

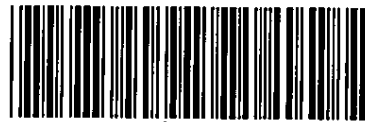
# Wheelabrator Group Limited

Report and Financial Statements

Year Ended

31 December 2008

FRIDAY



\*ACIX1EJZ\*

A94

30/10/2009

161

COMPANIES HOUSE

# Wheelabrator Group Limited

Annual report and financial statements  
for the year ended 31 December 2008

---

## Contents

### Page

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Notes forming part of the financial statements

---

## 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

33672

## Auditors

BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

# Wheelabrator Group Limited

## Report of the directors for the year ended 31 December 2008

---

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2008.

### 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 increased to £37,307,000 from £35,546,000 in 2007, a rise of 5%. As shown in note 2 to the accounts, business increased in both the UK and export markets.

Operating profit for the year was £931,000 compared to £399,000 in 2007. In addition, non-operating profits of £939,000 were generated from the disposal of freehold property and the company's remaining interest in a Chinese Joint Venture.

However, the company's pension scheme liabilities increased by £2,778,000 in the year.

The principal risks facing the company arise from the levels of economic activity in its markets. During 2009, the company has experienced a significant reduction in demand for its products, as a consequence of the global recession, and has taken action to address this by a programme of redundancies and other cost control measures. Whilst the UK 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.

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.

### Dividends

The directors do not recommend payment of a dividend (2007 - £nil).

### Directors

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

I B Bird  
A J Matsuyama

### 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 £250,000 (2007: £1,200,000 before the disposal referred to in the business review).

# Wheelabrator Group Limited

## Report of the directors for the year ended 31 December 2008

---

### 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 2008 the average number of days trade creditors was 32 (2007 - 38).

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 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.

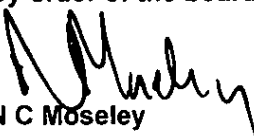
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all of 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.

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

By order of the board

  
N C Moseley  
Secretary

Date 23 OCTOBER 2009

# Wheelabrator Group Limited

## Report of the independent auditors

---

### To the shareholders of Wheelabrator Group Limited

We have audited the financial statements of Wheelabrator Group Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Wheelabrator Group Limited

## Report of the independent auditors

---

### *Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO W

**BDO LLP**

*Chartered Accountants  
and Registered Auditors*

Manchester  
United Kingdom

Date 30/10/09

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 2008

	Note	2008 £'000	2007 £'000
<b>Turnover</b>	2	37,307	35,546
Cost of sales		(27,995)	(27,120)
<b>Gross profit</b>		<u>9,312</u>	<u>8,426</u>
Administrative expenses		(8,381)	(8,027)
<b>Operating profit</b>	3	<u>931</u>	<u>399</u>
Profit on disposal of tangible fixed assets		719	5
Profit on disposal of fixed asset investments		220	3,807
<b>Profit on ordinary activities before interest and taxation</b>		<u>1,870</u>	<u>4,211</u>
Interest payable and similar charges	4	(383)	(628)
Interest receivable		238	51
<b>Profit on ordinary activities before taxation</b>		<u>1,725</u>	<u>3,634</u>
Taxation charge on profit on ordinary activities	6	(101)	(83)
<b>Profit on ordinary activities after taxation</b>	16	<u>1,624</u>	<u>3,551</u>

All amounts relate to continuing activities.

The notes on pages 8 to 22 form part of these financial statements.

# Wheelabrator Group Limited

## Statement of total recognised gains and losses for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Profit for the financial year		1,624	3,551
Actuarial (loss)/gain on defined benefit pension scheme taken directly to reserves	19	(4,218)	1,598
Taxation credit/(charge) on pension liability movement taken directly to reserves	19	1,182	(504)
Total recognised (losses)/gains relating to the year		<u>(1,412)</u>	<u>4,645</u>

The notes on pages 8 to 22 form part of these financial statements



# Wheelabrator Group Limited

Balance sheet at 31 December 2008

Company number 33672

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Fixed assets</b>					
Intangible assets	7		604		694
Tangible assets	8		1,603		3,055
Investments	9		2,861		2,922
			<u>5,068</u>		<u>6,671</u>
<b>Current assets</b>					
Stocks	10	2,210		2,201	
Debtors	11	33,002		29,908	
Cash at bank and in hand		2,217		2,696	
		<u>37,429</u>		<u>34,805</u>	
<b>Creditors: amounts falling due within one year</b>	12	(14,326)		(13,448)	
<b>Net current assets</b>			<u>23,103</u>		<u>21,357</u>
			<u>28,171</u>		<u>28,028</u>
<b>Creditors: amounts falling due after one year</b>	13	(2,804)		(3,906)	
<b>Provisions for liabilities and charges</b>	14	(145)		(266)	
			<u>(2,949)</u>		<u>(4,172)</u>
<b>Net assets before pension liability</b>			<u>25,222</u>		<u>23,856</u>
<b>Pension liability</b>	19		(3,423)		(645)
<b>Net assets</b>			<u>21,799</u>		<u>23,211</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,374		1,374
Share premium account	16		17,919		17,919
Other reserve	16		169		169
Profit and loss account	16		2,337		3,749
<b>Shareholders' funds</b>	17		<u>21,799</u>		<u>23,211</u>

These financial statements were approved by the board and authorised for issue on 23 OCTOBER 2009.



