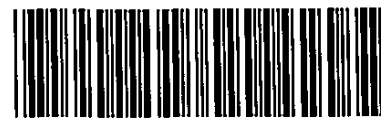


COMPANY NUMBER 3652506

Augean North Limited
Annual Report
Year ended 31 December 2010

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Augean North Limited

Company information

Directors	P Blackler N D Canwell G Wilson R D Allen (appointed 1 September 2010) N Bowen (appointed 1 September 2010) M Snaith (appointed 1 September 2010) D Unsworth (appointed 1 September 2010) P J Southby (resigned 24 August 2010)
Secretary	Tmf Corporate Administration Services Limited
Registered office	4 Rudgate Court Walton Wetherby West Yorkshire LS23 7BF
Registered number	3652506 Incorporated in England and Wales
Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds LS1 4BN
Bankers	HSBC Bank plc 33 Park Row Leeds LS1 1LD

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the Company is the operation of a landfill site at Port Clarence located near Middlesbrough

Business review and future developments

Including landfill tax, revenue for the Company increased to £5.8m (2009: £4.4m) with hazardous waste volumes 1.1% lower than 2009 at 46,755 tonnes (2009: 47,263 tonnes). Operating profit increased to a profit of £1.1m (2009: loss £0.7m).

Revenue and operating profit have increased significantly in the period compared with the year ended December 2009 following improvements to local and national waste markets.

Key Performance Indicators

Key Performance Indicator	2010	2009
Annualised Tonnage Growth/(Decline) ¹	40.6%	(46.7%)
Operating Margin ²	19.7%	(15.5%)
Annualised Sales Growth/(Decline) ³	31.1%	(26.1%)

Notes to KPI's

¹ **Annualised Tonnage Growth** = the annual increase in tonnage into landfill as a percentage of tonnage into landfill from the prior year

Tonnages have increased by 28,563 tonnes in 2010 to 98,903 tonnes. The mix has shifted away from hazardous waste with hazardous volumes representing 47.3% (2009: 67.2%) of the Company's total volume.

² **Operating Margin** = Operating profit as a percentage of turnover

Operating margins have increased substantially to 19.7% primarily due to increase in volumes.

³ **Annualised Sales Growth** = the annual increase in revenue as a percentage of revenue from the prior year

Annual sales have increased by 31.1% due primarily to significant projects in 2010.

Principal risks and their mitigation

The performance of the business is linked to economic activity in the markets it serves, principally the industrial and construction sectors. Fluctuations in the economy in these sectors therefore affect the Company performance, as do inflationary and other pressures from the wider economy. Risks are mitigated by diversifying the customer base as far as possible and by linking gate fees, wherever possible, to prevailing commodity prices. In addition to this general economic risk there are a number of risks specific to the waste industry.

Environmental legislation

Regulation is a key driver of the waste market. This is further complicated by the ongoing change in legislation resulting from the increased profile of environmental issues. Changes in legislation (including tax legislation with environmental goals) or its interpretation can have a significant and far-reaching impact on markets. The Company endeavours to mitigate this risk by employing high quality technical management to interpret the evolving legislative framework and its impact on the Company's operations. In addition, the Company maintains a presence on a number of industry Groups to have influence in the shaping of policy.

Directors' report (continued)

Environmental compliance

All operating sites and activities are regulated by environmental authorities in line with the requirements set out within licences and permits. These licences and permits are required to carry on the business. Therefore the negotiation of, and compliance with, their terms is of paramount importance as withdrawal or temporary suspension could have a significant impact on the Company's ability to operate. Adherence to the highest environmental standards is also important to ensure the maintenance of good relations with local communities and to satisfy customers. The Company mitigates this risk through the employment of technical expertise throughout the Company and through the provision of training to develop the Company's staff to understand their role in ensuring compliance is maintained.

