

Wheelabrator Group Limited

Report and Financial Statements

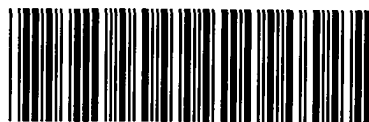
Year Ended

31 December 2013

Company Number 00033672

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Wheelabrator Group Limited

Report and financial statements
for the year ended 31 December 2013

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Directors

I B Bird
A J Matsuyama

Secretary and registered office

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

Company Number

00033672

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT

Wheelabrator Group Limited

Strategic report for the year ended 31 December 2013

The Financial Statement follows a revised format following the introduction of new Companies Act requirements to include a Strategic Report. This sets out the Company's aims and strategies whilst also highlighting those aspects of the Financial Statements that best reflect the company's progress and performance during the year.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Strategic Report is consistent with the financial statements. The auditor's report is set out on pages 4 and 5.

Business review

The company's turnover reduced to £29,747,000 from £34,392,000 last year, a reduction of 14%. This reflects continuing difficulties in the market for capital equipment, due to general uncertainty about long term economic prospects; spare parts, service and consumables, which are linked to current economic activity, continued to perform satisfactorily. Operating profit increased to £2,083,000 in 2013 from £1,151,000 in 2012, reflecting the benefits of the focus on cost reduction undertaken in previous years.

Principal risks and uncertainties

The principal risks facing the company arise from the levels of economic activity in its markets. Although the global market continues to be difficult, the company believes that the depth of its product range and the diversity of its export markets, supported by continuing development of its sales representation in those territories, will enable it to continue to meet the challenges of the future.

Trends and factors affecting future trading

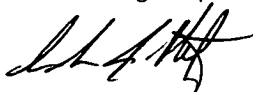
The company considers that key trend affecting the business will be the continued pressures on the European economy.

KPIs

The company measures its performance by monitoring margins achieved against an annual plan; capital equipment projects are also monitored individually against the estimates prepared at the time the order is accepted. A comprehensive reporting package, comparing actual performance to both budget and last year, is produced each month. This, along with a monthly rolling forecast, constitute the key performance indicators used within the business.

Approval

This strategic report was approved on behalf of the Board on 18 September 2014



A J Matsuyama

Director

Wheelabrator Group Limited

Report of the directors for the year ended 31 December 2013

The directors submit their report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

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

Dividends

The directors do not recommend payment of a dividend (2012 - £Nil).

Market value of land and buildings

In the opinion of the directors, the market value of the company's interest in land and buildings exceeds net book value by approximately £400,000 (2012 - £400,000).

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.

Directors

The directors who held office during the year were as follows:

I B Bird
A J Matsuyama

Wheelabrator Group Limited

Report of the directors for the year ended 31 December 2013 (*continued*)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- follow applicable UK Accounting Standards, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

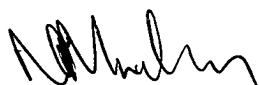
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members unless the members exercise their rights under Companies Act 2006 to prevent their re-appointment.

By order of the board

N C Moseley



Secretary

Date

18 September 2014

Wheelabrator Group Limited

Independent auditor's report

TO THE MEMBERS OF WHEELABRATOR GROUP LIMITED

We have audited the financial statements of Wheelabrator Group Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

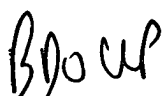
Wheelabrator Group Limited

Report of the independent auditors

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



*Philip Storer (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom*

25/09/14

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Wheelabrator Group Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	29,747	34,392
Cost of sales		(21,303)	(26,366)
Gross profit		8,444	8,026
Administrative expenses		(6,361)	(6,875)
Operating profit	3	2,083	1,151
Interest payable and similar charges	4	(248)	(480)
Interest receivable	4	1,086	199
Profit on ordinary activities before taxation		2,921	870
Taxation on profit on ordinary activities	6	(146)	417
Profit on ordinary activities after taxation	14	2,775	1,287

All amounts relate to continuing activities.

The notes on pages 9 to 24 form part of these financial statements.