A J Matsuyama  
Director

The notes on pages 8 to 22 form part of these financial statements

# Wheelabrator Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2008

### 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 s228 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Hamlet Holding I ApS 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 Hamlet Holding I 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 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.

# Wheelabrator Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2008 (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.

#### *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 19. 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 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.

# Wheelabrator Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (continued)

## 1 Accounting policies (continued)

### *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 customers at invoiced amounts less value added tax or local taxes on sales where applicable.

## 2 Turnover

An analysis of turnover by geographical market is given below:

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
United Kingdom	18,519	17,577
Rest of World	18,788	17,969
	<u>37,307</u>	<u>35,546</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 2008 (continued)

## 3 Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging/(crediting):		
Depreciation amounts written off tangible assets	330	240
Amortisation of goodwill	90	90
Operating lease rentals - plant and machinery	296	294
Operating lease rentals - land and buildings	486	388
Auditors' remuneration - audit services	50	70
Auditors' remuneration - taxation services	48	32
Defined contribution pension cost	26	26
Defined benefit pension cost (see note 19)	299	309
Directors' remuneration	-	-
Rent received	(47)	(79)
Foreign exchange loss	1,311	1,600
	1,311	1,600

Directors' remuneration is borne by the ultimate parent company.

## 4 Interest payable and similar charges

	2008 £'000	2007 £'000
On bank loans and overdrafts	141	84
On all other loans	213	544
Other finance costs (see note 19)	29	-
	383	628

## 5 Employees

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

	2008 number	2007 number
Production	87	93
Sales	60	57
Administration	25	26
	172	176

# Wheelabrator Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*continued*)

## 5 Employees (*continued*)

The aggregate payroll costs of employees were as follows:

	2008 £'000	2007 £'000
Wages and salaries	5,841	5,286
Social security costs	482	515
Other pension costs	325	335
	<u>6,648</u>	<u>6,136</u>

## 6 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
<i>Current tax</i>		
Overseas tax	-	15
<i>Deferred tax</i>		
Tax on FRS 17 adjustments	(101)	(98)
Taxation on profit on ordinary activities	<u>(101)</u>	<u>(83)</u>

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

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	<u>1,725</u>	<u>3,634</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	492	1,089
Effects of:		
Expenses not deductible for tax purposes	61	65
Exempt profit on disposal of shares in related companies	(63)	(1,142)
Exempt profit on disposal of tangible fixed assets	(204)	-
Imputed interest	-	138
Capital allowances for the year in excess of depreciation	(23)	(93)
Other timing differences	160	144
Overseas tax paid	-	(15)
Utilisation of tax losses brought forward	(90)	(228)
Non trading losses arising in the year	-	138
FRS 17 adjustments	(320)	(104)
Movement in provisions	(13)	(7)
Current tax charge for year	<u>-</u>	<u>(15)</u>

# Wheelabrator Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2008 *(continued)*

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

There is an unprovided deferred tax asset of £919,000 (2007 £972,000) which is made up as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	200	19
Trading losses	546	125
Other short term timing differences	173	828
	919	972
	919	972

The deferred tax asset 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.

### 7 Intangible fixed assets

	Patents and Trade marks £'000	Goodwill £'000	Total £'000
<i>Cost</i>			
At beginning and end of year	96	1,108	1,204
	96	1,108	1,204
<i>Amortisation</i>			
At beginning of year	96	414	510
Charge for the year	-	90	90
At end of year	96	504	600
	96	504	600
<i>Net book value</i>			
At 31 December 2008	-	604	604
	-	604	604
At 31 December 2007	-	694	694
	-	694	694
	-	694	694

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 2008 (continued)

## 8 Tangible fixed assets

	Freehold Property £'000	Leasehold £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>				
At beginning of year	2,437	402	4,913	7,752
Additions	-	-	300	300
Disposals	(1,872)	-	(1,138)	(3,010)
Currency revaluation	-	26	37	63
At end of year	<u>565</u>	<u>428</u>	<u>4,112</u>	<u>5,105</u>
<i>Depreciation</i>				
At beginning of year	573	158	3,966	4,697
Charge for year	27	39	264	330
Disposals	(430)	-	(1,138)	(1,568)
Currency revaluation	-	22	21	43
At end of year	<u>170</u>	<u>219</u>	<u>3,113</u>	<u>3,502</u>
<i>Net book value</i>				
At 31 December 2008	<u>395</u>	<u>209</u>	<u>999</u>	<u>1,603</u>
At 31 December 2007	<u>1,864</u>	<u>244</u>	<u>947</u>	<u>3,055</u>

At 1 January 2008 freehold property included £186,000 of land which had not been depreciated. This was disposed of during the year.