The Company also relies on its principal regulator, the Environment Agency, to ensure that other operators within the industry are adhering to the standards required on a local, regional and national basis. The success of the regulator in achieving this is critical in providing a level playing field and a positive climate for investment in responsible waste management practices. The Company maintains an active dialogue with the Environment Agency to promote the best interests of the industry and of the environment as a whole.

Health and safety

By its nature, the waste industry has inherent risks in the area of health and safety. The Board believes that the Company's employees are its most important and valuable assets and their health and safety is vital to the continued success of the business. The Company continues to invest and resource the business to ensure that the highest health and safety standards are required and applied.

Price risk

The waste sector has experienced significant changes in the commercial framework for the management of hazardous waste over the past few years. Price pressure is inherent in the sector where a range of technologies and solutions are available to waste producers for the ultimate disposal of their wastes. The Company reviews its pricing policies on an ongoing basis to ensure that it influences and stabilises the market, whilst responding to emerging trends and customer needs. All services are kept under review to ensure that price changes in the market do not lead to uneconomic activities being undertaken by the Company.

Input prices

The Company is subject to the same inflationary pressures as other businesses but we see particular risks from escalating oil and gas prices and the subsequent impact of fuel costs, which could restrict the movement of wastes from producers and subsequently impact revenue streams. This position is closely monitored by management and feeds into pricing decisions.

Transport disruption

The Company relies on the delivery of wastes to its sites to secure revenues and any disruption to local or national networks, for example in severe weather conditions, can delay or possibly lose revenue for the Company. Mitigation is provided as far as possible through the use of its own fleet of vehicles and the ability to accept wastes into sites in different geographical locations before onward transfer to their final treatment or disposal destinations.

Tax legislation

The use of tax legislation to drive environmental objectives, particularly the diversion of wastes away from landfill disposal and towards greater treatment and recycling, represents a long term risk. The escalation of landfill tax by £8/tonne in each year up to 2013 may encourage some customers to divert volumes away from our sites. The full rate of landfill tax will rise to £56/tonne on 1 April 2011 and reach £72/tonne on 1 April 2013. To mitigate against this risk the Company has developed a range of treatment solutions for customers.

Augean North Limited

Directors' report (continued)

Results and dividends

The profit for the year after tax amounted to £1.1m (2009 loss for the year £0.7m). The directors do not recommend a dividend (2009 £nil).

Directors

The present directors of the Company are set out on page 2.

Corporate governance

Qualifying third party indemnity provisions (as defined in the Companies Act 2006) have been entered into by the Company for the benefit of all directors which indemnify the directors against third party claims brought against them in their capacity as directors of the Company to the extent permitted by law and such provisions continue in force at the date of this report.

Going concern

The Company's business activities and the factors likely to affect its future development, performance and position are set out on pages 3 and 4.

The Company is financed by funds provided from group undertakings. The key risk to the Company is therefore ensuring that the group has sufficient funding available to allow the Company to draw down funds to meet its liabilities as they fall due.

The group seeks to ensure sufficient funding is available to the Company by maintaining a balance between continuity of funding and flexibility. The objective of the group and the Company is to maintain sufficient resource to meet the funding needs for the foreseeable future. At 31 December 2010 the group carried relatively low levels of debt and short term flexibility is achieved by bank facilities comprising of a £10m revolving credit & overdraft facility. The revolving credit and overdraft facility is committed until 30 November 2012.

After making enquiries the directors have a reasonable expectation that the Company and the group have adequate resources for the Company to continue in operational existence for the foreseeable future. On the basis of detailed forecasts for the next twelve months the directors are confident that the Company will be able to meet its liabilities as they fall due and therefore these financial statements have been prepared on a going concern basis.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488 (1) of the Companies Act 2006.

