WRG Waste Services Limited

Directors' report and financial statements

Registered number 00988844

31 December 2009

Contents

Statutory information

Directors

P Taylor
VF Orts-Llopis
CJ Ellis
A Serrano Minchan

Joint Company Secretary

C Favier-Tilston
C De Feo

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Auditors

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Directors' report and business review

The Directors of WRG Waste Services Limited (the 'Company") present their report and audited financial statements for the year ended 31 December 2009

Overview of Parent Group

The Company is part of Waste Recycling Group Limited ("WRG') and is ultimately owned by Fomento de Construcciones y Contratas, S A ('FCC"), a significant multi-national business listed on the Spanish stock exchange, with operations in Europe, South America and the United States of America FCC s principal activities cover Environmental Services (including waste management), Non-Environmental Services, Construction, Cement, Renewable Energy and Real Estate

FCC's substantial financial strength and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts, this complements the Group's position as a principal player in the UK waste management sector and WRG s ambition to become a key player in establishing the next generation of waste treatment infrastructure in the UK FCC's current strategic plan has the objectives of consolidating and integrating the Group further into the wider FCC Group and investing in the continued development of services in the UK The Board of WRG continues to look forward to the opportunities that are presented to WRG and its employees by virtue of FCC s plans to expand its operations in the UK

The Board of WRG sees the development of major waste infrastructure and strategic long-term partnerships as key to WRG's future business growth and expects considerable activity and deployment of Group resources into major Private Finance Initiative ("PFI") and Public Private Partnership ("PPP") schemes, the development of innovative waste treatment solutions and provision of regional facilities such as the Allington Energy from Waste ("EfW") plant

The Board of WRG remains of the view that EfW will be a key component of regional waste strategies, in combination with other recycling and recovery operations Landfill disposal will gradually decline in importance due to the announcement that landfill tax will increase by £8 per tonne up to £72 per tonne in 2013 Other technical solutions such us Mechanical Biological Treatment ("MBT") processes producing Solid Recovered Fuel ("SRF') will find a place in the mix of solutions as power companies respond to the demand for energy from renewable services by constructing EfW plants accepting renewable fuels derived from waste and from biomass

Principal activity and business review

The principal activity of the Company during the year ended 31 December 2009 was handling, recycling and disposal of waste materials

The activities, strategies and risks affecting the Company are inextricably similar to, and dependent on, those of the Group which is one of the UK's leading waste management services companies in the UK and provides a range of cost effective and sustainable waste processing, recycling, treatment, disposal and energy recovery services for Local Authority and private commercial customers During the year under review, the Group received, treated, recycled and disposed of 9 8 million (2008 10 4 million) tonnes of household, commercial and industrial waste and managed around 200 permitted waste management facilities Through innovative solutions, backed by a commitment to service, WRG is committed to working with its Local Authority partners and industrial and commercial customers to respond to often complex and far-reaching waste management strategies, to meet the challenges of increased regulation from the UK and Europe, and improve upon waste management targets The Group is a key player within the municipal waste management sector, with over 100 municipal contracts across England, Wales and Scotland

At the end of 2009, WRG recognised the changes in the marketplace and responded by restructuring its business in order to bring it in line with new developments for waste and resource management, and in particular, the need to create more value from waste customers

Directors' report and business review (continued)

Principal Risks and Uncertainties

Operating in the UK's highly regulated waste management market gives rise to numerous risks and uncertainties for the Group and Company The Board of WRG on behalf of the Group has appointed a Risk Committee that actively monitors the key risks that impact the business including the compilation of a comprehensive risk register The Directors of WRG on behalf of the Group regard the following to be the principal risks and uncertainties affecting the Group that includes the Company and their approach to managing these risks and uncertainties is considered below

- Health and Safety Health and safety is a key issue for the Group due to the nature of its operations, including the use of heavy plant equipment and difficult working conditions The Group is continually improving in this area as a result of ongoing consultation with the relevant authorities and the monitoring of best practice initiatives Whenever an area is highlighted for improvement, the Group seeks to implement such improvement expeditiously, through bulletins, on-line training courses and tool-box briefings The Group's Incident Review Panel meets quarterly, at which senior management review significant health and safety incidents that have occurred at WRG sites to identify improvements and lessons for the business

