
BINN LANDFILL (GLENFARG) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003
Registered Number: SC134337



BINN LANDFILL (GLENFARG) LIMITED

Company Information

Directors	P-A Hjort IA Sexton
Secretary	J Knight
Company Number	SC134337
Registered Office	15 Atholl Crescent Edinburgh EH3 8HA
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

BINN LANDFILL (GLENFARG) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their financial statements for the year ended 31 December 2003.

Principal activities

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

Business review

The directors are satisfied with the performance of the business during the year. No major changes to the nature of the company's business are expected in the foreseeable future.

Results and dividends

The profit for the year after taxation, amounted to £557,000 (2002 - £242,000) .

The directors do not recommend the payment of a dividend (2002 - £nil).

Directors

The directors who served during the year were as follows :

IF Goodfellow	(resigned 31 May 2003)
P-A Hjort	(appointed 31 May 2003)
IA Sexton	

No director who held office on 31 December 2003 had an interest in the company's shares either during the financial year or at 31 December 2003.

The interests of the directors who held office on 31 December 2003 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, SITA Holdings UK Limited for the year ended 31 December 2003.

Market value of land and buildings

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.

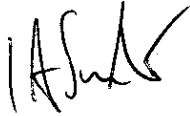
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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 2003

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 26 October 2004 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'IA Sexton', with a large, sweeping flourish at the end.

IA Sexton
Director

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

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with 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.

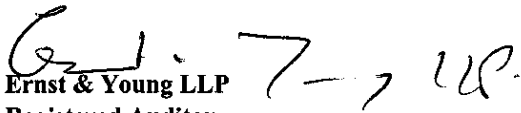
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

26 October 2004

BINN LANDFILL (GLENFARG) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	2003 £ '000	2002 £ '000
TURNOVER	2	5,956	4,871
Cost of sales		(4,778)	(4,035)
GROSS PROFIT		1,178	836
Administrative expenses		(274)	(253)
OPERATING PROFIT		904	583
Profit on disposal of tangible fixed assets		8	1
Interest receivable		4	-
Interest payable	5	(32)	(68)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	884	516
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	(327)	(274)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	557	242
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(31)	(273)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		526	(31)

All amounts relate to continuing operations.

The notes on pages 7 to 15 form an integral part of these financial statements.

BINN LANDFILL (GLENFARG) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2003

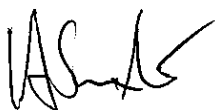
	2003	2002
	£ '000	£ '000
Profit for the financial year after taxation	557	242
Restatement of deferred tax under FRS 19	-	375
Total recognised gains and losses relating to the year	557	617

BINN LANDFILL (GLENFARG) LIMITED

BALANCE SHEET
As at 31 December 2003

	Note	2003 £ '000	2002 £ '000
FIXED ASSETS			
Tangible assets	7	<u>3,371</u>	<u>3,110</u>
CURRENT ASSETS			
Stocks	8	12	-
Debtors	9	<u>1,737</u>	<u>1,694</u>
		<u>1,749</u>	<u>1,694</u>
CREDITORS: amounts falling due within one year	10	<u>(2,872)</u>	<u>(3,233)</u>
NET CURRENT LIABILITIES		<u>(1,123)</u>	<u>(1,539)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,248</u>	<u>1,571</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(422)</u>	<u>(302)</u>
NET ASSETS		<u><u>1,826</u></u>	<u><u>1,269</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	1,300	1,300
Profit and loss account		<u>526</u>	<u>(31)</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u><u>1,826</u></u>	<u><u>1,269</u></u>

The financial statements were approved by the board on 26 October 2004 and signed on its behalf by:



I A Sexton

Director

The notes on pages 7 to 15 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

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.

At 31 December 2003 the company had net current liabilities of £1,123,000 (2002: £1,539,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as a fellow group undertaking has confirmed its intention and ability to provide such financial support as may be necessary to enable the company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months. The company's parent company has also confirmed that the company will not be required to pay amounts due to other group undertakings unless the company has sufficient funds to pay other creditors in full.

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 - landfill airspace	On the basis of airspace used
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 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

1.6 Taxation

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

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, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

1.7 Provisions for environmental and landfill costs and landfill gas revenues

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%. The discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas, where contracts are in place for its sale, are capitalised as a fixed asset and discounted in line with the post-closure provision.

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.

BINN LANDFILL (GLENFARG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2003 £ '000	2002 £ '000
Depreciation of tangible fixed assets		
- owned by the company	572	528
Operating lease rentals		
- hire of plant & machinery	21	-

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

No director received any remuneration during the current or prior year in respect of his services as director of the company.

4. STAFF COSTS

The company does not directly employ any staff.

5. INTEREST PAYABLE

	2003 £ '000	2002 £ '000
Loans from group undertakings	25	60
Discount on provisions	7	8
	32	68

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2003	2002
	£ '000	£ '000
Current tax		
UK corporation tax	341	234
Tax overprovided in previous years	-	(19)
	<u>341</u>	<u>215</u>
Deferred tax		
Origination and reversal of timing differences	(5)	76
(Increase) in discount	(9)	(17)
	<u>(14)</u>	<u>59</u>
Tax on profit on ordinary activities	<u><u>327</u></u>	<u><u>274</u></u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	<u>884</u>	<u>516</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 - 30%)	265	155
Expenses not deductible for tax purposes	52	54
Accelerated capital allowances	3	19
Tax overprovided in previous years	-	(19)
Other timing differences	<u>21</u>	<u>6</u>
Total current tax	<u><u>341</u></u>	<u><u>215</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

(c) Deferred tax

Group

The deferred tax included in the balance sheet is as follows:

	2003	2002
	£'000	£'000
Included in debtors (note 9)	330	316
	330	316
Comprising:		
Accelerated depreciation	360	358
Other timing differences	56	35
	416	393
Discount	(86)	(77)
	330	316
		£'000
At 1 January 2003		316
Deferred tax credit in the profit and loss account		14
At 31 December 2003		330

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

7. TANGIBLE FIXED ASSETS

	Freehold property - landfill airspace £ '000	Freehold property - other £ '000	Landfill & quarry engineering £ '000	Plant & machinery £ '000	Fixtures & fittings £ '000	Total £ '000
Cost						
At 1 January 2003	3,502	-	2,550	978	14	7,044
Additions	-	-	797	-	-	797
Movement on gas revenues capitalised	62	-	-	-	-	62
Disposals	-	-	-	(101)	(8)	(109)
At 31 December 2003	<u>3,564</u>	<u>-</u>	<u>3,347</u>	<u>877</u>	<u>6</u>	<u>7,794</u>
Depreciation						
At 1 January 2003	1,335	-	1,858	729	12	3,934
Charge for the year	167	-	336	68	1	572
Disposals	-	-	-	(75)	(8)	(83)
At 31 December 2003	<u>1,502</u>	<u>-</u>	<u>2,194</u>	<u>722</u>	<u>5</u>	<u>4,423</u>
Net Book value						
At 31 December 2003	<u>2,062</u>	<u>-</u>	<u>1,153</u>	<u>155</u>	<u>1</u>	<u>3,371</u>
At 31 December 2002	<u>2,167</u>	<u>-</u>	<u>692</u>	<u>249</u>	<u>2</u>	<u>3,110</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

8. STOCKS

	2003 £ '000	2002 £ '000
Raw materials and consumables	<u>12</u>	<u>-</u>

9. DEBTORS

	2003 £ '000	2002 £ '000
Amounts receivable within one year		
Amounts owed by group undertakings	1,367	1,367
Deferred tax	330	316
Prepayments and accrued income	40	11
	<u>1,737</u>	<u>1,694</u>

10. CREDITORS:

	2003 £ '000	2002 £ '000
Amounts falling due within one year		
Amounts owed to group undertakings	2,069	2,632
Corporation tax	341	291
Social security and other taxes	255	159
Other creditors	28	1
Accruals and deferred income	179	150
	<u>2,872</u>	<u>3,233</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration and maintenance £ '000
At 1 January 2003	302
Charged to profit and loss account in the year	51
Movement on landfill gas revenues capitalised	62
Adjustment arising from discounting	7
At 31 December 2003	<u>422</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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

12. CALLED UP SHARE CAPITAL

	2003 £ '000	2002 £ '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

	2003 £ '000	2002 £ '000
Profit for the year	557	242
Opening shareholders' funds	<u>1,269</u>	<u>1,027</u>
Closing shareholders' funds	<u>1,826</u>	<u>1,269</u>

14. CONTINGENT LIABILITIES

The company has provided unsecured guarantees to third parties in respect of restoration and performance bonds. At 31 December 2003, guarantees outstanding amounted to £2,000,000 (2002 - £2,000,000).

15. CAPITAL COMMITMENTS

At 31 December 2003 the company had capital commitments as follows:

	2003 £ '000	2002 £ '000
Contracted for but not provided in these accounts	<u>36</u>	<u>13</u>

16. OTHER COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003 £ '000	Other 2002 £ '000
Expiry date:		
In more than 5 years	23	-
	<u>23</u>	<u>-</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

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 16 Rue de la Ville L'Eveque, 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 SITA Holdings UK Limited may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.