Approval

The report of the directors was approved by the Board on 16 June 2011 and signed on its behalf by



Richard Allen
Director

Company number
3652506

Augean North Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 and 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 accounting estimates that are reasonable and prudent
- state whether applicable IFRSs 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 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Independent auditor's report to the members of Augean North Limited

We have audited the financial statements of Augean North Limited for the year ended 31 December 2010 which comprise the statement of comprehensive income the statement of financial position, the statement of cash flow, the statement of changes in shareholders' equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

Grant Thornton UK LLP

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
16 June 2011

Augean North Limited

Statement of comprehensive income

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Revenue	2	5,828	4,434
Operating expenses		(4,680)	(5 119)
Operating profit / (loss)	3	<u>1,148</u>	<u>(685)</u>
Finance charge		-	-
Profit / (loss) before tax		<u>1 148</u>	<u>(685)</u>
Tax	5	-	-
Profit / (loss) for the year attributable to equity shareholders		<u>1 148</u>	<u>(685)</u>
Total comprehensive income attributable to equity shareholders		<u><u>1,148</u></u>	<u><u>(685)</u></u>

The notes on pages 11 to 24 form an integral part of these financial statements

Statement of financial position
at 31 December 2010

	Note	2010 £'000	2009 £'000
Non-current assets			
Property, plant and equipment	6	7,350	7,573
		<u>7,350</u>	<u>7,573</u>
Current assets			
Trade and other receivables	7	408	960
		<u>408</u>	<u>960</u>
Current liabilities			
Trade and other payables	8	(545)	(661)
		<u>(545)</u>	<u>(661)</u>
Net current (liabilities) / assets		<u>(137)</u>	<u>299</u>
Non-current liabilities			
Trade and other payables	8	(10,634)	(13,024)
Provisions for liabilities	9	(3,015)	(2,432)
		<u>(13,649)</u>	<u>(15,456)</u>
Net liabilities		<u>(6,436)</u>	<u>(7,584)</u>
Shareholders' deficit			
Share capital	10	-	-
Retained losses		(6,436)	(7,584)
Total shareholders' deficit		<u>(6,436)</u>	<u>(7,584)</u>

The notes on pages 11 to 24 form an integral part of these financial statements

The financial statements were approved by the Board on 16 June 2011 and signed on its behalf by



Richard Allen
Director

Company number
3652506

Statement of cash flow

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Operating activities			
Cash generated from operations	15	201	923
Net cash generated from operating activities		<u>201</u>	<u>923</u>
Cash flows from investing activities			
Purchase of property plant and equipment		(201)	(923)
Net cash used in investing activities		<u>(201)</u>	<u>(923)</u>
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		<u>-</u>	<u>-</u>

Statement of changes in shareholders' equity

For the year ended 31 December 2010

	Share capital	Profit and loss account	Shareholders' deficit
	£'000	£'000	£'000
At 1 January 2009	-	(6,899)	(6,899)
Retained loss and total comprehensive income for the year		(685)	(685)
At 1 January 2010	<u>-</u>	<u>(7,584)</u>	<u>(7,584)</u>
Retained profit and total comprehensive income for the year		1,148	1,148
At 31 December 2010	<u>-</u>	<u>(6,436)</u>	<u>(6,436)</u>

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRS, International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

Revenue recognition

The company's responsibility for waste arises as soon as the waste is accepted into one of the disposal facilities. Revenue is therefore recognised at the point of acceptance. Revenue shown in the statement of comprehensive income charges for all waste accepted exclusive of value added tax, relating to the principal activities of the company.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset into use. Borrowing costs related to the purchase of fixed assets are capitalised.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the company and the cost of the item can be measured reliably. All other costs are charged to the statement of comprehensive income when incurred.

The acquisition, commissioning and site infrastructure costs for each landfill site are capitalised when incurred. These costs are then depreciated over the useful life of the site which is assessed with reference to the usage of the void space available.

Cell engineering costs are capitalised when incurred or when an obligation to fund future expenditure in the case of the cap arises. The depreciation charged to the statement of comprehensive income is calculated with reference to actual costs to date and expected future costs for each cell including the cost of the future cap, the total of which is spread over the useful life of the cell. Useful life is assessed by reference to the usage of the void space available and the rate at which the void space is filled.