  All employees undertake health and safety training, which is underpinned by detailed policies and procedures The Board of WRG on behalf of the Group receives regular reports on health and safety performance affecting the Group's operations and it employs a dedicated team, led by the Group Health and Safety Manager, to monitor and promote high standards All employees are expected to recognise their role in achieving acceptable standards of health and safety and are expected to exhibit this through their approach and attitude to work All employees are expected to complete on-line health and safety awareness training every eight weeks This has helped to continue to improve the Group's already high health and safety standards

- Environmental risks The Group's operations are tightly controlled under environmental legislation derived principally from the Environment Agency and Scottish Environment Protection Agency Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement The Directors of WRG on behalf of the Group receive regular reports on environmental compliance at the Group's sites and environmental compliance is managed by a dedicated in-house team The Group has adopted a formal environmental policy, which was reviewed in 2009 and there are detailed environmental procedures to enable compliance with environmental legislation

- Litigation The Group is subject to litigation from time to time The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected There is also a risk that litigation could be instigated in the future that could materially impact the Group In some liability cases legal expenses are covered by the Group's liability insurance This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team

- Major disruption/disaster The Group, as part of its risk management programme, has developed business continuity planning for its operations As part of this planning the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region), which are periodically tested for their effectiveness both internally and by external specialists The Significant Events Response Team is brought together to plan for or deal with any significant events that occur or could potentially occur WRG s IT systems are outsourced to a specialist IT services company and are covered by a disaster recovery plan, to ensure business continuity WRG is working on the development of a new business continuity plan under the control of WRG's Integrated Management System ('IMS") that will be designed around the British Standard 25999

Directors' report and business review (continued)

- The effect of new legislation on other regulatory activities The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations Some municipal contracts include provisions that allow the Group to pass through certain increased costs arising as a result of legislative changes that occur during the life of the contract
- Competitive risk The Group operates in highly competitive markets in which competitors may offer services at rates below that of the Group To mitigate this risk the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation In addition, the Group endeavours to enter into medium and long-term waste disposal contracts to guarantee revenues over the longer-term, particularly with its municipal customers
- Employees The loss of key employees or the inability to hire experienced management personnel could have a material adverse effect on the business To manage this risk, succession planning for senior positions within the Group is undertaken In addition, the ownership of the Group by FCC enables the Group to draw on wider resources from within the FCC Group

Directors

The Directors who served as directors of the Company during the year ended 31 December 2009 and up to the date of this report were as follows

P Taylor	(appointed 01 12 2009)
VF Orts-Llopis	(appointed 01 12 2009)
CJ Ellis	
A Serrano Minchan	(appointed 01 08 2009)
J Meredith	(resigned 27 11 2009)
LJD Cassells	(resigned 30 11 2009)

Results, dividends and key performance indicators

The results for the year ended 31 December 2009 are set out on page 9 The profit for the financial year ended 31 December 2009 amounted to £7,317,000 (2008 profit £6,024,000) The retained profit has been transferred (2008 transferred to reserves The Company did not pay an interim dividend during the year (2008 £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2008 £nil)

Waste Recycling Group Limited manages its operations on a divisional basis For this reason, the Company's Directors believe that the disclosure of further key performance indicators for the company is not appropriate for an understanding of the development, performance or position of the business

Going concern

The Directors, having assessed the responses of their enquiries to the indirect parent company, Waste Recycling Group Limited (WRG), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities The most important components of financial risk are interest rate risk, credit risk and liquidity risk Due to the nature of the Company s activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are liquidity and credit risk

Directors' report and business review (continued)

Credit and liquidity risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of the Waste Recycling Group Both credit and liquidity risk are mitigated by the nature of the debtor balances owed, and creditor balances owing, being mainly inter-company from and to fellow subsidiaries of Waste Recycling Group

Future trends and developments

The Directors of both the Company and WRG consider that the business of the Group faces some obvious challenges in today s business climate, but have taken steps to reduce costs whilst diverting greater resource to the development of alternative recycling and treatment technologies and to the support of new business developments in the municipal sector The development of the business will be subject to numerous factors and the impact of European Union Directives on recycling markets and waste treatment continues to shape the business going forward The Group plans to continue to work closely with its municipal and trade customers to become their partner of choice in developing long-term sustainable solutions for waste treatment and disposal

Directors Indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report Such provisions were made by the WRG

