Eden Waste Recycling Limited

Financial statements

For the year ended 31 January 2007

Grant Thornton

Company No. SC209668

Company information

Company Registration Number	SC209668
Registered Office	9 Charlotte Square Edinburgh Midlothian EH2 4DR
Directors	Sir David E Murray J Donald G Wilson Jestyn R Davies
Secretary	D W M Horne
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors	Dundas & Wilson Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 January 2007

Principal activities and business review

The principal activities of the company during the year were municipal, commercial and industrial waste collection and recycling The company also provided other land management and recycling services The company manages its investment in Malcolm McNeill Limited, a company whose principal activities during the year were skip hire and licensed waste transfer

There was a profit for the year after taxation amounting to £364,937 (2006 loss £466,454) after an exceptional gain on the sale of fixed assets of £761,009

The trade and certain assets of the company and Malcolm McNeill Limited were sold to a third party on 5 April 2006 at which date the company ceased to trade

There was a major fire at the company's premises on 1 January 2006 Liability for this event was covered by the insurance policies maintained by the Board of Directors Following the fire the company was unable to provide recycling services Reinstatement of the premises was completed in October 2006 by which time the trade and assets of the company had been sold

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that included the effects of changes in the credit risk, liquidity risk and interest rate risk The company has a risk management programme that seeks to limit the adverse effects of the financial performance of the company by monitoring the level of debt finance and the related finance costs The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied

Given the size of the company, the directors have not delegated the responsibility of monitoring the financial risk management to a sub committee of the board The policies set by the board of directors are implemented by the company's finance department

Credit risk

The company has implemented a policy that requires credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board

Liquidity risk

The company maintains a mixture of long term and short term finance that is designed to ensure the company has sufficient available funds for its operations

Interest rate cash flow risk

The company has interest bearing liabilities The company has a policy of reviewing its debt profile and where it is considered appropriate maintaining debt at both fixed and floating rates, thereby enabling the company to benefit from any reduction in interest rates whilst still maintaining an element of certainty over the future interest cash flows The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Report of the directors

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Class of share	At 31 January 2007	At 1 February 2006
Sir David E Murray	1p Ordinary		
J Donald G Wilson	1p Ordinary		
T Graham Gillespie (resigned 1 February 2007)	1p Ordinary		
Alan W S Gillespie (resigned 1 February 2007)	1p Ordinary		
Jestyn R Davies	1p Ordinary	**1,000**	1,000

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice

United Kingdom company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

BY ORDER OF THE BOARD

David Horne

David Horne
Company Secretary
27 August 2007

Grant Thornton

Report of the independent auditor to the members of Eden Waste Recycling Limited

We have audited the financial statements of Eden Waste Recycling Limited for the year ended 31 January 2007 which comprise the principal accounting policies profit and loss account, balance sheet and notes 1 to 22 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with 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 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 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

Report of the independent auditor to the members of Eden Waste Recycling Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2007 and of its profit 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

REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW

29 August 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards The accounts were prepared on a going concern basis Given the support of the Murray International Holdings Limited Group, the directors are satisfied that the company has sufficient facilities for the foreseeable future

Consolidation

The company was, at the end of the year, a subsidiary of another company incorporated in the EU and in accordance with section 228 of the Companies Act 1985 is not required to produce, and has not published, consolidated financial statements

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

The turnover shown in the profit and loss account represents amounts invoiced in respect of waste collection management and recycling services provided during the year, exclusive of VAT

Fixed assets

Tangible fixed assets are stated at the cost or valuation, net of depreciation and any provision for impairment

The company does not adopt a policy of regular land and building revaluations

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold property	15 years straight line
Plant & machinery	4-8 years straight line
Fixtures & fittings	3 years straight line
Motor vehicles	3 years straight line

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

Deferred taxation

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

Profit and loss account

	Note	2007 £	2006 £
Turnover	1	**171,721**	1,810,202
Cost of sales		**(66,613)**	(475,331)
Gross profit		**105,108**	1,334,871
Other operating charges	2	**(349,103)**	(1,919,237)
Other operating income	3	**51,759**	111,353
Operating loss	4	**(192,236)**	(473,013)
Profit on disposal of fixed assets	7	**761,009**	61,670
		568,773	(411,343)
Interest payable and similar charges	8	**(93,180)**	(196,019)
Profit/(loss) on ordinary activities before taxation		**475,593**	(607,362)
Tax on profit on ordinary activities	9	**(110,656)**	140,908
Profit/(loss) for the financial year		**364,937**	(466,454)
Balance brought forward		**(2,218,450)**	(1,751,996)
Balance carried forward		**(1,853,513)**	(2,218,450)