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Freehold land is not depreciated. Depreciation is provided evenly on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its useful life as follows:

Freehold buildings	-	fifty years
Plant and machinery	-	two to ten years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies (continued)

Property plant and equipment (continued)

Assets held under finance leases are depreciated over the shorter of their expected useful lives or, where there is no reasonable certainty that title will be obtained at the end of the lease term the term of the relevant lease

The gain or loss arising from the disposal or retirement of an item of property plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the income statement.

Leases and hire purchase contracts

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset the lease is treated as a finance lease. Future instalments under such leases, net of finance charges are recognised as a liability. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income so as to give an approximate constant rate of charge on the outstanding obligation and the capital element which reduces the outstanding obligation for future instalments.

In both cases the asset and associated liability is recorded in the statement of financial position as a tangible fixed asset and liability at their fair value or, if lower, at the present value of the minimum lease payments, both determined at the inception of the lease.

Depreciation is calculated in accordance with the above depreciation policies.

Other leases are treated as operating leases, the rentals for which are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Restoration and after-care provisions

The anticipated total cost of restoration and post-closure monitoring and after-care is charged to the statement of comprehensive income over the expected useful life of the sites in proportion to the amount of void consumed at the sites during the period. The costs of restoration and post-closure monitoring are charged to the provision when incurred. The provision has been estimated using current costs and is discounted.

Tax

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the liability method.

Using the liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit it is not recognised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability settled based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Current and deferred tax are recognised in the statement of comprehensive income except when they relate to items recognised directly in equity, when they are similarly taken to equity.

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies (continued)

Tax (continued)

Where deferred tax assets such as tax losses, which were not recognised at the acquisition date due to uncertainty over their recovery, are subsequently utilised or recognised, goodwill is reduced by an amount equivalent to the deferred tax assets calculated at the relevant tax rate with an equivalent credit to the tax account in the income statement

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. Bank overdrafts are shown within current liabilities. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Financial instruments

i) Financial assets

Financial assets are categorised as other loans and receivables. The company's trade and all other receivables fall into the 'loans and receivables' category. Financial assets are assigned to this category on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses is recognised in the statement of comprehensive income or directly in equity

Augean North recognises all financial assets when the group becomes party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs. An annual assessment is made to ascertain whether there is objective evidence that the financial assets are impaired. All income and expense relating to financial assets are recognised in the income statement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in the income statement. Discounting, however, is omitted where the effect is immaterial

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the statement of financial position date or when objective evidence is received that a specific counterparty will default. Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cashflows

(ii) Financial liabilities

The company's financial liabilities include trade payables, debt and finance costs and derivatives. Trade payables are not interest-bearing and are recognised at fair value and carried at amortised cost. Debt is initially recognised at fair value and carried at amortised cost. The company's policy is that no trading in financial instruments or derivatives shall be undertaken

Financial liabilities are recognised when the group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the statement of comprehensive income line item 'finance charges'

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies (continued)

Equity

Equity comprises the following

- 'Share capital' represents the nominal value of equity shares
- 'Retained losses' represents retained earnings and losses

Significant judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the company's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below.

Impairment of fixed assets

The company has property, plant and equipment with a carrying value of £7.4m (note 6). These assets are reviewed annually for impairment to ensure that property, plant and equipment are not carried above their estimated recoverable amounts. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary from such estimates of discounted future cash flows. Factors such as changes in expected use of buildings, plant and machinery, closure of facilities, or lower than anticipated sales could result in impairment.

Site development and cell engineering/capping

Total anticipated site development and cell engineering/capping costs are charged to the statement of comprehensive income as void usage progresses. Costs re site development and cell engineering/capping are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs over the life of the site and cell.

Aftercare costs

Provision is made for aftercare costs as soon as the obligation arises, and is charged to the statement of comprehensive income as void usage progresses. Aftercare costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs over the life of the site.