Employees

The professionalism and commitment shown by the Group and Company's employees over the last year, during which time many structural and organisational changes have continued to take place, has been a major contribution to its successful operation The Board would like to thank all employees for their hard work, commitment and loyalty during what has been another challenging and eventful year

The Group and Company are committed to ensuring that its policies and practices reflect best practice for the whole life-cycle of its employment relationship The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status The Group has a structured training and development programme and is fully committed to ensuring that all employees have the necessary skills and knowledge to do their jobs effectively Subject to the nature of its businesses in the waste management industry, the policy of the Group is to ensure that there are fair opportunities for the employment, career development and training of disabled persons

The Directors of WRG on behalf of the Group recognise the importance of communication with employees and members of the Executive management team regularly visit sites and discuss with staff, matters of current interest and concern to the business An in-house magazine is also published on a regular basis

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirms that

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company s auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006 (the Act)

Directors' report and business review (continued)

Auditors

During the year KPMG LLP resigned as auditors to the Company and were succeeded by Deloitte LLP ('Deloitte") Pursuant to Section 487 of the Act, Deloitte will be deemed to be reappointed as auditors until further notice

By order of the Board of Directors on 25 June 2010

C De Feo
Joint Company Secretary

Directors' responsibilities statement

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK 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 their profit or loss for that period In preparing the financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent 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 its financial statements comply with the Companies Act 2006 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

Under applicable law and regulations, the Directors are also responsible for preparing a Directors Report that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company s website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of WRG Waste Services Limited

We have audited the financial statements of WRG Waste Services Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB s) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 2009 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 matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Makhan Chahal

Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

5 July 2010

Profit and loss account

year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	2	**110,298**	122,017
Cost of sales		**(99,286)**	(107,316)
Gross profit		**11,012**	14,701
Administrative expenses		**(4,519)**	(6,082)
Operating profit		**6,493**	8,619
Net interest payable	5	**(1,309)**	(1,274)
Profit on ordinary activities before taxation	3	**5,184**	7,345
Tax on profit on ordinary activities	6	**2,133**	(1,321)
Profit for the financial year	13	**7,317**	6,024

All results in the year ended 31 December 2009 relate to continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2009 or previous financial period other than as stated in the profit and loss account Therefore, no separate statement of total recognised gains and losses has been presented

Balance sheet
at 31 December 2009

	Note	**2009**	2008
		£000	£000
Fixed assets			
Tangible assets	*7*	**29,083**	26,042
Current assets			
Debtors amounts falling due within one year	*8*	**209,888**	201,120
Debtors amounts falling due after more than one year	*9*	**7,010**	6,065
Total debtors		**216,898**	207,185
Cash at bank and in hand		**1**	1
		216,899	207,186
Creditors: amounts falling due within one year	*10*	**(174,544)**	(172,212)
Net current assets		**42,355**	34,974
Total assets less current liabilities		**71,438**	61,016
Provisions for liabilities	*11*	**(47,940)**	(44,835)
Net assets		**23,498**	16,181
Capital and reserves			
Called up share capital	*12*	**-**	-
Profit and loss account	*13*	**23,498**	16,181
Shareholders' funds	*14*	**23,498**	16,181

These financial statements for WRG Waste Services Limited (registered number 00988844) were approved by the board of Directors on 25 June 2010 and were signed on its behalf by

VF Orts-Llopis
Director

Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards

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

Accounting convention

The financial statements are prepared under the historical cost convention

Going concern

The Directors, having assessed the responses of their enquiries to the indirect parent company, Waste Recycling Group Limited ('WRG'), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements

Cash flow statement

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is an indirectly held wholly owned subsidiary of a group which has prepared a consolidated cash flow statement

Fixed assets and depreciation

Tangible fixed assets are shown at cost Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of assets as follows

Freehold buildings	- 25 to 50 years
Freehold landfill sites	- based on the void used in the year as a proportion of total void
Plant and machinery	- 3 to 10 years
Motor vehicles	- 4 years

Expenditure on freehold landfill sites and leasehold properties includes engineering costs Elements of these costs are classified according to their expected economic life and depreciated accordingly in proportion to the rate that waste is deposited All other assets are depreciated on a straight-line basis

Decommissioning and aftercare costs

Full provision has been made for the net present value ('NPV') of the Company's minimum unavoidable costs, in respect of decommissioning liabilities at the Company's landfill sites, which has been capitalised in tangible fixed assets The Company continues to provide for all aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs increase as waste is deposited

