
BINN LANDFILL (GLENFARG) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000 *SC*

Registered Number: 134337

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BINN LANDFILL (GLENFARG) LIMITED

Company Information

Directors	IF Goodfellow IA Sexton
Secretary	EJG Cooper
Company Number	134337
Registered Office	15 Atholl Crescent Edinburgh
Auditors	Arthur Andersen 180 Strand London WC2R 1BL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2000.

Principal activities

The company's principal activity during the year was the provision of waste disposal facilities.

Business review

The directors consider that the company has traded satisfactorily during the year and believe that it will continue to do so.

Results and dividends

The profit for the year after taxation, amounted to £212,000 (1999 - £167,000) .

The directors do not recommend the payment of a dividend (1999 - £nil) and the profit for the year after taxation will be transferred to reserves.

Directors

The directors who served during the year were as follows :

IF Goodfellow	
RA Searby	(Resigned 2 March 2001)
IA Sexton	(Appointed 2 March 2001)
SJ Thorne	(Resigned 30 June 2001)

No director who held office on 31 December 2000 had an interest in the company's shares either during the financial year or at 31 December 2000.

The interests of the directors who held office on 31 December 2000 in the shares of the ultimate parent company, Suez SA are reported in the Directors' Report and Financial Statements of the company's intermediate holding company, Northumbrian Environmental Management Limited for the year ended 31 December 2000.

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

Statement of directors' responsibilities

Company law requires the directors 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, 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.

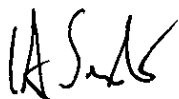
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

This report was approved by the board on 31 October 2001 and signed on its behalf by:



IA Sexton
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF BINN LANDFILL (GLENFARG) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom Law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 circumstances of the company, 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 the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen .

Arthur Andersen

Chartered Accountants & Registered Auditors

180 Strand
London
WC2R 1BL

31 October 2001

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2000

	Note	2000 £ '000	1999 £ '000
TURNOVER	1,2	3,191	2,716
Cost of sales		<u>(2,559)</u>	<u>(2,258)</u>
GROSS PROFIT		632	458
Administrative expenses		<u>(201)</u>	<u>(142)</u>
OPERATING PROFIT		431	316
Interest receivable	5	-	3
Interest payable	6	<u>(8)</u>	<u>(11)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>423</u>	<u>308</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(211)</u>	<u>(141)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE YEAR	13	212	167
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>(521)</u>	<u>(688)</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>(309)</u>	<u>(521)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

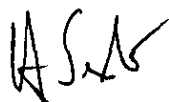
The notes on pages 6 to 12 form an integral part of these financial statements.

BINN LANDFILL (GLENFARG) LIMITED

BALANCE SHEET
As at 31 December 2000

	Note	2000 £ '000	1999 £ '000
FIXED ASSETS			
Tangible fixed assets	8	2,710	3,114
CURRENT ASSETS			
Debtors	9	1,693	1,993
Cash at bank and in hand		-	791
		1,693	2,784
CREDITORS: amounts falling due within one year	10	(3,268)	(4,970)
NET CURRENT LIABILITIES		(1,575)	(2,186)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,135	928
PROVISIONS FOR LIABILITIES AND CHARGES	11	(144)	(149)
NET ASSETS		991	779
CAPITAL AND RESERVES			
Called up share capital	12	1,300	1,300
Profit and loss account		(309)	(521)
EQUITY SHAREHOLDERS' FUNDS	13	991	779

The financial statements were approved by the board on 31 October 2001 and signed on its behalf by:



I A Sexton

Director

The notes on pages 6 to 12 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

1. ACCOUNTING POLICIES

The principal accounting policies which are summarised below have been applied consistently throughout the current and preceding year.

1.1 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 company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the consolidated financial statements of the group in which it is included are publicly available.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of trade discounts, Value Added Tax and other sales related taxes, but inclusive of Landfill Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of fixed assets, less estimated residual value, of each asset over their expected useful lives on the following basis:

Freehold property - mineral and landfill	On the basis of airspace used and minerals extracted
Freehold property - other	50 years, straight-line basis
Landfill and quarry engineering	On the basis of airspace used and minerals extracted
Plant & machinery	2 - 10 years, straight-line basis
Fixtures & fittings	5 years, straight-line basis

Residual value is calculated on prices prevailing at the date of acquisition.

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight-line basis.

1.5 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

1.6 Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

1.7 Provisions for environmental and landfill costs

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The company estimates its total future requirements for closure costs and for post closure monitoring and maintenance of the site after the anticipated closure. The provisions include final capping of the site, site inspection, ground water monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be confirmed during the period after the site closes. Certain of these costs, principally capping costs, are incurred during the operating life of the site. The company provides for closure and post-closure costs as the permitted airspace is used, however in accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", full provision has been made for the company's minimum unavoidable costs.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2% and discounted by 6% (1999: 5%). The inflation and discount elements are shown in the financial statements as a financial item.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being the provision of waste disposal facilities.

All turnover arose within the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2000	1999
	£ '000	£ '000
Depreciation of tangible fixed assets		
- owned by the company	432	456
Operating lease rentals		
- hire of plant & machinery	1	3
	<u> </u>	<u> </u>

The auditor's remuneration for the current and prior years were borne by the company's UK parent company, SITA Holdings UK Limited.

Directors' remuneration for the current and prior years has been borne by SITA Holdings UK Limited.

4. STAFF COSTS

Staff costs were as follows:

	2000	1999
	£ '000	£ '000
Wages and salaries	117	133
Social security costs	13	13
Other pension costs	1	2
	<u> </u>	<u> </u>
	131	148
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

4. STAFF COSTS (continued)

The average monthly number of employees, including directors, during the year was as follows:

	2000	<i>1999</i>
Administration and management	1	<i>2</i>
Operations	4	<i>4</i>
	5	<i>6</i>

5. INTEREST RECEIVABLE

	2000 £ '000	<i>1999</i> <i>£ '000</i>
Bank interest	-	<i>3</i>
	-	<i>3</i>

6. INTEREST PAYABLE

	2000 £ '000	<i>1999</i> <i>£ '000</i>
Bank loans and overdrafts	-	<i>4</i>
Discount on provisions	8	<i>7</i>
	8	<i>11</i>

7. TAXATION

	2000 £ '000	<i>1999</i> <i>£ '000</i>
Current year taxation		
UK Corporation Tax	211	<i>141</i>
	211	<i>141</i>

BINN LANDFILL (GLENFARG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

8. TANGIBLE FIXED ASSETS

	Freehold property - mineral and landfill £ '000	Freehold property - other £ '000	Landfill & quarry engineering £ '000	Plant & machinery £ '000	Fixtures & fittings £ '000	Total £ '000
Cost						
At 1 January 2000	3,417	67	1,357	347	11	5,199
Additions	-	-	10	22	6	38
Transfers	-	-	(132)	173	(3)	38
At 31 December 2000	<u>3,417</u>	<u>67</u>	<u>1,235</u>	<u>542</u>	<u>14</u>	<u>5,275</u>
Depreciation						
At 1 January 2000	925	11	853	288	8	2,085
Charge for the year	132	1	254	44	1	432
Transfers	-	-	-	49	(1)	48
At 31 December 2000	<u>1,057</u>	<u>12</u>	<u>1,107</u>	<u>381</u>	<u>8</u>	<u>2,565</u>
Net Book value						
At 31 December 2000	<u>2,360</u>	<u>55</u>	<u>128</u>	<u>161</u>	<u>6</u>	<u>2,710</u>
At 31 December 1999	<u>2,492</u>	<u>56</u>	<u>504</u>	<u>59</u>	<u>3</u>	<u>3,114</u>

BINN LANDFILL (GLENFARG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

9. DEBTORS

	2000	1999
	£ '000	£ '000
Amounts receivable within one year		
Trade debtors	42	576
Amounts owed by group undertakings	1,367	1,367
Corporation tax recoverable	271	25
Other debtors	5	8
Prepayments and accrued income	8	17
	<u>1,693</u>	<u>1,993</u>

10. CREDITORS:

Amounts falling due within one year	2000	1999
	£ '000	£ '000
Amounts owed to group undertakings	2,286	3,937
Corporation tax	482	140
Social security and other taxes	374	626
Accruals and deferred income	126	267
	<u>3,268</u>	<u>4,970</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration and maintenance £ '000
At 1 January 2000	149
Charged to profit and loss account	7
Credited to profit and loss account	(20)
Adjustment arising from discounting	8
At 31 December 2000	<u>144</u>

Site restoration and maintenance

The provision for site restoration and maintenance has been calculated in accordance with the accounting policy detailed in note 1.7.

Deferred taxation

Deferred taxation provided and deferred taxation not provided are as follows:

	Deferred tax liability/(asset) provided		Full potential liability/(asset)	
	2000 £ '000	1999 £ '000	2000 £ '000	1999 £ '000
Accelerated capital allowances	-	-	1	7
Other timing differences	-	-	(269)	(115)
	<u>-</u>	<u>-</u>	<u>(268)</u>	<u>(108)</u>

12. CALLED UP SHARE CAPITAL

	2000 £ '000	1999 £ '000
Authorised, allotted, called up and fully paid		
1,300,000 ordinary shares of £1 each	<u>1,300</u>	<u>1,300</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £ '000	1999 £ '000
Profit for the year	212	167
Opening shareholders' funds	<u>779</u>	<u>612</u>
Closing shareholders' funds	<u>991</u>	<u>779</u>

14. CONTINGENT LIABILITIES

The company is party to a cross-guarantee arrangement with other SITA group companies in respect of bank overdrafts. The potential liability outstanding at 31 December 2000 was £19,173,000 (1999 - £13,808,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2000

15. OTHER COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	<i>1999</i>
	£ '000	<i>£ '000</i>
Expiry date:		
In more than 5 years	200	<i>200</i>
	<u>200</u>	<u><i>200</i></u>

16. PENSION COMMITMENTS

The company contributed to a Group defined contribution scheme for which the pension cost charge for the year amounted to £1,000 (1999 - £2,000).

17. RELATED PARTIES

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company's results are included are available to the public.

18. CONTROLLING PARTY

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Binn Landfill (Glenfarg) Limited. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

19. PARENT COMPANY

The ultimate parent undertaking is Suez SA, a company incorporated in France.

The largest group of which Binn Landfill (Glenfarg) Limited is a member and for which group financial statements are drawn up is that headed by Suez SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England and Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.