Income taxes

Estimates may be required in determining the level of current and deferred income tax assets and liabilities, which the directors believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets or liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending and the company's level of future earnings.

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies (continued)

New IFRS standards and interpretations not applied

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after the date of these financial statements. The following standards and interpretations have yet to be adopted by the Company:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (some changes effective 1 July 2010 others effective 1 January 2011)
- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 July 2011)

IFRS 9, Amendments to IFRS 7, Amendments to IAS 12 and Amendments to IFRS 1 are not yet adopted by the EU and therefore no disclosure is required under IAS 8.

The revised standards will be adopted in the Company's financial statements where relevant for the period beginning 1 January 2011, although are not anticipated to have a significant impact on the company.

2. Revenue by geographical market

	2010 £'000	2009 £'000
United Kingdom	5,828	4,434

3. Operating profit / (loss)

Operating profit is arrived at after charging

	2010 £'000	2009 £'000
Hire of plant and equipment	136	195
Fees payable to the company's auditor for the audit of the annual financial statements	1	1

Other auditors' remuneration is disclosed in the Group financial statements, as the Group financial statements are required to comply with regulation 5(1) of the Companies (Disclosure of Auditor Remuneration) Regulations 2005.

4. Directors and employees

All directors and employees of the company are employed and remunerated via Augean Plc.

Notes to the financial statements for the year ended 31 December 2010

5. Tax

	2010 £'000	2009 £'000
<i>United Kingdom corporation tax current tax on profit for the year</i>	-	-
Tax charge	<u>-</u>	<u>-</u>

The company has a potential deferred tax asset as shown below but nothing has been recognised in the accounts during the year as there is uncertainty over the extent and timing of its recovery

Effects of	2010 £'000	2009 £'000
Depreciation in excess of capital allowances	<u>575</u>	<u>798</u>

Current tax reconciliation

	2010 £'000	2009 £'000
Profit / (loss) on ordinary activities before tax	<u>1,148</u>	<u>(685)</u>
Expected tax at corporation tax rate of 28% (2009 28%)	321	(192)
Effects of		
Expenses not deductible for tax purposes	-	594
Capital allowances different from depreciation	-	11
Group relief	(212)	(438)
Consortium relief	-	(8)
Movement in unprovided deferred tax	37	-
Other temporary differences	-	34
Utilisation of tax losses	(146)	-
Total current tax	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 31 December 2010

6. Property, plant and equipment

	Freehold land, buildings & site infrastructure £'000	Cell engineering £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2009	7,779	4,650	968	13,397
Additions	108	787	27	922
At 1 January 2010	<u>7 887</u>	<u>5,437</u>	<u>995</u>	<u>14,319</u>
Additions	80	69	52	201
At 31 December 2010	<u>7,967</u>	<u>5,506</u>	<u>1 047</u>	<u>14,520</u>
Depreciation				
At 1 January 2009	1,163	4,614	497	6,274
Charged in year	69	317	86	472
At 1 January 2010	<u>1 232</u>	<u>4,931</u>	<u>583</u>	<u>6,746</u>
Charged in year	50	279	95	424
At 31 December 2010	<u>1 282</u>	<u>5,210</u>	<u>678</u>	<u>7,170</u>
Net book value				
At 31 December 2010	<u>6,685</u>	<u>296</u>	<u>369</u>	<u>7,350</u>
At 1 January 2010	<u>6,655</u>	<u>506</u>	<u>412</u>	<u>7 573</u>
At 1 January 2009	<u>6,616</u>	<u>36</u>	<u>471</u>	<u>7,123</u>

Notes to the financial statements for the year ended 31 December 2010

7. Trade and other receivables

	2010 £'000	2009 £'000
Current		
Trade receivables	319	146
Amounts due from jointly controlled entity	-	668
Prepayments and accrued income	89	146
	<u>408</u>	<u>960</u>

All of Augean North's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £15k (2009 £6k) has been recorded accordingly.

The carrying amount of trade receivables is considered a reasonable approximation to fair value.