All long term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs Current cost estimates are inflated at 2 5 per cent and discounted at 5 per cent to calculate the NPV The effects of the unwinding of the discount element on existing provisions are reflected as a financial item

Turnover

Turnover is stated net of value added tax and trade discounts Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

Notes *(continued)*

1 Accounting policies *(continued)*

Post Retirement Benefits

The Company participates in a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded 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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

2 Turnover

All turnover was generated in the United Kingdom from the handling, recycling and disposal of waste materials

3 Profit on ordinary activities before taxation

	2008 **£000**	2008 £000
Profit on ordinary activities before taxation is stated after charging		
Increase/(decrease) in decommissioning and aftercare provisions on revision of estimate of future costs (note a)	**3,241**	(1,408)
Depreciation of tangible fixed assets - owned	**6,305**	7,214
Loss/(profit) on disposal of tangible fixed assets	**7**	(13)
Operating lease rentals – plant and machinery	**1,129**	1,451
Operating lease rentals – other	**44**	31

(a) Reassessment of the Company's obligation for decommissioning and aftercare costs in respect of landfill sites and the recognition of other specific liabilities

Auditors' remuneration in respect of audit fees totalling £4,000 has been met by Waste Recycling Limited, a fellow subsidiary undertaking of Waste Recycling Group Limited

Notes *(continued)*

4 Information regarding Directors and employees

None of the Directors received any remuneration or benefits in respect of services to the Company during the year *(2008 £nil)* They are all remunerated as directors or employees of Waste Recycling Group Limited, the indirect parent company of the Company

	2009	2008
	£000	£000
Staff costs including Directors' emoluments		
Wages and salaries	**3,012**	3,617
Social security costs	**320**	408
Other pension costs	**59**	68
	3,391	4,093
	No	No
Average number employed (including Directors) during the year was:	**93**	110

5 Net interest payable

	2009	2008
	£000	£000
Interest receivable and similar income		
Other interest receivable	**-**	10
Interest payable and similar charges		
Unwinding of discount (note 11)	**(1,309)**	(1,284)
Net interest payable	**(1,309)**	(1 274)

6 Taxation

	2009	2008
	£000	£000
UK Corporation tax		
United Kingdom corporation tax at 28% (*2008* 28 5%) based on profits for the year	**-**	-
Adjustment in respect of prior years	**(2,133)**	1,321
	(2,133)	1,321

Notes *(continued)*

6 Taxation *(continued)*

The total current tax charge for both the current and previous year is different from the average rate of 28% (*2008 28 5%*) for the reasons set out in the following reconciliation

	2009 £000	2008 £000
Profit on ordinary activities before tax	**5,184**	7,345
Tax on profit on ordinary activities at standard rate	**1,451**	2,093
Factors affecting charge		
Expenses not deductible for tax purposes	-	(4)
Depreciation in excess of capital allowances	**1,837**	1,936
Decrease in general provisions	**(1,032)**	(1,118)
Group relief	**(1,114)**	(613)
Site preparation relief	**(1,142)**	(2,294)
Adjustment in respect of prior years	**(2,133)**	1,321
	(2,133)	1,321

7 Tangible fixed assets

	Landfill sites £000	Land and buildings £000	Plant and machinery £000	Motor Vehicles £000	Total £000
Cost					
At 1 January 2009	48,522	7,001	14,728	352	70,603
Additions	6,095	(34)	672	9	6,742
Disposals	(81)	-	-	-	(81)
Transfers between group companies/reclassifications	-	2,683	2	-	2,685
At 31 December 2009	54,536	9,650	15,402	361	79,949
Depreciation					
At 1 January 2009	30,065	3,403	10,746	347	44,561
Charge for the year	4,996	469	835	5	6,305
At 31 December 2009	35,061	3,872	11,581	352	50,866
Net book value					
At 31 December 2009	**19,475**	**5,778**	**3,821**	**9**	**29,083**
At 31 December 2008	18,457	3,598	3,982	5	26,042

Notes *(continued)*

8 Debtors: amounts due within one year

	2009 £000	2008 £000
Trade debtors	**1,683**	1,393
Amounts due from fellow subsidiary undertakings	**208,189**	199,586
Other debtors	**16**	141
	209,888	201,120