Wheelabrator Group Limited

Statement of total recognised gains and losses for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year		2,775	1,287
Actuarial gain/(loss) on defined benefit pension scheme taken directly to reserves	17	497	(543)
Taxation (debit)/credit on pension liability movement taken directly to reserves	17	(99)	125
Effect of tax rate change on opening balance associated with the pension liability		(279)	(176)
Total recognised profits relating to the year		2,894	693

The notes on pages 9 to 24 form part of these financial statements.


Wheelabrator Group Limited

Balance sheet as at 31 December 2013

<i>Company number: 00033672</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Intangible assets	7		154		244
Tangible assets	8		535		645
			689		889
Current assets					
Stocks	9	1,621		1,611	
Debtors	10	32,617		32,188	
Cash at bank and in hand		2,852		3,306	
		37,090		37,105	
Creditors: amounts falling due within one year	11	(8,385)		(11,203)	
Net current assets			28,705		25,902
			29,394		26,791
Provisions for liabilities and charges	12		(33)		(51)
Net assets before pension liability			29,361		26,740
Pension liability	17		(6,881)		(7,154)
Net assets			22,480		19,586
Capital and reserves					
Called up share capital	13		1,374		1,374
Share premium account	14		17,919		17,919
Other reserve	14		169		169
Profit and loss account	14		3,018		124
Shareholders' funds	15		22,480		19,586

These financial statements were approved by the board and authorised for issue on

18 September 2014


 A J Matsuyama
 Director

The notes on pages 9 to 24 form part of these financial statements.

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013

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.

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

Group accounts

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that all of the voting rights in the company are controlled within the group headed by Norican Holdings ApS, a company incorporated in Denmark and the company's results are included in those consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about the group.

Cash flow statement

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 Norican Holdings ApS and the company's results are included in those consolidated financial statements.

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 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 building	-	2% to 2.5% per annum
Short leasehold land and buildings	-	Term of lease
Plant and equipment	-	10-25% per annum

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

Investments

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

Turnover

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

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

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.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related cost for that contract.

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 funded defined benefit scheme and a number of defined contribution schemes.

Contributions to defined contribution schemes are charged to profit and loss account in the year in which they become payable.

The assets of the defined benefit scheme are held separately from those of the company in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Further details in respect of these pension arrangements are shown in note 17. Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the statement of total recognised gains and losses in accordance with FRS 17 "Retirement benefits".

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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. The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and the results of the foreign operation are taken to the profit and loss account.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

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.

2 Turnover

An analysis of turnover by geographical market is given below:

	2013 £'000	2012 £'000
United Kingdom	14,305	16,710
Rest of World	15,442	17,682
	<u>29,747</u>	<u>34,392</u>

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

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

3 Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	111	227
Amortisation of goodwill	90	90
Operating lease rentals:		
- plant and machinery	262	283
- land and buildings	392	395
Auditors' remuneration - audit services		
- audit services	51	50
- taxation services	24	24
- other services	3	3
Defined contribution pension cost	32	23
Defined benefit pension cost (see note 17)	261	336
Directors' remuneration	-	-
Foreign exchange loss/(profit)	113	(62)
	113	(62)

The emoluments of the directors are paid by the ultimate parent company, Norican Holdings ApS, which makes no recharge to the company. They are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of directors. The total emoluments are included in the aggregate of directors emoluments disclosed in the financial statements of the parent company, Norican Holdings ApS.

4 Interest

	2013 £'000	2012 £'000
<i>Interest payable and similar charges</i>		
On bank loans and overdrafts	-	5
On intercompany loans	17	170
Other finance costs (see note 17)	231	305
	248	480
 <i>Interest receivable</i>		
	2013 £'000	2012 £'000
On intercompany loans	1,084	197
Bank interest	2	2
	1,086	199

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

5 Employees

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

	2013 Number	2012 Number
Production	64	66
Sales	36	38
Administration	23	22
	<u>123</u>	<u>126</u>

The aggregate payroll costs of employees were as follows:

	2013 £'000	2012 £'000
Wages and salaries	4,998	5,577
Social security costs	692	629
Other pension costs	293	359
	<u>5,983</u>	<u>6,565</u>

6 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax	-	-
Overseas tax	(104)	-
	<u>(104)</u>	<u>-</u>
<i>Deferred tax</i>		
Tax on FRS 17 adjustments	(39)	(14)
Recognition of deferred tax asset (see note 10)	(3)	431
	<u>(46)</u>	<u>417</u>
Taxation (charge)/credit on profit on ordinary activities	<u>(146)</u>	<u>417</u>

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013 *(continued)*

6 Tax on profit on ordinary activities *(continued)*

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	2,921	870
	679	213
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)		
Effects of:		
Expenses not deductible for tax purposes	26	39
Depreciation on assets not eligible for capital allowances	-	10
Transfer pricing adjustments	-	64
Capital allowances for the year in excess of depreciation	(50)	(22)
Other timing differences	(50)	(1)
Utilisation of tax losses brought forward	(46)	(131)
Group relief	(416)	(158)
FRS 17 adjustments	(39)	(14)
	104	-
Current tax charge for year		

There is an unprovided deferred tax asset of £Nil (2012 - £85,000) which is made up as follows:

	2013 £'000	2012 £'000
Accelerated capital allowances	-	-
Trading losses	-	85
Other short term timing differences	-	-
	-	85
	-	85

The deferred tax asset in the prior year has not been recognised in the company's financial statements on the basis that the directors do not expect the reversal of the underlying timing differences to occur in the foreseeable future.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

7 Intangible fixed assets

	Patents and trade marks £'000	Goodwill £'000	Total £'000
<i>Cost</i>			
At 1 January and 31 December 2013	96	1,108	1,204
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2013	96	864	960
Charge for the year	-	90	90
	<hr/>	<hr/>	<hr/>
At 31 December 2013	96	954	1,050
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2013	-	154	154
	<hr/>	<hr/>	<hr/>
At 31 December 2012	-	244	244
	<hr/>	<hr/>	<hr/>

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.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

8 Tangible fixed assets	Freehold property £'000	Short leasehold £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>				
At 1 January 2013	565	352	4,031	4,948
Additions	-	-	1	1
Disposals	-	-	(37)	(37)
Exchange adjustments	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	565	352	3,994	4,911
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2013	215	267	3,821	4,303
Charge for year	11	29	71	111
Disposals	-	-	(37)	(37)
Exchange adjustments	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	226	296	3,854	4,376
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2013	339	56	140	535
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	350	85	210	645
	<hr/>	<hr/>	<hr/>	<hr/>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

9 Stocks	2013 £'000	2012 £'000
Work in progress	213	137
Finished goods and goods for resale	1,408	1,474
	1,621	1,611

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

10 Debtors	2013 £'000	2012 £'000
Trade debtors	4,756	4,377
Amounts owed by group undertakings	26,840	25,912
Other debtors	268	267
Prepayments and accrued income	325	1,201
Deferred tax asset	428	431
	32,617	32,188

Other debtors include £239,000 (2012 - £243,000) in respect of cash deposits lodged with the group's bankers to secure bonds issued to customers on behalf of either the company or other group companies. These deposits are released to the company on expiry of the bond liabilities.

Prepayments and accrued income includes £Nil of amounts recoverable on long term contracts (2012 - £661,000).

The deferred tax asset of £428,000 is made up of £240,000 of accelerated capital allowances and £188,000 other short term timing differences. The deferred tax asset has been recognised in the current year on the basis that the directors expect the reversal of the underlying timing differences to occur in the foreseeable future.

11 Creditors: amounts falling due within one year	2013 £'000	2012 £'000
Trade creditors	1,709	2,000
Amounts owed to group undertakings	3,196	3,271
Taxation and social security	617	491
Accruals	2,863	5,441
	8,385	11,203

Amounts owed to group undertakings are unsecured and repayable on demand.

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

12 Provisions for liabilities and charges

	Product warranties £'000
At 1 January 2013	51
Charged to profit and loss account	33
Utilised in year	(51)
	<hr/>
At 31 December 2013	33
	<hr/>

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.