## 9 Fixed asset investments

	Shares in Group Undertakings £'000	Other investments £'000	Total £'000
<i>Cost</i>			
At beginning of year	2,861	61	2,922
Disposals	-	(61)	(61)
At end of year	<u>2,861</u>	<u>-</u>	<u>2,861</u>



# Wheelabrator Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (continued)

## 9 Fixed asset investments (continued)

The investments in group undertakings are shares held in dormant companies incorporated in the United Kingdom that have not traded. Wheelabrator Group Limited holds 100% of the ordinary share capital of these companies.

The company disposed of its investment in a Chinese joint venture during the year.

## 10 Stocks

	2008 £'000	2007 £'000
Work in progress	450	353
Finished goods and goods for resale	1,760	1,848
	<u>2,210</u>	<u>2,201</u>

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

## 11 Debtors

	2008 £'000	2007 £'000
Trade debtors	6,714	6,977
Amounts owed by group undertakings	15,346	22,587
Other debtors	10,455	51
Prepayments	487	293
	<u>33,002</u>	<u>29,908</u>

Other debtors include £10,262,000 (2007: £nil) 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.

# Wheelabrator Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 *(continued)*

## 12 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	2,472	2,972
Amounts owed to group undertakings	8,854	7,395
Taxation and social security	431	413
Other creditors	39	22
Accruals	2,530	2,646
	14,326	13,448

Amounts owed to group undertakings are unsecured and repayable on demand

## 13 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	2,804	3,906
	2,804	3,906

## 14 Provisions for liabilities and charges

	Restructuring Provision £'000	Product warranties £'000	Total £'000
At 1 January 2008	171	95	266
Charged to profit and loss account	-	112	112
Utilised in year	(166)	(67)	(233)
At 31 December 2008	5	140	145

The provision for restructuring relates to redundancy costs. This expenditure will be incurred within the next financial year.

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

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*continued*)

## 15 Called up share capital

	2008		2007	
	No	£'000	No	£'000
<b>Authorised</b>				
Ordinary shares of £1 each	1,386,201	1,386	1,386,201	1,386
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	1,374,353	1,374	1,374,353	1,374
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 16 Reserves

	Share Premium Account £'000	Other reserve £'000	Profit and loss account £'000
At 1 January 2008	17,919	169	3,749
Profit for the year	-	-	1,624
Actuarial loss on pension liability net of related taxation	-	-	(3,036)
At 31 December 2008	<u>17,919</u>	<u>169</u>	<u>2,337</u>

# Wheelabrator Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*continued*)

## 17 Reconciliation of movements in shareholders' funds

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Profit for the financial year	1,624	3,551
Other net recognised gains and losses relating to the year	(3,036)	1,094
Issue of shares	-	12,678
Net (reduction)/addition to shareholders' funds	<u>(1,412)</u>	<u>17,323</u>
Opening shareholders' funds	23,211	5,888
Closing shareholders' funds	<u><u>21,799</u></u>	<u><u>23,211</u></u>

## 18 Financial commitments

At 31 December 2008 the company had capital commitments of £50,000 (2007: £53,000).

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

	<b>2008</b>		<b>2007</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
Operating leases which expire:				
Within one year	104	28	-	52
Between two and five years	262	200	144	148
After five years	170	-	244	-
	<u>536</u>	<u>228</u>	<u>388</u>	<u>200</u>
	<u><u>536</u></u>	<u><u>228</u></u>	<u><u>388</u></u>	<u><u>200</u></u>

# Wheelabrator Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2008 (continued)

### 19 Pensions

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £26,000 (2007 - £26,000).

No contributions were outstanding at the year end in respect of the schemes (2007 - £1,183).

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 2007 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 2008.

The market value of the scheme assets at the last valuation date (31 December 2008) was £18,324,000 (previously £21,351,000). The actuarial value of these assets represented 80% (2007 - 96.0%) 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.

Contributions paid into the scheme were £687,000 during the year (2007 - £640,000).