9 Debtors: amounts due after more than one year

	2009 £000	2008 £000
Amounts prepaid to fellow group undertaking	**7,010**	6,065

10 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**1,184**	1,354
Amounts owed to fellow subsidiary undertakings	**171,126**	167,227
Other creditors	**1**	1
Corporation tax – group relief due to fellow subsidiary undertakings	**-**	2,340
Accruals	**2,233**	1,290
	174,544	172,212

11 Provisions for liabilities

	Other provisions £000	Decommissioning £000	Landfill aftercare £000	Total £000
At 1 January 2009	21,869	6,065	16,901	44,835
Charged / (credited) to profit and loss account	2,757	(954)	839	2,642
New provisions capitalised in tangible fixed assets	3,322	1,770	-	5,092
Unwinding of discount (note 5)	248	186	875	1,309
Expended in year	(5,728)	(58)	(152)	(5,938)
At 31 December 2009	**22,468**	**7,009**	**18,463**	**47,940**

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period These provisions are discounted at a rate of 5% from the date on which the expenditure is expected to occur These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit

Notes *(continued)*

11 Provisions for liabilities and charges *(continued)*

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site

Deferred taxation

	Provided		**Unprovided**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Capital allowances in excess of depreciation	**438**	221	**(284)**	-
Short term timing differences	**(438)**	(221)	**(3,174)**	(3,923)
	-	-	**(3,458)**	(3,923)

The Company has unprovided deferred tax assets as there is insufficient certainty as to whether events will materialise to crystallise the deferred tax

12 Called up share capital

	2009	2008
	£	£
Authorised, called up, allotted and fully paid		
100 ordinary shares of £1 each	**100**	100

13 Reserves

	Profit and loss account
	£000
At 1 January 2009	16,181
Profit for the financial year	7,317
At 31 December 2009	**23,498**

14 Reconciliation of movement in shareholders' funds

	2009	2008
	£000	£000
Profit for the financial year	**7,317**	6,024
Net additions to shareholders funds	**7,317**	6,024
Opening shareholders funds	**16,181**	10,157
Closing shareholders funds	**23,498**	16,181

Notes *(continued)*

15 Contingent liabilities

a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group It is not practical to estimate the value of the contingent liability at 31 December 2009

b) On 21 December 2006, the Company was a party to the refinancing of Azincourt Investment, SL ('Azincourt") and its subsidiary companies Azincourt was the company used by Fomento de Construcciones y Contratas, S A for the acquisition of Waste Recycling Group Limited and its subsidiary undertakings, including the Company Under the re-financing, the Company acceded to the Facility Agreement as obligor and granted security by way a fixed charge over the shares of the Company and all related distribution rights and a floating charge over its present and future business, undertaking and assets The Company also agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of Waste Recycling Group Limited The Company also entered in to a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour It is not practical to estimate the value of the contingent liability at 31 December 2009

c) On 27 September 2006, the Company together with several other Group companies, entered into a Letter of Credit Facility for £50 million with The Royal Bank of Scotland plc, allowing it to have performance bonds and letters of credit issued on its behalf necessary for the business of the Company At 31 December 2009 bonds and letters of credit to the value of £2,367k were in issue in respect of the Company under this facility

16 Operating lease commitments

At 31 December 2009, the Company had annual commitments under non-cancellable operating leases as follows

	Plant and machinery	
	2009	2008
	£000	£000
Which expire		
Within one year	**7**	4
In two to five years	**-**	9
	7	13

17 Employee benefits

The Company participates in the defined contribution schemes operated by Waste Recycling Group Limited on behalf of its eligible employees The assets of these schemes are held separately from those of the Company in independently administered funds

The contributions made by the Company during the year were as follows

	2009	2008
	£000	£000
Defined contribution scheme	**59**	68

Notes *(continued)*

17 Employee benefits *(continued)*

The following disclosures relate to the Group defined benefit scheme

Certain employees of the Group are members of the Citrus (formerly LAWDC) funded defined benefit pension scheme in which the Group is a participating employer The year end liability is as follows

	2009	2008
	£000	£000
Present value of funded defined benefit obligations	**(32,145)**	(25,195)
Fair value of plan assets	**28,118**	23,344
Benefit liability	**(4,027)**	(1,851)

Movements in the fair value of plan assets are as follows

	2009	2008
	£000	£000
At 1 January	**23,344**	28,225
Expected return on plan assets	**1,400**	1,881
Actuarial gains / (losses)	**2,781**	(7,389)
Contributions by employer	**1,219**	1,187
Contributions by members	**171**	194
Benefits paid	**(797)**	(754)
At 31 December	**28,118**	23,344

