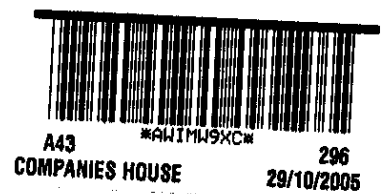


Registered number: SC134337

Binn Landfill (Glenfarg) Limited

**Directors' report and financial statements
For the year ended 31 December 2004**



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 Wessex House 19 Threefield Lane Southampton SO14 3QB

Binn Landfill (Glenfarg) Limited

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Binn Landfill (Glenfarg) Limited

Directors' report

For the year ended 31 December 2004

The directors present their report and the financial statements for the year ended 31 December 2004.

Principal activities and review of business

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

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

Results and dividends

The profit for the year, after taxation, amounted to £589,000 (2003 - £567,000 as restated) .

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

P-A Hjort

IA Sexton

The directors have no beneficial interests in the shares of group companies required to be disclosed under the Companies Act 1985.

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.

Events since the end of the year

There have been no significant events requiring disclosure since the balance sheet date.

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;
- 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.

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.

Binn Landfill (Glenfarg) Limited

**Directors' report
For the year ended 31 December 2004**

This report was approved by the board on 27 October 2005 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'IAS' followed by a stylized flourish.

IA Sexton
Director

Binn Landfill (Glenfarg) Limited

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 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 22. 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 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

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.

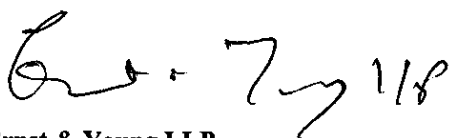
Basis of audit opinion

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 2004 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

Southampton

27 October 2005

Binn Landfill (Glenfarg) Limited**Profit and loss account****For the year ended 31 December 2004**

	Note	2004 £000	<i>As restated</i> 2003 £000
Turnover	1, 2	7,166	5,956
Cost of sales		(5,848)	(4,778)
Gross profit		1,318	1,178
Administrative expenses		(405)	(274)
Operating profit	3	913	904
Exceptional items			
Net profit on sale of tangible fixed assets		-	8
Profit on ordinary activities before interest		913	912
Interest receivable	5	65	4
Interest payable	6	(86)	(32)
Profit on ordinary activities before taxation		892	884
Tax on profit on ordinary activities	7	(303)	(317)
Profit on ordinary activities after taxation		589	567

All amounts relate to continuing operations. The prior year figures have been restated. See note 16.

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

Binn Landfill (Glenfarg) Limited

**Statement of total recognised gains and losses
For the year ended 31 December 2004**

	2004 £000	<i>As restated 2003 £000</i>
Profit for the financial year	589	567
Total recognised gains and losses relating to the year	589	567
Prior year adjustment (see note 16)	86	
Total gains and losses recognised since last financial statements	675	

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

Binn Landfill (Glenfarg) Limited**Balance sheet****As at 31 December 2004**

	Note	£000	2004 £000	As restated 2003 £000
Fixed assets				
Tangible fixed assets	8		3,727	3,371
Current assets				
Stocks	9	-		12
Debtors	10	1,952		1,823
		<u>1,952</u>		<u>1,835</u>
Creditors: amounts falling due within one year	11	<u>(2,464)</u>		<u>(2,872)</u>
Net current liabilities			<u>(512)</u>	<u>(1,037)</u>
Total assets less current liabilities			<u>3,215</u>	<u>2,334</u>
Provisions for liabilities and charges				
Other provisions	13		<u>(714)</u>	<u>(422)</u>
Net assets			<u><u>2,501</u></u>	<u><u>1,912</u></u>
Capital and reserves				
Called up share capital	14		1,300	1,300
Profit and loss account	15		1,201	612
Shareholders' funds - equity	17		<u><u>2,501</u></u>	<u><u>1,912</u></u>

The financial statements were approved by the board on 27 October 2005 and signed on its behalf.



IA Sexton
Director

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

Binn Landfill (Glenfarg) Limited

Notes to the financial statements

For the year ended 31 December 2004

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

At 31 December 2004 the company had net current liabilities of £512,000 (*31 December 2003 as restated - £1,037,000*). 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 from the date of approval of these financial statements. 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 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts, but including Landfill Tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property - landfill airspace	-	On the basis of airspace used
Landfill and quarry engineering	-	On the basis of airspace used
Plant & machinery	-	3 - 10 years straight line
Fixtures & fittings	-	3 - 5 years straight line

1.5 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 the straight line basis over the lease term.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Notes to the financial statements
For the year ended 31 December 2004**

1.7 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 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 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;
- 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 future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted 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.

1.8 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 the 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 2.0% and discounted by 5.7%. 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 extraction of minerals.

All turnover arose within the United Kingdom.

Binn Landfill (Glenfarg) Limited**Notes to the financial statements****For the year ended 31 December 2004****3. Operating profit**

The operating profit is stated after charging:

	2004	2003
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the company	586	572
Auditors' remuneration	3	-
Operating lease rentals:		
- plant and machinery	23	21
	<u>612</u>	<u>593</u>

During the year, no director received any remuneration in respect of his services as director of the company (2003 - £nil).

The audit fee in the prior year was borne by SITA Holdings UK Limited.

4. Staff costs

The company does not directly employ any staff.