8. Trade and other payables

	2010 £'000	2009 £'000
Current		
Trade payables	164	31
Amounts due to jointly controlled entity	-	279
Other taxes and social security costs	214	316
Accruals and deferred income	167	35
	<u>545</u>	<u>661</u>
Non-current		
Amounts payable to group companies	<u>10,634</u>	<u>13,024</u>

With the exception of amounts due to group companies, all amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value.

Notes to the financial statements for the year ended 31 December 2010

9. Provisions for liabilities

	Restoration and aftercare £'000	Capping provision £'000	Other Provisions £'000	Total £'000
At 1 January 2009	803	570	-	1,373
Provided in the year	30	785	244	1,059
At 1 January 2010	833	1,355	244	2,432
Provided in the year	20	70	493	583
At 31 December 2010	853	1,425	737	3,015

The provision for restoration and after-care relates to closure and post-closure costs for all landfill sites, charged over the estimated active life of the landfill sites. The expenditure is incurred partially on completion of the landfill sites and in part after the closure of the landfill sites over a considerable period of years. The provision has been estimated using current costs and is discounted using a real rate of 3%.

Other provisions relate to the future cost of capping cells acquired and for remediation of issues inherited on landfill sites acquired from Atlantic Waste Holdings Limited.

10. Share capital

	2010 £	2009 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 1 ordinary share of £1 each	1	1

11. Related party transactions

IAS 24 (Related party transactions) requires the disclosure of the details of material transactions between reporting entities and related parties.

During the year, the company had no bank account therefore all receivables and payables were received by the ultimate parent company, Augean plc. This has resulted in movement of the intercompany balances during the year. Details of transactions are those reflected in these financial statements and have occurred through the normal course of business.

At the year end the amounts owed to Augean plc have been disclosed in note 8 of the accounts.

12. Parent undertaking

The immediate and ultimate parent company is Augean plc which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maundy, Cardiff, CF4 3UZ. The group accounts are also available on the parent company website www.augeanplc.com.

Notes to the financial statements for the year ended 31 December 2010

13. Financial instruments

The financial assets of the company are categorised as follows

	As at 31 December 2010			As at 31 December 2009		
	Loans and receivables £ 000	Non- financial assets £ 000	Total £'000	Loans and receivables £ 000	Non- financial assets £ 000	Total £'000
Property, plant and equipment	-	7,350	7,350	-	7,573	7,573
Trade and other receivables - current	319	89	408	840	120	860
	319	7,439	7,758	840	7,693	8,533

Notes to the financial statements for the year ended 31 December 2010

13. Financial instruments (continued)

The financial liabilities of the company are categorised as follows

	As at 31 December 2010			As at 31 December 2009		
	Financial liabilities At amortised cost £'000	Liabilities not within Scope of IAS 39 £ 000	Total £ 000	Financial liabilities At amortised cost £'000	Liabilities not within Scope of IAS 39 £ 000	Total £ 000
Trade and other payables – current	309	236	545	484	177	661
Trade and other payables – non-current	10,634	-	10,634	13,024	-	13,024
Provisions	-	3,015	3,015	-	2,432	2,432
	10,943	3,251	14,194	13,508	2,609	16,117

The company's financial liabilities have contractual maturities (including interest payments where applicable) which are summarised below

As at 31 December 2010	Amounts due in less than one year £ 000	Amounts due in second to fifth year £ 000	Amounts greater than five years £ 000	Financial liabilities £ 000
	Trade and other payables – current	309	-	-
Trade and other payables – non-current	-	-	10,634	10,634
	309	-	10,634	10,943

As at 31 December 2009	Amounts due in less than 1 year £ 000	Amounts due in second to fifth year £ 000	Amounts greater than 5 years £'000	Financial liabilities £ 000
	Trade and other payables – current	484	-	-
Trade and other payables – non-current	-	-	13,024	13,024
	484	-	13,024	13,508

Notes to the financial statements for the year ended 31 December 2010

13. Financial instruments (continued)

Risk management objectives and policies

As the company's transactions take place solely in sterling there is no direct foreign currency risk. The principal risks arising from the company's financial instruments are liquidity, credit and interest rate risk.

