

**CYNON VALLEY WASTE DISPOSAL COMPANY
LIMITED**

FINANCIAL STATEMENTS

31ST MAY 1997

Registered number: 2660628

KAHN, THOMAS, SHANKLAND

CHARTERED ACCOUNTANTS



CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

FINANCIAL STATEMENTS

for the year ended 31st May 1997

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CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**COMPANY INFORMATION****31st May 1997**

COMPANY NUMBER	2660628
CHAIRMAN	A D Maddox
OTHER DIRECTORS	P Hall N A Lowe G T Mabb resigned 31 October 1996
SECRETARY	P Hall
REGISTERED OFFICE	Cwm Cynon Business Centre Mountain Ash CF45 4ER
BANKERS	Barclays Bank Plc Pontypridd Business Centre 91 Taff Street Pontypridd
AUDITORS	Kahn, Thomas, Shankland Chartered Accountants Registered Auditors 205 City Road Cardiff CF2 3JD

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**DIRECTORS' REPORT****31st May 1997**

The directors present their report and the audited financial statements for the year ended 31st May 1997.

Principal activity

The principal activity of the company is providing facilities for tipping of waste.

Directors

The directors who served during the year, none of whom had any interests in the shares of the company, at any time in the year, were as follows

A D Maddox
P Hall
N A Lowe
G T Mabb resigned 31 October 1996

Auditors

Kahn, Thomas, Shankland have agreed to offer themselves for re-appointment as auditors of the company.

Small company exemptions

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies.

On behalf of the board



P Hall
Secretary

Cwm Cynon Business Centre
Mountain Ash
CF45 4ER

30th October 1997

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law to prepare 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 period. In preparing those financial statements we are required to:

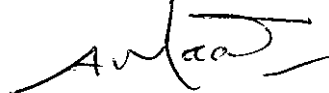
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

 30th October 1997

On behalf of the board



A D Maddox
Chairman

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**AUDITORS' REPORT****Auditors' report to the members of****Cynon Valley Waste Disposal Company Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

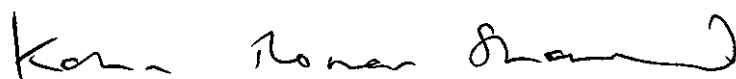
Basis of opinion

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 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 error or other irregularity. 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 the company's affairs as at 31st May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



30th October 1997

Kahn, Thomas, Shankland
Registered Auditors
Chartered Accountants
205 City Road
Cardiff
CF2 3JD

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st May 1997

	Note	1997 £	1996 £
Turnover		1,472,084	958,973
Cost of sales		(277,944)	(172,862)
Gross profit		1,194,140	786,111
Net operating expenses			
Administrative expenses		(887,606)	(683,392)
Other operating income		24,439	22,888
Operating profit	2	330,973	125,607
Interest payable	4	(11,679)	(18,702)
Profit on ordinary activities before taxation		319,294	106,905
Taxation	5	(149,604)	(32,079)
Profit on ordinary activities after taxation		169,690	74,826
Dividends	6	(28,060)	-
Profit on ordinary activities after taxation and dividends retained for the year	14	141,630	74,826

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

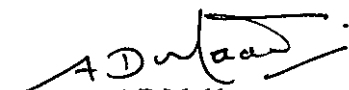
BALANCE SHEET

at 31st May 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	7		3,031,716		2,977,948
Current assets					
Debtors	8	266,732		102,824	
Cash at bank and in hand		807,815		399,038	
		<u>1,074,547</u>		<u>501,862</u>	
Creditors: amounts falling due within one year	9	<u>(521,730)</u>		<u>(159,313)</u>	
Net current assets			552,817		342,549
Total assets less current liabilities			<u>3,584,533</u>		<u>3,320,497</u>
Creditors: amounts falling due after more than one year	10		(30,900)		(41,109)
Provision for liabilities and charges	11		<u>(360,838)</u>		<u>(228,223)</u>
			<u>3,192,795</u>		<u>3,051,165</u>
Capital and reserves					
Called up share capital	13		2,806,000		2,806,000
Profit and loss account	14		386,795		245,165
Total shareholders' funds	15		<u>3,192,795</u>		<u>3,051,165</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 11 were approved by the board of directors on 30th October, 1997 and signed on its behalf by:


A D Maddox
Chairman

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold land and buildings	the period of the lease
Computer Equipment	over 3 years
Plant and machinery	between 2 and 10 years
Fixtures and fittings	between 3 and 10 years

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

Defined benefit scheme

The company operates defined benefit, externally funded pension schemes covering the majority of its employees. Contributions are normally charged against profits as the contributions are made.

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Operating profit

	1997 £	1996 £
Operating profit is stated after crediting		
Interest receivable	24,439	22,888
Profit on sale of assets	-	8,049
	<u> </u>	<u> </u>
and after charging		
Auditors' remuneration	2,900	2,250
Loss on sale of assets	9,736	-
Research and development expenditure	10,015	6,386
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets (note 7)		
owned assets	173,874	168,534
	<u> </u>	<u> </u>

3 Directors

	1997 £	1996 £
Directors' emoluments	109,416	118,380
	<u> </u>	<u> </u>

4 Interest payable

	1997 £	1996 £
Finance lease and hire purchase contracts	2,860	-
Other interest payable	8,819	18,702
	<u> </u>	<u> </u>
	11,679	18,702
	<u> </u>	<u> </u>

5 Taxation

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 23% (1996 24%)	150,492	56,570
Deferred taxation	1,879	(11,628)
	<u> </u>	<u> </u>
	152,371	44,942
Over provision in earlier years	(2,767)	(12,863)
	<u> </u>	<u> </u>
	149,604	32,079
	<u> </u>	<u> </u>

The company's liability to corporation tax is affected by the disallowance of provisions for future expenditure charged to the aftercare fund.

6 Dividends

	1997 £	1996 £
Dividend on ordinary shares - proposed	28,060	-
	<u> </u>	<u> </u>

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 Tangible fixed assets

Cost or valuation	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Computer Equipment £	Total £
31st May 1996	499,808	4,400	2,836,176	17,720	3,358,104
Additions	99,294	8,879	138,928	4,527	251,628
Disposals	(39,015)	-	-	-	(39,015)
31st May 1997	560,087	13,279	2,975,104	22,247	3,570,717
Depreciation					
31st May 1996	146,867	1,876	215,604	15,809	380,156
Charge for year	94,954	1,391	75,447	2,082	173,874
Disposals	(15,029)	-	-	-	(15,029)
31st May 1997	226,792	3,267	291,051	17,891	539,001
Net book amount					
31st May 1997	333,295	10,012	2,684,053	4,356	3,031,716
31st May 1996	352,941	2,524	2,620,572	1,911	2,977,948

No assets have been held under finance leases or hire purchase contracts in either the current or comparative year.

8 Debtors: amounts falling due within one year

	1997 £	1996 £
Trade debtors	248,388	102,655
Other debtors	18,344	169
	<u>266,732</u>	<u>102,824</u>

9 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	40,784	54,588
Trade creditors	140,363	33,597
Obligations under finance leases and hire purchase contracts - note 9	19,657	-
Corporation tax	157,507	25,531
Other taxation and social security	112,512	16,681
Other creditors	50,907	28,916
	<u>521,730</u>	<u>159,313</u>

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**10 Creditors: amounts falling due
after more than one year**

	1997 £	1996 £
Bank loans	-	41,109
Other creditors	30,900	-
	<u>30,900</u>	<u>41,109</u>

Maturity of debt included above

Between 1 and 2 years	-	-
In five years or more	-	41,109
	<u>-</u>	<u>41,109</u>
years payable other than by instalments	-	-
	<u>-</u>	<u>-</u>

**Obligations under finance leases
and hire purchase contracts**

Amounts included above are repayable
over varying periods by monthly
instalments as follows:

In the next year	19,657	-
In the second to fifth year	30,900	-
	<u>49,657</u>	<u>-</u>

Loans to the value of £40,784 (1996:£95,967) are secured by chattel mortgages on the assets that were purchased with the loan proceeds.

11 Provision for liabilities and charges

	1996 £	Profit and loss account £	1997 £
Provision for Aftercare	215,915	130,736	346,651
Deferred taxation (notes 5 and 12)	12,308	1,879	14,187
	<u>228,223</u>	<u>132,615</u>	<u>360,838</u>

CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 Deferred taxation

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by capital allowances in excess of depreciation	<u>61,682</u>	<u>14,187</u>	<u>51,284</u>	<u>12,308</u>

The potential liability and provision are based on a corporation tax rate of 23% (1996 24%).

13 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>2,806,000</u>	<u>2,806,000</u>	<u>2,806,000</u>	<u>2,806,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>2,806,000</u>	<u>2,806,000</u>	<u>2,806,000</u>	<u>2,806,000</u>

14 Profit and loss account

	1997 £
31st May 1996	245,165
Retained profit for the year	<u>141,630</u>
31st May 1997	<u>386,795</u>

15 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	169,690	74,826
dividends	<u>(28,060)</u>	<u>-</u>
Net addition to shareholders' funds	141,630	74,826
Opening shareholders' funds	<u>3,051,165</u>	<u>2,976,339</u>
Closing shareholders' funds	<u>3,192,795</u>	<u>3,051,165</u>