5. Interest receivable

	2004	2003
	£000	£000
Interest receivable from group companies	65	-
Other interest receivable	-	4
	<u>65</u>	<u>4</u>

6. Interest payable

	2004	2003
	£000	£000
On loans from group undertakings	79	-
Discount on provisions	7	32
	<u>86</u>	<u>32</u>

Binn Landfill (Glenfarg) Limited

Notes to the financial statements

For the year ended 31 December 2004

7. Taxation

	2004	<i>As restated</i>
	£000	2003
		£000
a) Tax on profit on ordinary activities		
Current tax		
UK corporation tax	355	341
Deferred tax		
Origination and reversal of timing differences	(44)	(23)
Adjustment in respect of prior periods	(8)	-
Total deferred tax (see note 12)	(52)	(23)
Tax on profit on ordinary activities	303	318

b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004	2003
	£000	£000
Profit on ordinary activities before tax	892	884
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 - 30%)	268	265
Effects of:		
Expenses not deductible for tax purposes	43	52
Capital allowances for period in excess of depreciation	(12)	3
Other timing differences	56	21
Current tax charge for year (see note above)	355	341

There were no factors that may affect future tax charges.

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
For the year ended 31 December 2004**

8. Tangible fixed assets

	Freehold property - landfill airspace £000	Freehold property - buildings £000	Landfill & quarry engineering £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost						
At 1 January 2004	3,564	-	3,347	877	6	7,794
Additions	-	89	824	7	-	920
Disposals	-	-	-	(47)	(3)	(50)
Movement on landfill gas revenues capitalised	22	-	-	-	-	22
At 31 December 2004	3,586	89	4,171	837	3	8,686
Depreciation						
At 1 January 2004	1,502	-	2,194	722	5	4,423
Charge for the year	146	1	396	42	1	586
On disposals	-	-	-	(47)	(3)	(50)
At 31 December 2004	1,648	1	2,590	717	3	4,959
Net book value						
At 31 December 2004	1,938	88	1,581	120	-	3,727
At 31 December 2003	2,062	-	1,153	155	1	3,371

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
For the year ended 31 December 2004**

9. Stocks

	2004	2003
	£000	£000
Raw materials and consumables	-	12
	<u> </u>	<u> </u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10. Debtors

	2004	<i>As restated</i> 2003
	£000	£000
Due within one year		
Amounts owed by group undertakings	1,432	1,367
Prepayments and accrued income	52	40
Deferred tax asset (see note 12)	468	416
	<u> </u>	<u> </u>
	1,952	1,823
	<u> </u>	<u> </u>

11. Creditors:

Amounts falling due within one year

	2004	2003
	£000	£000
Amounts owed to group undertakings	1,733	2,069
Corporation tax	355	341
Social security and other taxes	230	255
Other creditors	-	28
Accruals and deferred income	146	179
	<u> </u>	<u> </u>
	2,464	2,872
	<u> </u>	<u> </u>

12. Deferred taxation

	2004	<i>As restated</i> 2003
	£000	£000
At beginning of year	416	393
Released during the year	52	23
	<u> </u>	<u> </u>
At end of year	468	416
	<u> </u>	<u> </u>

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
For the year ended 31 December 2004**

12. Deferred tax (continued)

The deferred tax asset is made up as follows:

	2004	<i>As restated</i>
	£000	2003
		£000
Accelerated capital allowances	356	360
Other timing differences	112	56
	468	416

13. Provisions

	Environmental and Landfill costs £000
At 1 January 2004 as restated	422
Additions	465
Amounts used	(188)
Movement on landfill gas revenues capitalised	22
Discounted adjustments	(7)
At 31 December 2004	714

Environmental and Landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 1.

14. Share capital

	2004	2003
	£000	£000
Authorised, allotted, called up and fully paid		
1,300,000 ordinary shares of £1 each	1,300	1,300

15. Reserves

Profit and loss account	£000
At 1 January 2004 as previously stated	526
Prior year adjustment (note 16)	86
At 1 January 2004 as restated	612
Profit retained for the year	589
At 31 December 2004	1,201

Binn Landfill (Glenfarg) Limited**Notes to the financial statements****For the year ended 31 December 2004****16. Prior year adjustment**

The company's policy for the measurement of deferred tax under FRS 19 was changed during the year. Deferred tax balances are no longer measured on a discounted basis. The directors consider that the new policy provides a fairer presentation of the financial position of the company because it brings the accounting treatment into line with the requirements of International Financial Reporting Standards. The comparative figures in the primary statements and notes have been restated to reflect the new policy. The change in policy has increased net assets in the prior year by £86,000, and increased the profit after tax in the prior year by £9,000. It is not practicable to assess the effect of the change on the results of the current year.

17. Reconciliation of movement in shareholders' funds

	2004	2003
	£000	£000
Profit for the year	589	567
	589	567
Opening shareholders' funds (previously £1,826,000 before adding prior year adjustment of £86,000)	1,912	1,345
Closing shareholders' funds	2,501	1,912

18. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of restoration and performance bonds. At 31 December 2004, guarantees outstanding amounted to £2,000,000 (2003 - £2,000,000).

19. Capital commitments

At 31 December 2004 the company had capital commitments as follows:

	2004	2003
	£000	£000
Contracted for but not provided in these financial statements	-	36

20. Operating lease commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004	Other	2003
	£000		£000
Expiry date:			
Between 2 and 5 years	23		-
After more than 5 years	-		23

21. Post balance sheet events

There have been no significant events requiring disclosure since the balance sheet date.

Binn Landfill (Glenfarg) Limited

Notes to the financial statements

For the year ended 31 December 2004

22. Ultimate parent undertaking and Controlling party

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 & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

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.