The company's principal financial instruments during the period comprised loans from group undertakings. The main purpose of the financial instruments is to finance the company's operations. The company's other financial instruments include short term receivables and payables which arise directly from its operations. There was no material difference between the fair value of the assets and liabilities and their book value.

The company has maintained its policy that no trading in financial instruments shall be undertaken.

Liquidity risk

The company is financed by funds provided from group undertakings. The key risk to the company is therefore ensuring that the group has sufficient funding available to allow the company to draw down funds to meet its liabilities as they fall due.

The group seeks to ensure sufficient funding is available to the company by maintaining a balance between continuity of funding and flexibility. The objective of the group and the company is to maintain sufficient resource to meet the funding needs for the foreseeable future. At 31 December 2010 the group carried relatively low levels of debt and short term flexibility is achieved by bank facilities comprising of a £10m revolving credit & overdraft facility.

The revolving credit and overdraft facility is committed until 30 November 2012.

Credit risk

The company has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The company has standard credit terms of 30 days from date of invoice. Invoices greater than 30 days old are assessed as overdue. The maximum exposure to credit risk is the carrying value of each financial asset included on the Statement of financial position as summarised below.

	2010 £ 000	2009 £ 000
Trade and other receivables	408	960
	408	960

At 31 December 2010 £0.2m (2009 £0.1m) of trade receivables were past due. A provision of £15,000 (2009 £9,000) is held to mitigate the exposure to potential bad and doubtful debts.

The ageing of the company's trade receivables past their due date but not impaired is as follows:

	2010 £'000	2009 £ 000
Greater than 1 but not more than 4 months old	163	66
More than 4 months old	-	28
Total past due trade receivables	163	94
Trade receivables not yet past due – less than 1 month old	171	61
Total gross trade receivables	334	155
Bad debt provision	(15)	(9)
Total net trade receivables	319	146

The company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good quality.

Notes to the financial statements for the year ended 31 December 2010

13. Financial instruments (continued)

The movement on the bad debt provision in the period is analysed below

	£ 000
Bad debt provision as at 31 December 2009	9
Amounts utilised	-
Amounts provided	6
Amounts released	-
Bad debt provision as at 31 December 2010	15

Interest rate risk

The company finances its operations through a mixture of retained profits and borrowings from group. No interest rate swaps or other forms of risk management have been undertaken. The company regularly reviews its exposure to interest rate risk and will take future action if required to minimise the impact on the business of movements in interest rates.

Capital management policies and procedures

The company's capital management objectives are

- To ensure the company's ability to continue as a going concern and
- To provide an adequate return to the group and its shareholders

This is achieved by pricing products and services commensurately with the level of risk and through the support it receives from the group.

Note to the financial statements for the year ended 31 December 2010

14. Financial commitments

The minimum lease payments which the company is committed to make under operating lease agreements are as follows

	2010 £'000	2009 £'000
Plant and machinery		
Leases expiring		
within one year	141	110
In two to five years	256	269
In greater than five years	-	-
	<u>397</u>	<u>379</u>

15. Reconciliation of operating profit / (loss) to net cash generated from operating activities

	2010 £'000	2009 £'000
Operating profit / (loss)	1,148	(685)
Depreciation	424	472
	<u>1,572</u>	<u>(213)</u>
Earnings before interest, tax, depreciation and amortisation (EBITDA)		
Decrease in trade and other receivables	552	607
Decrease in trade and other payables	(2,506)	(530)
Increase in provisions	583	1,059
	<u>201</u>	<u>923</u>
Cash generated from operations		
Interest paid	-	-
	<u>201</u>	<u>923</u>
Net cash generated from operating activities	<u><u>201</u></u>	<u><u>923</u></u>