All of the activities of the company are classed as discontinued

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	10		691,613
Current assets			
Debtors	11	**182,866**	837,258
Creditors amounts falling due within one year	12	**(2,036,179)**	(3,553,678)
Net current liabilities		**(1,853,313)**	(2,716,420)
Total assets less current liabilities		**(1,853,313)**	(2,024,807)
Creditors amounts falling due after more than one year	13		(193,443)
Net liabilities		**(1,853,313)**	(2,218,250)
Capital and reserves			
Called up equity share capital	18	**200**	200
Profit and loss account	19	**(1,853,513)**	(2,218,450)
Shareholders deficit	21	**(1,853,313)**	(2,218,250)

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the directors on 27 August 2007 and are signed on their behalf by

Director

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2007	2006
	£	£
United Kingdom	**171,721**	1,810,202

2 Other operating charges

	2007	2006
	£	£
Distribution costs	**126,706**	995,558
Administrative expenses	**222,397**	923,679
	349,103	1,919,237

3 Other operating income

	2007	2006
	£	£
Management charges receivable	**51,759**	111,353

4 Operating loss

Operating loss is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets		52,004
Depreciation of assets held under finance leases and hire purchase agreements		114,102
Loss on disposal of fixed assets		2,448
Auditor's remuneration		
Auditors' fees audit services	**5,681**	5,775

5 Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Number of production staff		17
Number of administrative staff	7	11
	7	28

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	232,473	604,103
Social security costs	17,150	57,238
Other pension costs	4,333	8,970
	253,956	670,311

6 Directors

Remuneration in respect of directors was as follows

	2007	2006
	£	£
Emoluments receivable		–
Value of company pension contributions to money purchase schemes		–
		–

The number of directors who accrued benefits under company pension schemes was as follows

	2007	2006
	No	No
Money purchase schemes	–	–

7 Profit on disposal of fixed assets

	2007	2006
	£	£
Profit on disposal of fixed assets and goodwill of business	761,009	61,670

8 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank borrowing	**79,825**	172,135
Finance charges	**13,355**	23,884
	93,180	196,019

9 Taxation on ordinary activities

(a) Analysis of charge/(credit) in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 30%)	**110,656**	(140,908)
Total current tax	**110,656**	(140,908)

(b) Factors affecting current tax charge/(credit)

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 30%)

	2007	2006
	£	£
Profit/(loss) on ordinary activities before taxation	**475,593**	(607,362)
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2006 30%)	**142,678**	(182,209)
Depreciation in excess of capital allowances	**25,550**	(7,257)
Adjustments to tax charge in respect of previous periods	**(15,836)**	15,836
Income not taxable	**(203,121)**	
Chargeable gains	**161,385**	
Expenses not deductible for tax purposes		32,722
Total current tax (note 9(a))	**110,656**	(140,908)

10 Tangible fixed assets

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 February 2006	300,773	288,725	28,483	299,470	917,451
Additions	550				550
Disposals	(301,323)	(288,725)	(28,483)	(299,470)	(918 001)
At 31 January 2007					
Depreciation					
At 1 February 2006	10,642	82,361	17,959	114,876	225,838
Charge for the year					
On disposals	(10,642)	(82,361)	(17,959)	(114,876)	(225,838)
At 31 January 2007					
Net book value					
At 31 January 2007					
At 31 January 2006	290,131	206,364	10,524	184,594	691,613

Included within the net book values of £nil are £nil (2006 £296,423) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £nil as the company was unable to provide waste recycling services whilst the reinstatement of the premises was completed (2006 £114,102)

11 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	**77,021**	459,408
VAT recoverable	**8,341**	31,446
Other debtors	**97,504**	330,000
Prepayments and accrued income		16,404
	182,866	837,258

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank overdraft	**1,885,622**	3,104,092
Trade creditors		27,594
Amounts owed to group undertakings	**105,403**	100,039
Amounts due under finance leases and hire purchase agreements		160,289
Accruals and deferred income	**45,154**	161,664
	2,036,179	3,553,678

The bank overdraft is secured by a floating charge over all the assets of the company

13 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Amounts due under finance leases and hire purchase agreements		193,443

14 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows

	2007	2006
	£	£
Amounts payable within 1 year		160,289
Amounts payable between 1 and 2 years		116,506
Amounts payable between 3 and 5 years		76,937
		353,732

