1 (1996 Revised) 'Cash flow statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

In addition, advantage has been taken of the exemption available under Financial Reporting Standard 8 'Related parties' not to disclose details of transactions with VT Group plc or other group undertakings, as the consolidated financial statements of VT Group plc in which the company is included are publicly available (see note 20).

***Pensions***

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

***Taxation***

The charge for taxation is based on the profit for the period 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 'Deferred tax'. Deferred taxation assets are recognised only to the extent that in the opinion of the directors, there is a reasonable probability that the asset will crystallise in the foreseeable future.

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

***Tangible assets and depreciation***

The cost of tangible assets comprises the purchase price and any directly attributable costs incurred in acquiring the assets. Where assets are constructed, the cost will also include an appropriate share of overheads based on normal operating capacity.

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office furniture & equipment	- 10%
Computer hardware	- 20% to 25%

Depreciation will commence on assets in the course of construction once they have been brought into use.

***Valuation of investments***

Investments held as fixed assets are stated at cost less provision for impairment in value.

***Share based payments***

The group share option programme allows employees to acquire shares of the parent company. The fair value of options granted after 7 November 2002 is recognised as an employee expense with a corresponding increase in equity, in the form of a parent company capital contribution. The fair value of the options granted is measured using an option pricing model, taking into consideration the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

***Turnover***

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

***Sale of goods***

Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

***Rendering of services***

Turnover from services rendered is recognised by reference to the stage of completion of the transaction. Turnover from services provided on a short-term or one-off basis is recognised when the service is complete. The provision of services over a long-term period are treated as construction contracts, and the turnover recognised as set out below.

***Construction contracts***

Turnover from construction contracts, including long-term service provision contracts, is recognised by reference to the stage of completion of the contract. The stage of completion is determined by the costs incurred on the contract to date or labour hours if appropriate, to the extent that such costs or labour hours represent progress made on the project. A prudent level of profit attributable to the contract activity is recognised if the final outcome of such contracts can be reliably assessed. An expected loss on a contract is recognised immediately in the income statement.

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

**Pre-Contract Costs**

In accordance with accounting guidance (UITF34 'Pre Contract costs') costs incurred in tendering for contracts are written off to the profit and loss account as incurred. They are capitalised only when it is virtually certain that the contract to which they relate has been awarded.

**2 Turnover**

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

**3 Remuneration of directors**

The emoluments of the directors, including pension contributions, paid by any company in respect of services provided to this company, were as follows:

	18 months ended 31 March 2009 £000
Directors Emoluments	138
	<hr/>
	138

Retirement benefits are accruing to the following number of directors under:

	Number of Directors 18 months ended 31 March 2009
Defined Benefit Schemes	1
	<hr/>

Only one director received remuneration from the company. No other directors received remuneration as their services provided to the company are incidental to their wider role in the Group.

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**4 Staff numbers and costs**

The average number of persons (including directors) employed by the company during the period, analysed by category, was as follows:

	<b>Number of employees</b>
	<b>18 months</b>
	<b>ended</b>
	<b>31 March</b>
	<b>2009</b>
Management and administration	9
Operational and technical	14
	<hr/>
	<b>23</b>

The aggregate payroll costs of these persons were as follows:

	<b>18 months</b>
	<b>ended</b>
	<b>31 March</b>
	<b>2009</b>
	<b>£000</b>
Wages and salaries	1,344
Social security costs	129
Other pension costs (see note 16)	215
	<hr/>
	<b>1,688</b>

Included within staff costs is £915k which has been capitalised as bid costs and included within Prepayments & Accrued Income.

**5 Interest payable and similar charges**

	<b>18 months</b>
	<b>ended</b>
	<b>31 March</b>
	<b>2009</b>
	<b>£000</b>
Bank interest and charges	167
	<hr/>
	<b>167</b>

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**6 Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

		18 months ended 31 March 2009 £000
Auditors' remuneration	- audit fees	30
Depreciation of tangible fixed assets	- owned	3
Operating lease rentals	- other	54
		<hr/>

No other fees are paid to KPMG Audit Plc in respect of this company other than the statutory audit of the company. Fees for other services are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, VT Group plc.

**7 Taxation**

		18 months ended 31 March 2009 £000
<i>Current tax</i>		
UK corporation tax on loss for the period		<hr/> (431)
<i>Deferred tax</i>		
Origination and reversal of timing differences		<hr/> (11)
Total deferred tax credit		<hr/> (11)
<b>Tax credit on loss on ordinary activities</b>		<hr/> <b>(442)</b>

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**7 Taxation** *(continued)*

**Factors affecting the tax credit for the current period**

The current tax credit for the period is lower than the standard rate of corporation tax in the UK of 28%.