#### *Reconciliation of present value of plan liabilities*

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
At the beginning of the year	22,533	23,392
Current service cost	299	309
Interest cost	1,339	1,231
Actuarial losses/(gains)	(19)	(1,722)
Benefits paid	(975)	(866)
Employee contributions	176	189
	<hr/>	<hr/>
At the end of the year	23,353	22,533
	<hr/> <hr/>	<hr/> <hr/>

#### *Composition of plan liabilities*

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Schemes wholly or partly funded	23,353	22,533
	<hr/> <hr/>	<hr/> <hr/>

#### *Reconciliation of fair value of plan assets*

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
At the beginning of the year	21,638	20,552
Expected rate of return on plan assets	1,310	1,249
Actuarial gains/(losses)	(4,237)	(125)
Contributions by group	687	640
Benefits paid	(975)	(866)
Employee contributions	176	188
	<hr/>	<hr/>
At the end of the year	18,599	21,638
	<hr/> <hr/>	<hr/> <hr/>

# Wheelabrator Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (continued)

## 19 Pensions (continued)

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 2008	Value at 2008 £'000	Long term rate of return 2007	Value at 2007 £'000
<b>Assets</b>					
Equities		7.24%	7,539	7.27%	10,319
Government stock		3.74%	4,970	4.55%	7,858
Corporate bonds		6.19%	5,796	5.95%	3,133
Other – cash		2.00%	19	5.40%	41
			18,324		21,351
			18,324		21,351
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities	(23,353)	(22,533)	(23,086)	(23,558)	(20,987)
Fair value of scheme assets	18,599	21,638	20,246	18,745	16,053
Deficit in the scheme	(4,754)	(895)	(2,840)	(4,813)	(4,934)
Related deferred tax asset (28%)	1,331	250	852	1,444	1,481
Net pension liability	(3,423)	(645)	(1,988)	(3,369)	(3,453)

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

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme, net of tax, at beginning of year	(645)	(1,988)
Current and past service cost (see below)	(299)	(309)
Contributions paid	687	638
Other finance (costs)/income	(29)	18
Actuarial (loss)/gain	(4,218)	1,598
Movement in deferred tax	1,081	(602)
Deficit net of tax in the scheme at end of year	(3,423)	(645)

# Wheelabrator Group Limited

**Notes forming part of the financial statements  
for the year ended 31 December 2008 (continued)**

## 19 Pensions (continued)

Analysis of other pension costs charged in arriving at operating profit (see note 3)

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	299	309

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

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	(1,294)	(1,233)
Interest on pension scheme liabilities	1,313	1,231
Interest on insured annuities	(16)	(16)
Interest on service cost	26	-
	29	(18)

Other finance cost for the year ended 31 December 2008 is included within 'interest payable' in the profit and loss account (2007: within 'interest receivable').

*Composition of plan assets*

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
European equities	7,539	10,319
European bonds	6,071	3,420
Government stock	4,970	7,858
Cash	19	41
	18,599	21,638

The major assumptions used in this valuation were:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.12	2.75	2.50
Rate of increase in pensions in payment	3.01	2.90	2.75
Discount rate	6.19	5.95	5.25
Inflation assumption	3.12	2.75	2.50

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

Notes forming part of the financial statements  
for the year ended 31 December 2008 (continued)

## 19 Pensions (continued)

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

	2008	2007	2006	2005	2004
Actual return less expected return on scheme assets (£'000)	(4,237)	(126)	865	1,649	558
Percentage of year end scheme assets	23.1%	0.6%	4.3%	8.8%	3.5%
Experience gains and losses arising on scheme liabilities (£'000)	(169)	(144)	(144)	(458)	1,974
Percentage of present value of year end scheme liabilities	0.7%	0.6%	0.6%	1.9%	9.4%
Actuarial gain/(loss) recognised in statement of total recognised gains and losses (£'000)	(4,218)	1,598	2,014	(224)	2,485
Percentage of present value of year end scheme liabilities	18.3%	7.2%	8.7%	1.0%	11.8%

## 20 Contingent liabilities

The company has given bank guarantees to customers in respect of advance payments and the performance of goods sold, amounting to £1,173,000 (2007 - £1,535,000).

At the balance sheet date, there were no outstanding forward exchange contracts (2007 - £477,000). A guarantee is in place for £20,000 in favour of HM Revenue & Customs (2007 - £10,000).

The company, in common with other group companies, has given fixed and floating charges on its assets to secure loans and working capital finance provided to the group by its lenders.

## 21 Ultimate controlling party and immediate controlling party

Following the acquisition of WGH Holding Corp by Hamlet Holding I ApS on 4 September 2008 the directors regard Hamlet Holding I 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 smallest and largest group in which the results of the company are consolidated is that headed by Hamlet Holding I ApS, Bregade 38, 1260 Copenhagen Denmark.

## 22 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions of balances with entities which form part of the group on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Hamlet Holding I ApS and the company is included in the consolidated financial statements. These can be obtained from the address given in note 21.