13 Called up share capital

	2013 Number	2013 £'000	2012 Number	2012 £'000
<i>Fully paid</i>				
Ordinary shares of £1 each	1,374,353	1,374	1,374,353	1,374
	<hr/>	<hr/>	<hr/>	<hr/>

14 Reserves

	Share premium account £'000	Other reserve £'000	Profit and loss account £'000
At 1 January 2013	17,919	169	124
Profit for the year	-	-	2,775
Actuarial gain on pension liability net of related taxation	-	-	119
	<hr/>	<hr/>	<hr/>
At 31 December 2013	17,919	169	3,018
	<hr/>	<hr/>	<hr/>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

15 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	2,775	1,287
Other net recognised gains and losses relating to the year	119	(594)
	2,894	693
Net increase in shareholders' funds	2,894	693
Opening shareholders' funds	19,586	18,893
	22,480	19,586
Closing shareholders' funds	22,480	19,586

16 Financial commitments

The company had no capital commitments at either 31 December 2013 or 2012.

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

	2013 Land and buildings £'000	2013 Other £'000	2012 Land and buildings £'000	2012 Other £'000
Operating leases which expire:				
Within one year	31	76	60	35
Between two and five years	221	111	228	184
After five years	-	-	-	-
	252	187	288	219
	252	187	288	219

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

17 Pensions

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £32,000 (2012 - £23,000).

No contributions were outstanding at the year end in respect of the schemes (2012 - £Nil).

The company also operates a funded defined benefit scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The most recent actuarial valuation of the scheme was at 6 April 2012 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. This valuation has been updated on an FRS 17 basis by the scheme actuary at 31 December 2013.

The market value of the scheme assets at the last valuation date (31 December 2013) was £28,431,000 (previously £26,817,000). The actuarial value of these assets represented 77% (2012 - 74%) 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 as at 6 April 2012 is expected to be removed over a period agreed between the company and the trustees.

Contributions paid into the scheme were £685,000 during the year (2012 - £698,000).

Reconciliation of present value of plan liabilities

	2013 £'000	2012 £'000
At 1 January 2013	36,108	32,995
Current service cost	261	336
Interest cost	1,574	1,607
Actuarial losses	478	2,376
Benefits paid	(1,541)	(1,351)
Employee contributions	152	145
	<hr/>	<hr/>
At 31 December 2013	37,032	36,108

Composition of plan liabilities

	2013 £'000	2012 £'000
Schemes wholly or partly funded	37,032	36,108

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

17 Pensions (continued)

Reconciliation of fair value of plan assets

	2013 £'000	2012 £'000
At the beginning of the year	26,817	24,190
Expected rate of return on plan assets	1,343	1,302
Actuarial gains/(losses)	975	1,833
Contributions by group	685	698
Benefits paid	(1,541)	(1,351)
Employee contributions	152	145
	<hr/>	<hr/>
At the end of the year	28,431	26,817
	<hr/>	<hr/>

The actual return on plan assets for the year ended 31 December 2013 was £2,318,000 (2012 - £3,135,000).

Market value of the scheme's 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 2013 £'000	Value at 2013 £'000	Long term rate of return 2012 £'000	Value at 2012 £'000
<u>Assets</u>				
Equities	7.70%	12,720	7.55%	11,142
Government stock	3.20%	4,066	2.30%	3,908
Corporate bonds	4.25%	10,909	3.60%	11,047
Other - cash	3.00%	2	1.85%	3
Value of insured pensions		734		717
		<hr/>		<hr/>
		28,431		26,817
		<hr/>		<hr/>

Wheelabrator Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

17 Pensions *(continued)*

Reconciliation to balance sheet and five year history

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of scheme liabilities	(37,032)	(36,108)	(32,995)	(29,643)	(27,747)
Fair value of scheme assets	28,431	26,817	24,190	24,145	21,668
Deficit in the scheme	<u>(8,601)</u>	<u>(9,291)</u>	<u>(8,805)</u>	<u>(5,498)</u>	<u>(6,079)</u>
Related deferred tax asset	1,720	2,137	2,202	1,484	1,702
Net pension liability	<u><u>(6,881)</u></u>	<u><u>(7,154)</u></u>	<u><u>(6,603)</u></u>	<u><u>(4,014)</u></u>	<u><u>(4,377)</u></u>