	<b>18 months ended 31 March 2009 £000</b>
Loss on ordinary activities before tax	<u>(1,589)</u>
Loss on ordinary activities multiplied by standard rate in UK of 28%	<u>(445)</u>
<i>Effects of:</i>	
Expenses not deductible for tax purposes	<u>3</u>
Other timing differences	<u>11</u>
Current tax credit for the period	<u>(431)</u>

**8 Tangible fixed assets**

	<b>Computer hardware £000</b>	<b>Office furniture &amp; equipment £000</b>	<b>Assets in course of construction £000</b>	<b>Total £000</b>
<b>Cost</b>				
At beginning of period	-	-	-	-
Additions	<u>2</u>	<u>20</u>	<u>916</u>	<u>938</u>
At end of period	<u>2</u>	<u>20</u>	<u>916</u>	<u>938</u>
<b>Depreciation</b>				
At beginning of period	-	-	-	-
Charge for period	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
At end of period	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
<b>Net book value</b>				
<b>At 31 March 2009</b>	<u>2</u>	<u>17</u>	<u>916</u>	<u>935</u>
At 25 October 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**9 Investments**

	<b>2009</b>
	<b>£000</b>
<b>Cost</b>	
At beginning of period	-
Additions	<u>2,389</u>
At end of period	<u>2,389</u>

The company has the following interests in subsidiary undertakings:

<b>Company</b>	<b>Shareholding</b>	<b>Principal activity</b>
Estech Europe Limited	100%	Design & development of waste treatment equipment.

Estech Europe Limited was acquired for cash consideration of £1.8m. In addition, amounts are payable to former owners contingent upon the successful award of certain contracts.

**10 Debtors**

	<b>2009</b>
	<b>£000</b>
Trade debtors	13
Amounts owed by group undertakings	713
Prepayments and accrued income	4,621
Deferred taxation	11
Group relief receivable	<u>431</u>
	<u>5,789</u>

Deferred tax movements are:

	<b>2009</b>
	<b>£000</b>
At beginning of period	-
Credit during the period	<u>11</u>
<b>At end of period</b>	<u>11</u>

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**10 Debtors** *(continued)*

The deferred tax asset is analysed as follows:

	2009 £000
Other timing differences	11
	<u>11</u>

**11 Creditors: amounts falling due within one year**

	2009 £000
Bank overdraft	7,839
Trade creditors	252
Amounts owed to group undertakings	849
Taxation and social security	70
Other creditors	600
Accruals and deferred income	583
	<u>10,193</u>

**12 Provisions for liabilities and charges**

	Reorganisation Provision £000	Total £000
At beginning of period	-	-
Created during period	67	67
Released during the period	-	-
<b>At end of period</b>	<u>67</u>	<u>67</u>

**Reorganisation provision**

Provisions are made to cover costs to be incurred in respect of committed programmes and other liabilities arising from such reorganisations. Such liabilities are generally incurred within one year of the balance sheet date, however, certain employee termination costs may lead to commitments for payments to be made after more than one year from the balance sheet date.



**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**13 Called up share capital**

	2009 £
<b>Authorised</b>	
100 ordinary shares of £1 each	<u>100</u>
<b>Allotted, called up and fully paid</b>	
1 ordinary shares of £1 each	<u>1</u>

**14 Reserves**

	Profit and loss account £000	Total £000
At beginning of period	-	-
Loss for the period	(1,147)	(1,147)
	<u>(1,147)</u>	<u>(1,147)</u>
<b>At end of period</b>	<b>(1,147)</b>	<b>(1,147)</b>

**Share based payments**

Employees of the company participate in the following share plans operated by the parent company.

*Share option plans*

The group operates two share option plans under which directors and other executives are eligible to participate at the discretion of the remuneration committee. Options are granted at market value, determined immediately before the grant.

Share options vest in equal tranches on the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> anniversaries of the date of the grant subject to achievement of a performance condition. The performance condition currently applying is real growth in earnings per share of at least 2% per annum over three consecutive years. These share options have a maximum life of 10 years.

*Share incentive plan (SIP)*

The group operates a share incentive plan open to all employees. Under this plan employees are granted share options subject to the group meeting certain financial profit targets. Options are granted at the market value on date of the award and vest unconditionally if the employee remains in service for a period of 3 years from the date of the award. The contractual life of the options is five years and there are no cash settlement alternatives.