15 Pensions

The company operates a defined contribution scheme for the benefit of the employees The assets of the scheme are administered by trustees in a fund independent from those of the company

16 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 January 2007 (2006 £Nil)

17 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with its parent undertaking

No transactions with other related parties were undertaken

18 Share capital

Authorised share capital

	2007	2006
	£	£
100,000 Ordinary shares of £0 01 each	**1,000**	1,000

Allotted, called up and fully paid

	2007		2006	
	No	**£**	No	£
Ordinary shares of £0 01 each	**20,000**	**200**	20,000	200

19 Profit and loss account

	2007	2006
	£	£
Balance brought forward	(2,218,450)	(1,751,996)
Profit/(loss) for the financial year	364,937	(466,454)
Balance carried forward	(1,853,513)	(2,218,450)

20 Capital Commitments

The directors have confirmed that there are no capital commitments at 31 January 2007 (2006 £19,390)

21 Reconciliation of movements in shareholders' deficit

	2007	2006
	£	£
Profit for the financial year	364,937	(466,454)
Opening shareholders' deficit	(2,218,250)	(1,751,796)
Closing shareholders' deficit	(1,853,313)	(2,218,250)

22 Ultimate parent company

The company's parent company is GM Group Holdings Limited by virtue of its 95% shareholding in the company The ultimate controlling related party is Murray International Holdings Limited as a result of its controlling interest in GM Group Holdings Limited

The directors consider that the ultimate controlling party of the company is Sir David E Murray by virtue of his controlling undertaking Murray International Holdings Limited

The largest of undertakings for which group financial statements have been drawn up is that headed by Murray International Holdings Limited, the consolidated accounts of which are publicly available

Management information

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 6 to 7

Profit and loss account

	2007	2006
	£	£
Turnover	**171,721**	1,810,202
Cost of sales		
Purchases		(120)
Subcontract	**9,788**	76,637
Landfill tipping charge	**39,151**	241,780
Landfill charge	**17,674**	157,034
	66,613	475,331
Gross profit	**105,108**	1,334,871
Overheads		
Distribution costs	**126,706**	995,558
Administrative expenses	**222,397**	923,679
	349,103	1,919,237
	(243,995)	(584,366)
Other operating income		
Management charges receivable	**51,759**	111,353
Operating loss	**(192,236)**	(473,013)
Goodwill on sale of business	**600,000**	
Profit on disposal of fixed assets	**161,009**	61,670
	568,773	(411,343)
Interest payable	**(93,180)**	(196,019)
Loss on ordinary activities	**475,593**	(607,362)

Notes to the detailed profit and loss account

	2007 £	2006 £
Distribution costs		
Distribution and sales wages	**59,309**	339,707
National insurance contributions on distribution labour	**5,531**	31,166
Repairs and renewals	**210**	11,222
Plant and machinery maintenance	**1,086**	65,021
Personal protective equipment	**352**	8,738
Agency labour	**683**	323,350
Transport	**59,535**	216,354
	126,706	995,558
Administrative expenses		
Personnel costs		
Directors salaries	–	–
Directors pension contributions	–	–
Wages and salaries	**172,481**	264,396
Staff national insurance contributions	**11,619**	26,072
Staff pension contributions	**4,333**	8,970
	188,433	299,438
Establishment expenses		
Rent, rates and water	**68,146**	141,338
Light and heat	**(1,960)**	38,538
Insurance	**5,122**	46,907
Repairs and maintenance	**19,114**	26,758
Cleaning of premises	**301**	1,805
	90,723	255,346
General expenses		
Travel and subsistence		–
Telephone	**2,049**	6,666
Printing, stationery and postage	**(460)**	5,410
Staff training	–	9,148
General expenses	**13,236**	19,524
Advertising	**(11,015)**	27,284
Legal and professional fees	**(85,795)**	102,529
Other professional fees	**19,057**	23,233
Auditors remuneration	**5,681**	5,775
Amortisation		–
Depreciation		166,106
Loss on disposal of fixed assets		2,448
	(57,247)	368,123
Carried forward	**221,909**	922,907

	2007	2006
	£	£
Administrative expenses (continued)		
Brought forward	**221,909**	922,907
Financial costs		
Bad debts written off		–
Bank charges	**488**	772
	488	772
	222,397	923,679
Interest payable		
Bank interest payable	**79,825**	172,135
Hire purchase and finance lease charges	**13,355**	23,884
	93,180	196,019