The movement in the deficit during the year was as follows:

	2013 £'000	2012 £'000
Deficit in scheme, net of tax, at beginning of year	(7,154)	(6,603)
Current service cost	(261)	(336)
Contributions paid	685	698
Other finance costs	(231)	(305)
Actuarial loss	497	(543)
Movement in deferred tax	(417)	(65)
Deficit net of tax in the scheme at end of year	<u>(6,881)</u>	<u>(7,154)</u>

Analysis of amounts included in other finance costs

	2013 £'000	2012 £'000
Expected return on pension scheme assets	(1,312)	(1,274)
Interest on pension scheme liabilities	1,556	1,584
Interest on insured annuities	(31)	(28)
Interest on service cost	18	23
	<u>231</u>	<u>305</u>

Other finance cost is included within 'interest payable' in the profit and loss account.

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

17 Pensions (continued)

The major assumptions used in this valuation were:

	2013 %	2012 %
Rate of increase in salaries	2.20	2.20
Rate of increase in pensions in payment	2.90	2.80
Discount rate	4.45	4.40
Inflation assumption (RPI)	3.40	3.20
Inflation assumption (CPI)	2.20	2.20
Expected rate of return on assets	5.68	5.09

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.

Analysis of amounts recognised in the statement of total recognised gains and losses

	2013 £'000	2012 £'000
Actual return less expected return on assets	975	1,833
Experience gains and losses arising on liabilities	(434)	(44)
Changes in assumptions underlying the present value of the scheme liabilities	(44)	(2,332)
	<u>497</u>	<u>(543)</u>

Analysis of amount recognised in statement of total recognised gains and losses:

	2013	2012	2011	2010	2009
Actual return less expected return on scheme assets (£'000)	974	1,833	(926)	1,389	2,339
Percentage of year end scheme assets	3.4%	6.8%	3.8%	5.8%	10.8%
Experience gains and losses arising on scheme liabilities (£'000)	(434)	(44)	(842)	(263)	325
Percentage of present value of year end scheme liabilities	1.1%	0.1%	2.6%	0.9%	1.2%
Actuarial loss/(gain) statement of total recognised gains and losses (£'000)	497	(543)	(3,475)	(17)	(1,376)
Percentage of present value of year end scheme liabilities	1.3%	1.5%	10.5%	0.1%	5.0%

The company's best estimate of the contributions expected to be paid in the year beginning 1 January 2014 is £667,515.

Wheelabrator Group Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

18 Contingent liabilities

The company has given bank guarantees to customers in respect of advance payments and the performance of goods sold, amounting to £1,247,000 (2012 - £3,112,000).

At the balance sheet date, there were no outstanding forward exchange contracts (2012 - £Nil). A guarantee is in place for £20,000 in favour of HM Revenue & Customs (2012 - £20,000).

Norican Group has loan and working capital facilities from its lenders amounting to €270m available for utilisation by participating group companies. At 31 December 2013 the utilisation of these facilities was €216.4m (2012 - €235.1m). The facility matures over the period from 31 December 2015 to 2017; repayments of €12m are expected to be made during 2014.

In common with other participating companies, the company has given a fixed and floating charge on its assets to secure these facilities.

19 Ultimate controlling party and immediate controlling party

The directors regard Norican Holdings ApS, which is registered in Denmark, as the ultimate parent company and the Emerging Europe Infrastructure Fund II L.P., registered in Guernsey, as the ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by Norican Holdings Aps, Hojager 8, DK - 2630, Taastrup, Denmark.

20 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions or balances with entities which form part of the group on the grounds that all of the voting rights in the company are controlled within the group headed by Norican Holdings ApS and the company is included in the consolidated financial statements. These can be obtained from the address given in note 19.