*Employee Share Option Savings Plans (ESOP)*

The group operates Share Option Savings Plans for all eligible employees, whereby employees can save towards the exercise price payable for an award of share options. The exercise price of these options is set at 90% of the market value of the share price at the date of grant. Under awards granted by the group, the savings period is either 3 or 5 years. At the end of the savings period, the options vest and the option holders have a 6 month window in which to exercise their options.

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**14 Reserves** *(continued)*

**Share based payments** *(continued)*

**Performance Share Plan (PSP)**

The group operates a Performance Share Plan. Under this scheme certain employees are granted nil cost options which vest after a three year performance period, subject to the satisfaction of performance conditions and continued employment. Awards are subject to two performance conditions being either the Group's earnings per share growth or the relative total shareholder return.

The number and weighted average exercise price of share options are as follows:

	2009	Weighted average exercise price (p)
	Number of options	
Outstanding at beginning of period	-	-
Granted during the period	10,440	-
Transfer from group undertakings	42,541	268
Exercised during the period	(4,091)	220
<b>Outstanding at end of period</b>	<b>48,890</b>	<b>197</b>

The weighted average share price at the date of exercise of share options exercised during the year April 2008 to March 2009 was 518p.

The options outstanding at the period end have an exercise price in the range of 0p to 410p and a weighted average contractual life of 4.1 years.

**Share option valuation assumptions**

The fair value of options granted were measured using the Black-Scholes method for the share option plans and Employee Share Options Savings Plans, the Monte-Carlo method for the grants under the Long-Term Incentive Plan, and a simplified Black-Scholes method for the matching shares granted within the Long-Term Incentive Plan. The weighted average assumptions used in determining fair value of options granted were as follows:

	PSP 2009	2008
Expected volatility	24.0%	21.1%
Risk-free interest rate	4.6%	5.2%
Expected life	3 years	3 years

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**15 Reconciliation of movements in shareholders' deficit**

	<b>2009</b> <b>£000</b>
Loss on ordinary activities after taxation	<u>(1,147)</u>
Net increase in shareholders' deficit	<b>(1,147)</b>
Opening shareholders' funds	<u>-</u>
Closing shareholders' deficit	<u><b>(1,147)</b></u>

**16 Pension scheme**

The company is a member of a larger group wide pension scheme providing benefits based on final pensionable pay. The company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31 March 2007 and was updated for accounting purposes to 2009 by a qualified independent actuary. The pension charge for the period was £135,000. At 31 March 2009, contributions amounting to £10,000 were payable to the funds and are included in creditors.

The net pension liability on the group wide pension scheme at 31 March 2009 was £50,048,000. This represents the liability to VT Group plc as a whole and does not represent a liability to the company.

The company also operated several defined contribution pension schemes. The pension cost charge for the period includes contributions payable by the company to these funds amounting to £80,000. At 31 March 2009, contributions amounting to £10,000 were payable to the funds and are included in creditors.

**17 Commitments under operating leases**

Annual commitments under non-cancellable operating leases (2008: £nil) are as follows:

	<b>Other</b> <b>2009</b> <b>£000</b>
Operating leases which expire	
Within one year	-
Within two to five years	<b>61</b>
After more than five years	<u>-</u>
	<u><b>61</b></u>

**VT Environmental Engineering Limited**  
*(formerly VT Environment and Waste Management Limited)*  
**Directors' report and financial statements**

**Notes** *(continued)*

**18 Capital commitments**

At 31 March 2009, amounts contracted for but not provided in the financial statements for the acquisition of plant and machinery not yet received, amounted to £3,891,495.

**19 Related party transactions**

During the period the company has entered into transactions, in the ordinary course of business with Fleet Support Limited, joint venture undertakings in which the company's immediate parent held a 50% share holding until 30 June 08. On 1<sup>st</sup> July 2008, Fleet Support Limited became part of BVT Surface Fleet Limited, a joint venture undertaking in which VT Group plc holds a 45% share holding.

During the period the company were invoiced £4,000 by Fleet Support Limited. The company invoiced BVT Surface Fleet Limited £27,000 and were invoiced £12,000. These invoices were in relation to payroll recharges. There were no balances outstanding at the period end.

All dealings with related parties are conducted on an arm's length basis.

**20 Ultimate parent company**

The company is a subsidiary undertaking of VT Environmental Services Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking is VT Group plc, a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are reported is that headed by VT Group plc. The consolidated financial statements are available to the public at that company's registered office of VT House, Grange Drive, Hedge End, Southampton, SO30 2DQ. No other financial statements include the results of the company.