Movements in the present value of the defined benefit obligation are as follows

	2009	2008
	£000	£000
At 1 January	**25,195**	28,765
Current service cost	**528**	406
Interest cost	**1,516**	1,611
Contributions by members	**171**	194
Past service cost	**252**	168
Actuarial losses / (gains)	**5,280**	(5,195)
Benefits paid	**(797)**	(754)
At 31 December	**32,145**	25,195

Notes *(continued)*

17 Employee benefits *(continued)*

Expense recognised in the consolidated income statement

	2009 £000	2008 £000
Current service cost	**528**	406
Past service cost	**252**	168
Interest on defined benefit obligations	**1,516**	1,611
Expected return on pension scheme assets	**(1,400)**	(1,881)
Net benefit expenses	**896**	304

The expense is recognised in the following line items in the consolidated income statement

	2009 £000	2008 £000
Cost of sales	**374**	237
Administrative expenses	**406**	337
Finance costs	**1,516**	1,611
Finance income	**(1,400)**	(1,881)
Net benefit expense	**896**	304

Amount recognised in the consolidated statement of comprehensive income and expense

	2009 £000	2008 £000
Actual return less expected return on assets	**2,781**	(7,389)
Changes in assumptions	**(5,280)**	5,195
Actuarial loss	**(2,499)**	(2,194)

At 31 December 2009, the cumulative amount of actuarial losses recognised in the statement of comprehensive income and expense since 2005 (the earliest date at which figures prepared under IFRS are available) was £3,251,000

The fair value of the plan assets and the return on those assets were as follows

	2009	2009 £000	2008	2008 £000
Equities	**65%**	**18,277**	65%	15,174
Corporate bonds	**35%**	**9,841**	35%	8,170
		28,118		23,344
Actual return on plan assets		**4,181**		(5,508)

Notes *(continued)*

17 Employee benefits *(continued)*

The principal assumptions used in determining pension and post-employment benefit obligations for the Group's plans are shown below

	2009	2008
Weighted average assumptions used to determine benefit obligations		
Discount rate	**5.70%**	6 00%
Rate of inflation	**3.50%**	3 00%
Weighted average assumptions used to determine net pension cost		
Discount rate	**6.00%**	5 60%
Expected long-term return on plan assets	**6 00%**	6 66%
Rate of inflation	**3 00%**	3 40%

The expected rate of return on plan assets is based on market expectations at the beginning of the period, for investment returns over the entire life of the related obligation

The life expectancy assumed in the calculations are based on the PA92(YOB) table +0 5/+1 5 years for non-manual / manual members respectively (2008 PA92(YOB)+1/+2 years) Life expectancy assumptions for members from age 65 are set out below

	2009		2008	
	Non-manual	**Manual**	Non-manual	Manual
Male member aged 45 from age 65	22 0	21 1	21 4 years	20 5 years
Retired male member aged 65	20 9	20 0	20 3 years	19 4 years

Employer contributions to the Citrus (formerly LAWDC) scheme in 2010 are expected to be £945,000

History of plan

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	**(32,145)**	(25,195)	(28,765)	(30,361)	(28,037)
Fair value of plan assets	**28,118**	23,344	28,225	27,135	22,853
Deficit	**(4,027)**	(1,851)	(540)	(3,226)	(5,184)

Experience adjustments

	2009	2008	2007	2006	2005
	£000	£000	£000	£000	£000
Experience adjustments on plan liabilities	**(2%)**	-	3%	-	-
Experience adjustments on plan assets	**10%**	(32%)	(3%)	3%	11%

18 Related party transactions

In the ordinary course of business, the Company traded with fellow wholly owned subsidiaries of Waste Recycling Group Limited

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of these transactions

Notes *(continued)*

19 Ultimate parent company

The Directors regard Fomento de Construcciones y Contratas, S A , a company registered in Spain, as the ultimate controlling party and the ultimate parent entity

Fomento de Construcciones y Contratas, S A is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up Waste Recycling Group Limited is the parent company of the smallest group of which the Company is a member and for which group accounts are drawn up Copies of the financial statements of both Waste Recycling Group Limited and Fomento de Construcciones y Contratas, S A are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG