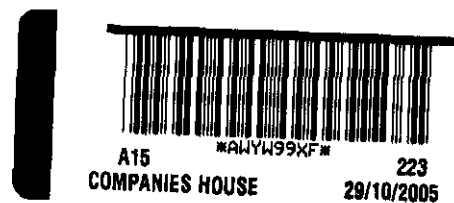


**Wheelabrator Group Limited**  
**(formerly ISPC Surface Preparation Limited)**

Report and financial statements

Year ended 31 December 2004

Company number 33672



**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Annual report and financial statements for the year ended 31 December 2004**

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**Director**

H.M. Andresen

**Secretary and registered office**

N C Moseley  
Wheelabrator Group Ltd  
PO Box 60  
Craven Road  
Broadheath  
Altrincham  
Cheshire  
WA14 5EP

**Company Number**

33672

**Auditors**

BDO Stoy Hayward LLP  
11-15 Commercial Buildings  
Cross Street  
Manchester M2 1WE

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Report of the director for the year ended 31 December 2004**

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The director presents his annual report and the audited financial statements for the year ended 31 December 2004.

**Change of name**

On 10 January 2005 the company's name was changed from ISPC Surface Preparation Limited to Wheelabrator Group Limited.

**Principal activities**

The principal activities of the company are the manufacture and supply of surface preparation machinery and associated spare parts and servicing.

**Business review**

Turnover was £28,268,000 for the year ended 31 December 2004 compared to £27,316,000 for the year ended 31 December 2003. The operating loss for the year ended 31 December 2004, before exceptional items, was £56,000 compared to a loss of £285,000 for the year ended 31 December 2003.

The loss on ordinary activities after exceptional items, and interest payable was £693,000 (2003 loss of £2,476,000).

**Results and dividends**

The audited financial statements for the year ended 31 December 2004 are set out on pages 6 to 24. The loss for the year after taxation was £707,000 (31 December 2003 – loss £2,496,000).

The director does not recommend payment of a dividend (2003: £nil).

**Post balance sheet events**

These are detailed in note 22 of the financial statements.

**Director and director's interests**

The director who held office during the year was as follows:

H M Andresen

The director had no disclosable beneficial interest in the shares of the company or any other group company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to the director or his immediate family, or exercised by him during the financial year.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Report of the director for the year ended 31 December 2004 (continued)**

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**Market value of land and buildings**

In the opinion of the director the market value of the company's interest in land and buildings exceeds net book value by approximately £1.1 million.

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

**Employee consultation**

The directors are responsible for communicating relevant information to all employees and for developing their involvement in company affairs as appropriate.

**Company's policy on payment of creditors**

The group agrees terms and conditions which include payment details with its suppliers. Payment is made in accordance with those terms and conditions, provided that the supplier has also complied with them. At 31 December 2004 the average number of days trade creditors was 41 (2003: 42).

**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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

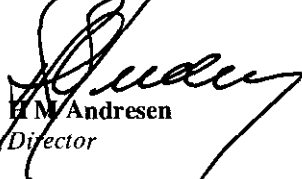
**Report of the director for the year ended 31 December 2004 (continued)**

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**Auditors**

A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

**On behalf of the board**



H. M. Andresen  
Director

Date

27<sup>th</sup> OCTOBER 2005

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Report of the independent auditors**

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**To the shareholders of Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

We have audited the financial statements of Wheelabrator Group Limited for the year ended 31 December 2004 on pages 6 to 24 which have been prepared under the accounting policies set out on pages 9 and 10.

*Respective responsibilities of director and auditors*

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

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 Director's 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

*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.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Report of the independent auditors (*Continued*)**

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*Basis of audit opinion (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 of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Manchester

Date *27 October 2005*

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Profit and loss account for the year ended 31 December 2004**

	Note	Continuing operations 2004 £'000	Discontinued operations 2004 £'000	Total 2004 £000	2003 £'000
Turnover	2	25,526	2,742	<b>28,268</b>	27,316
Cost of Sales		<u>(19,064)</u>	<u>(2,145)</u>	<b><u>(21,209)</u></b>	<u>(20,367)</u>
Gross Profit		6,462	597	<b>7,059</b>	6,949
Other operating expenses		<u>(6,188)</u>	<u>(927)</u>	<b><u>(7,115)</u></b>	<u>(7,234)</u>
Operating profit/(loss) before exceptional items		274	(330)	<b>(56)</b>	(285)
Exceptional Charges	3			-	(3,315)
Operating loss after exceptional items				<b>(56)</b>	(3,600)
Profit on Sale of an operation	3			-	1,489
Interest receivable				<b>14</b>	-
Interest payable	4			<b>(651)</b>	(365)
Loss on ordinary activities before taxation	3			<b>(693)</b>	(2,476)
Tax on loss on ordinary activities	7			<b>(14)</b>	(20)
Loss on ordinary activities after taxation for the year				<b><u>(707)</u></b>	<u>(2,496)</u>



**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Balance sheet at 31 December 2004**

	<i>Note</i>	2004	2003
		£000	£000
<b>Fixed assets</b>			
Intangible assets	8	964	1,062
Tangible assets	9	2,918	3,212
Investments	10	4,571	4,571
		8,453	8,845
<b>Current assets</b>			
Stocks	11	3,258	3,748
Debtors	12	16,364	15,234
Cash at bank and in hand		1,472	955
		21,094	19,937
<b>Creditors: amounts falling due within one year</b>	13	(9,235)	(6,378)
		11,859	13,559
<b>Net current assets</b>			
		20,312	22,404
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	14	(16,735)	(17,980)
<b>Provisions for liabilities and charges</b>	15	(155)	(295)
		3,422	4,129
<b>Net assets</b>			
		3,422	4,129
<b>Capital and reserves</b>			
Called up share capital	16	1,336	1,336
Share premium account	17	314	314
Other reserve	17	169	169
Profit and loss account	17	1,603	2,310
		3,422	4,129
<b>Shareholders' funds</b>			
		3,422	4,129
<b>Shareholders' funds may be analysed as:</b>			
Equity interests		2,102	2,809
Non-equity interests		1,320	1,320
		3,422	4,129

These financial statements were approved by the board on 27<sup>th</sup> Oct 2005 and were signed on its behalf by:

  
H.M. Andresen  
Director

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Reconciliation of movements in shareholders' funds for the year ended 31 December 2004**

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	<b>2004</b>	2003
	<b>£000</b>	£000
<b>Loss for the financial year</b>	<b>(707)</b>	(2,496)
<b>Net reduction in to shareholders' funds</b>	<b>(707)</b>	(2,496)
Opening shareholders' funds	<b>4,129</b>	6,625
<b>Closing shareholders' funds</b>	<b>3,422</b>	4,129

## Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)

### Notes forming part of the financial statements for the year ended 31 December 2004

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#### 1 Accounting policies

The following accounting policies have all been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

##### *Basis of preparation*

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about the group.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Surface Preparation (Gibraltar) Limited and the company's results are included in consolidated financial statements.

The company has taken advantage of the exemption contained in FRS 8 not to disclose transactions or balances with entities which form part of the group. The consolidated financial statements within which this company is included, can be obtained from the address given in note 21.

##### *Intangible fixed assets and amortisation*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which the directors consider to be twenty years. Provision is made for any impairment.

Patents and trade marks are included at cost and depreciated in equal, annual instalments over a period of eight years which is their estimated useful economic life. Provision is made for any impairment.

##### *Fixed assets and depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% to 2.5% per annum
Short leasehold land and buildings	Term of lease
Plant and equipment	10% to 25% per annum
Motor vehicles, computers, office equipment fixtures and fittings	25% per annum

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

##### *Investments*

Fixed asset investments are shown at cost less provision for impairment.

##### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes materials (on a first in first out basis), direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

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**1 Accounting policies (continued)**

***Deferred taxation***

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

***Pension costs and other post retirement benefits***

The company offers pensions to substantially all employees through a defined benefit scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular costs are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

***Foreign currency***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

***Leases***

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

***Research and development expenditure***

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

***Finance costs***

Finance costs of debt and non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Where the finance costs for non-equity shares are not equal to the dividends on these instruments, the difference is also accounted for in the profit and loss account as an appropriation of profits.

***Turnover***

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales where applicable.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

**2 Turnover**

An analysis of turnover by geographical market is given below:

	<b>2004</b>	2003
	<b>£000</b>	£000
United Kingdom	<b>14,160</b>	13,051
Rest of World	<b>14,108</b>	14,265
	<u><b>28,268</b></u>	<u>27,316</u>

All turnover is attributable to the principal activity of the company.

**3 Loss on ordinary activities before taxation**

<b>2004</b>	2003
<b>£000</b>	£000

*Loss on ordinary activities before taxation is stated after charging/(crediting):*

Depreciation and amounts written off tangible assets:		
Owned	<b>328</b>	825
Held under finance leases and hire purchase contracts	<b>10</b>	22
Amortisation of patents and trademarks	<b>8</b>	12
Amortisation of goodwill	<b>90</b>	90
Profit on sale of fixed assets	<b>(7)</b>	(2)
Operating lease rentals – plant and machinery	<b>384</b>	461
Operating lease rentals - land and buildings	<b>762</b>	787
Auditors' remuneration - audit services	<b>91</b>	68
- non-audit services	<b>20</b>	10
Exceptional items (see below)	<b>-</b>	3,315
	<u><b>-</b></u>	<u>3,315</u>

**Exceptional items**

Exceptional costs in 2003 comprise the following in respect of the re-structuring of UK operations:

	2003
	£000
Redundancy costs	1,139
Amounts written off fixed assets	382
Provisions against current assets	644
Provision for property costs and termination of leases	423
Other restructuring costs	727
	<u>3,315</u>

The exceptional profit on sale of an operation amounting to £1,489,000, related to the disposal of the trade and assets of the Metaref division for consideration of £1,894,000.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

Notes forming part of the financial statements for the year ended 31 December 2004 (continued)

**3 Loss on ordinary activities before taxation (continued)**

**Discontinued operations**

The analysis between continuing and discontinued operations for the year ended 31 December 2003 is shown below. Activities discontinued in the year ended 31 December 2004 are shown as part of discontinued activities.

During 2003, the business and assets of the Metaref division were disposed of. During 2004, the business disposed of its Portables business in all locations.

	<b>Continuing 2003 £'000</b>	<b>Discontinued in 2003 £'000</b>	<b>Discontinued in 2004 £'000</b>	<b>2003 Total £'000</b>
Turnover	24,627	321	2,368	27,316
Cost of Sales	(18,280)	(236)	(1,851)	(20,367)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	6,347	85	517	6,949
Other operating expenses	(6,615)	-	(619)	(7,234)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating (loss)/profit	(268)	85	(102)	(285)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**4 Interest payable and similar charges**

	<b>2004 £000</b>	<b>2003 £000</b>
Finance charges payable in respect of finance leases and hire purchase contracts	2	4
On all other loans	<b>649</b>	290
On bank loans and overdrafts	-	87
Other interest received	-	(16)
	<hr/>	<hr/>
	<b>651</b>	365
	<hr/> <hr/>	<hr/> <hr/>

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year (analysed by category) was as follows:

	<b>2004</b>	2003
Production	<b>104</b>	152
Sales	<b>70</b>	74
Administration	<b>32</b>	39
	<b>206</b>	265

The aggregate payroll costs of these persons were as follows:

	<b>2004</b>	2003
	<b>£000</b>	£000
Wages and salaries	<b>5,724</b>	6467
Social security costs	<b>542</b>	566
Other pension costs (see note 19)	<b>676</b>	460
	<b>6,942</b>	7493

**6 Directors' remuneration**

	<b>2004</b>	2003
	<b>£000</b>	£000
Directors' emoluments	-	222
Company contributions to money purchase pension schemes	-	8
	-	230

The emoluments, excluding pension contributions, of the highest paid director were £nil (2003:£84,000), and pension contributions of £nil (2003:£1,000) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to the following numbers of directors under:

	<b>2004</b>	2003
	<b>£000</b>	£000
Money purchase schemes	-	2
Defined benefit schemes	-	1
	-	3

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

**7 Tax on loss on ordinary activities**

Analysis of charge for year:

	2004		2003	
	£'000	£'000	£'000	£'000
UK corporation tax	-		-	
Overseas tax	14		20	
Total current tax		<b>14</b>		<b>20</b>
Deferred tax		-		-
Tax on profit on ordinary activities		<b>14</b>		<b>20</b>

The company has an estimated deferred tax asset arising from losses amounting to £1,377,000 (2003: £1,592,000). These are available to relieve future profits. There is a net deferred tax asset of £1,748,000 at the balance sheet date (2003: £1,175,000).

The asset has not been recognised in the company's financial statements on the basis that the directors do not regard it as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

*Factors affecting the tax charge for the current period:*

The current tax charge for the year is at a rate higher than the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below.

	2004	2003
	£'000	£'000
Loss on ordinary activities before tax	<b>(693)</b>	(2,476)
Current tax at 30% (2003: 30%)	<b>(208)</b>	(743)
Effects of:		
Depreciation for the year in excess of capital allowances	<b>(30)</b>	(316)
Losses	<b>87</b>	-
Permanent differences	<b>49</b>	1,438
Other timing differences	<b>102</b>	(379)
Overseas tax paid	<b>14</b>	20
Total current tax charge (see above)	<b>14</b>	<b>20</b>



Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)

Notes forming part of the financial statements for the year ended 31 December 2004 (continued)

8 Intangible fixed assets

	Patents and trade marks £000	Goodwill £000	Total £000
<i>Cost</i>			
At beginning and end of year	96	1,802	1,898
<i>Amortisation</i>			
At beginning of year	88	748	836
Charge for the year	8	90	98
At end of year	96	838	934
<i>Net book value</i>			
At 31 December 2004	-	964	964
At 31 December 2003	8	1,054	1,062

The directors consider each acquisition separately for the purposes of determining the amortisation period of any goodwill that arises. The directors consider the useful economic life of these acquisitions is 20 years, and therefore goodwill is amortised over this period.

9 Tangible fixed assets

	Freehold property £000	Short leasehold £000	Plant and machinery £000	Total £000
<i>Cost</i>				
At beginning of year	2895	160	6,601	9656
Additions	-	-	174	174
Disposals	-	-	(776)	(776)
At end of year	2,895	160	5,999	9,054
<i>Depreciation</i>				
At beginning of year	564	134	5,746	6,444
Charge for year	46	9	283	338
Disposals	-	-	(646)	(646)
At end of year	610	143	5,383	6,136
<i>Net book value</i>				
At 31 December 2004	2,285	17	616	2,918
At 31 December 2003	2,331	26	855	3,212

Included in the total net book value of plant and machinery is £nil (2003:£10,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £10,000 (2003: £22,000).

Included within freehold property is £336,000 (2003: £336,000) of land which has not been depreciated.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

Notes forming part of the financial statements for the year ended 31 December 2004 (continued)

**10 Fixed asset investments**

	Shares in group undertakings £000	Other investments £000	Total £000
<b>Cost</b>			
At beginning and end of year	4,448	123	4,571

The principal subsidiary in which the company's interest at the year end is more than 20% is as follows. Non trading group companies are not included in this disclosure.

	Country of Incorporation	Principal Activity	Class of share	%
Matrasur Composites SAS	France	Engineering	Ordinary	100

**11 Stocks**

	2004 £000	2003 £000
Raw materials and consumables	29	78
Work in progress	545	771
Finished goods and goods for resale	2,684	2,899
	<u>3,258</u>	<u>3,748</u>

The director considers that there is no material difference between the replacement cost of stock and the values above.

**12 Debtors**

	2004 £000	2003 £000
Trade debtors	5,113	4,192
Amounts owed by group undertakings	10,609	10,471
Other debtors	162	44
Prepayments	480	527
	<u>16,364</u>	<u>15,234</u>

All debtors fall due within one year.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

**13 Creditors: amounts falling due within one year**

	<b>2004</b>	2003
	<b>£000</b>	£000
Trade creditors	<b>2,808</b>	2,915
Amounts owed to group undertakings	<b>2,722</b>	1,498
Other taxation and social security	<b>370</b>	241
Other creditors	<b>125</b>	175
Accruals	<b>664</b>	1,293
Other loans	<b>2,538</b>	248
Obligations under finance leases and hire purchase contracts	<b>8</b>	8
	<b>9,235</b>	6,378

Other loans consist of loans from GMAC Commercial Finance Plc, under the same terms as detailed in note 14 below.

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

	<b>2004</b>	2003
	<b>£000</b>	£000
Obligations under finance leases and hire purchase contracts	<b>4</b>	12
Other loans	<b>1,713</b>	2,080
Amounts owed to group undertakings	<b>15,018</b>	15,888
	<b>16,735</b>	17,980

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	<b>2004</b>	2003
	<b>£000</b>	£000
On demand or within one year	<b>4</b>	8
Between one and two years	<b>-</b>	12
	<b>4</b>	20

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

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

The maturity of obligations for other loans is as follows:

	<b>2004</b>	2003
	<b>£000</b>	£000
On demand or within one year	<b>2,538</b>	248
Between one and two years	<b>1,468</b>	1,468
Between two and five years	<b>245</b>	612
	<u><b>4,251</b></u>	<u>2,328</u>

Other loans due after more than one year, £1,713,000, consist of 7 year term loans from GMAC Commercial Finance Plc. Repayments are by equal instalments totalling £30,583 per month until August 2010.

Interest on term loans is charged at 2.25% over bank base rates. Interest on short term loans is charged at 2% over bank base rates.

Cross guarantees in favour of GMAC Commercial Finance Plc are in place between all Wheelabrator Group companies party to the agreement (see note 20).

Facilities are secured by a fixed charge over book debts (for short term finance) and in relation to all facilities by a fixed and floating charge over the assets of the company.

**15 Provisions for liabilities and charges**

	<b>Product warranties</b>
	<b>£000</b>
At 1 January 2004	295
Charged to profit and loss account	4
Utilised in year	(144)
<b>At 31 December 2004</b>	<u><b>155</b></u>

The provision for product warranties relates to expected warranty claims on products sold generally in the last twelve months. It is expected that most of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

Notes forming part of the financial statements for the year ended 31 December 2004 *(continued)*

**16 Called up share capital**

	<b>2004</b>	2003
	<b>£000</b>	£000
<i>Authorised, allotted, called up and fully paid</i>		
16,201 ordinary shares of £1 each	<b>16</b>	16
1,320,000 deferred shares of £1 each (non equity)	<b>1,320</b>	1,320
	<b>1,336</b>	1,336

*Voting and dividend rights*

The deferred shares do not have any voting rights and are not entitled to receive distributions.

*Priority on a winding up*

In the event of a winding up, the assets of the company will be distributed as follows:

- o firstly, the holders of the ordinary shares receive £10 per share.
- o secondly, the holders of the deferred shares receive the amount paid up on those shares.
- o finally, the balance of such assets is distributed to the holders of the ordinary shares.

**17 Share premium and reserves**

	<b>Share premium account £000</b>	<b>Other reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 January 2004	314	169	2,310	2,793
Loss for the year	-	-	(707)	(707)
<b>At 31 December 2004</b>	<b>314</b>	<b>169</b>	<b>1,603</b>	<b>2,086</b>

**18 Financial commitments**

There were capital commitments at 31 December 2004 of £110,000 (2003 – nil).

Annual commitments under non-cancellable operating leases are as follows:

	<b>2004</b>		2003	
	<b>Land and Buildings £000</b>	<b>Other £000</b>	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	<b>137</b>	<b>77</b>	45	36
Between two and five years	<b>33</b>	<b>194</b>	520	229
After five years	<b>180</b>	-	254	-
	<b>350</b>	<b>271</b>	819	265

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

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**19 Pension arrangements**

The company operates a funded defined benefit scheme for its employees. The assets of the schemes are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account and are determined by a qualified Actuary on the basis of triennial valuations using the Attained Age normal method. The most recent valuation was at 6 April 2004 and the assumptions that have the most significant effect on the results of the valuation are the rate of return on investments and the rates of increase in salaries and pensions.

It was assumed that investment returns would be 7.85% pre retirement and 5.25% pa post retirement, salary increases would average 3.8% and pensions coming into payment in respect of pension in excess of the GMP element would increase at the rate of 3.15%. The GMP element of pensions coming in to payment was assumed to increase at 3% in accordance with the scheme rules.

The market value of the scheme assets at the valuation date was £14,671,000 (previously £14,029,000). The actuarial value of these assets represented 87.3% of the benefits that had accrued to members after allowing for expected increases in earnings. The company is paying increased contributions to the scheme, calculated so that the deficit is expected to be removed over the future working lifetime of the active membership as at the valuation date.

The pension cost charge for the year for defined benefit schemes was £642,000 (2003: £426,000).

The company also operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £34,000 (2003: £71,000).

Contributions outstanding at the year end in respect of the scheme were £2,940 (2003: £13,000).

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", under FRS 17 "Retirement Benefits" the following transitional disclosures are required:

The valuation at 6 April 2004 has been updated by the actuary on an FRS 17 basis as at 31 December 2004.

The major assumptions used in this valuation were:

	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	2.75	3.00	2.25
Rate of increase in pensions in payment	2.75	3.00	2.25
Discount rate	5.25	5.40	5.40
Inflation assumption	2.75	3.00	2.25

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

**19 Pension arrangements (continued)**

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2004	Value at 2004 £000	Long term rate of return 2003	Value at 2003 £000	Long term rate of return 2002	Value at 2002 £000
Assets						
Equities	7.80%	8,059	8.25%	7,232	8.25%	6,247
Government stock	4.50%	7,982	4.84%	7,261	5.40%	6,519
Other – cash	4.50%	12	4.00%	2	4.00%	8
		16,053		14,495		12,774
Present value of scheme liabilities		(20,987)		(21,803)		(17,634)
Deficit in the scheme – Pension liability		(4,934)		(7,308)		(4,860)
Related deferred tax asset		1,480		2,192		1,458
Net pension liability		(3,454)		(5,116)		(3,402)

The amount of this net pension liability would have a consequential effect on reserves.

Movement in deficit during the year

	2004 £000	2003 £000
Deficit in scheme at beginning of year	(7,308)	(4,860)
Current service cost	(421)	(287)
Contributions paid	551	408
Other finance (costs)/income	(241)	(95)
Actuarial gain/(loss)	2,485	(2,474)
Deficit before tax in the scheme at end of year	(4,934)	(7,308)

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

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**19 Pension arrangements (continued)**

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(421)	(287)
Past service cost		-
	<u>(421)</u>	<u>(287)</u>

Analysis of amounts included in other finance (costs)/income

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	950	865
Interest on pension scheme liabilities	(1,191)	(960)
	<u>(241)</u>	<u>(95)</u>



**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

Notes forming part of the financial statements for the year ended 31 December 2004 (continued)

**19 Pension arrangements (continued)**

Analysis of amount recognised in statement of total recognised gains and losses				
	2004	2004	2003	2003
	%	£000	%	£000
Actual return less expected return on scheme assets		558		933
Percentage of year end scheme assets	3.5		6.4	
Experience gains and losses arising on scheme liabilities		1,974		(1,048)
Percentage of present value of year end scheme liabilities	9.4		4.8	
Changes in assumptions underlying the present value of scheme liabilities		(47)		(2,359)
Percentage of present value of year end scheme liabilities	0.2		10.8	
Actuarial gain/(loss) recognised in statement of total recognised gains and losses		2,485		(2,474)
Percentage of present value of year end scheme liabilities	11.8		11.3	

**20 Contingent liabilities**

Cross guarantees in favour of GMAC Commercial Finance Plc are in place between ISPC Group companies as guarantors to the agreement, including Wheelabrator Group Limited, Wheelabrator Group Deutschland GmbH and its subsidiary undertakings and ISPC EBE BV.

The company has given bank guarantees to customers in respect of advance payments and the performance of goods sold, amounting to £575,000 (2003: £637,000).

At the balance sheet date the sterling value of outstanding forward exchange contracts was £73,000.

A guarantee is in place for £40,000 in favour of Customs & Excise.

**Wheelabrator Group Limited (formerly ISPC Surface Preparation Limited)**

**Notes forming part of the financial statements for the year ended 31 December 2004 (continued)**

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**21 Ultimate controlling party and immediate controlling policy**

The smallest group in which the results of the company are consolidated is that headed by Surface Preparation (Gibraltar) Limited, a company incorporated in Gibraltar.

The largest group in which the results of the company are consolidated is that headed by W G global Inc (formerly known as international Surface Preparation Corporation) of 603 Park Point Drive, Suite 200, Golden, CO 80401, USA, a company incorporated in the USA.

**22 Post Balance Sheet Events**

In March 2005, following a re-organisation, the group disposed of its Portables business in all locations. The impact upon Wheelabrator Group Limited is disclosed in the profit and loss account, as detailed in note 3, as a discontinued activity in accordance with Financial Reporting Standard 3.

All loans and short term financing with GMAC Commercial Finance PLC were repaid on 23 September 2005, and charges on the book debts and the assets of the company were released.

On 4 October 2005, the group entered into an arrangement with the Bank of Scotland to provide loans and working capital finance. These facilities are secured by charges on the assets of the group and company.