

APPENDIX 1

ESTIMATED REPLACEMENT PROGRAMME 2004 to 2015

ITEM	REF	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
		£	£	£	£	£	£	£	£	£	£	£	£
Vehicles													
Van	243	8,400				8,800							
Van	240	8,900				9,300							
Van	295	14,900				15,600							
Van	296	14,900				15,600							
Van	217	14,400				15,100							
Land Rover	39		12,400				13,000						
Van	241		10,200				10,700						
Van	242		10,200				10,700						
Van	251		15,400				16,200						
Refuse Freighter	60			120,000					126,000				
Van	244			10,700					11,200				
Tipper	245			17,000					17,900				
Van	246			14,300					15,000				
Van	247			14,300					15,000				
Van	249			10,600					11,100				
Van	252			9,800					10,300				
Van	253			9,800					10,300				
Van	254				9,800					10,300			
Van	255				9,800					10,300			
Refuse Freighter	61			120,000						126,000			
Refuse Freighter	62			120,000						126,000			
Van	256			9,900						10,400			
Van	257			9,900						10,400			
Van	258			9,900						10,400			
Refuse Freighter	63										126,000		
Refuse Freighter	64										126,000		

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		£	£	£	£	£	£	£	£	£	£	£	£
Refuse Freighter	65					120,000					126,000		
Tipper	259						28,900					30,300	
Refuse Freighter	66						120,000					126,000	
Van	239						9,200					9,700	
MultiLift Loader	266							28,000					
Pick Up	291							16,800					
Total - Vehicles		61,500	48,200	206,500	289,300	360,000	222,500	95,400	216,800	303,800	378,000	166,000	2,348,000
Plant/Machinery													
Sweeper	10	50,000											52,500
Trailer	235	2,100											2,200
Trailer	229	2,100											2,200
Mower	297	4,500											4,700
Mower	236	14,000											14,700
Mower	New	12,750											13,400
Mower	285		2,600										
Tractor	32		10,500										
Mower	419			15,600									
Mower	27				13,500								
Sweeper	11				50,000								13,400
Mower	360				21,500								9,900
Tractor	373				21,000								4,000
Mower	262												
Mower	263												
Mower	264												
Mower	265												

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		£	£	£	£	£	£	£	£	£	£	£	£
Total - Plant		85,450	13,100	15,600	106,000	0	0	0	31,300	0	0	89,700	341,150
Wheeled Bins		143,500	5,900	0	0	0	0	0	0	0	0	0	149,400
OVERALL		290,450	67,200	222,100	395,300	360,000	222,500	95,400	248,100	303,800	378,000	255,700	2,838,550

ASSUMPTIONS

- 1 Every vehicle is replaced every 5 years.
- 2 Net values increase by 5% between replacements. Although this may be higher, it is offset by generating a residual value from the asset being replaced.

APPENDIX 2

NPV CALCULATION - VEHICLES

5 YEARS

LEASE		BORROW	
Value	£61,500	Value	£61,500
Lease Rate per £000	£195.00	Interest Rate (PWLB @ 23/09/04)	4.95%
Estimated Annual Lease Rental Payment	£11,992.50	Annual Interest Charge	£3,044.25
Annuity Rate (5 years @ Discount Rate of 3.5%)	4.515052		
NPV	£54,146.76		

OPTION 1					
Purchase at End of 5 Year Lease		Year	Cash Outflows	Discount Rate	Discounted
Estimated Purchase Price (10% of original cost)	6,150.00	0	£	£	£
Discount Rate	0.841973	1	0	1.000000	0.00
Discounted Cashflow	5,178.13	2	3,044.25	0.966184	2,941.30
		3	3,044.25	0.933511	2,841.84
		4	3,044.25	0.901943	2,745.74
		5	3,044.25	0.871442	2,652.89
			65,674.25	0.841973	55,295.96
		NPV			£66,477.73

REVISED NPV	£59,324.90
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Disposal proceeds estimated to be 10% of initial capital outlay

OPTION 2	
Extend Lease For a Further 3 Years	
Estimated Annual Lease Rental Payment	3,480.00
Annuity Rate (additional 3 years @ Discount Rate of 3.5%)	2.358903
Total Additional Leasing Cost (3 years)	8,208.98
Estimated Purchase Price (5% of original cost)	3,075.00
Discount Rate	0.841973
Discounted Cashflow	2,589.07
REVISED NPV	64,944.81

APPENDIX 2

NPV CALCULATION - PLANT & MACHINERY

10 YEARS

LEASE		BORROW	
Value	£85,450	Value	£85,450
Lease Rate per £000	£128.00	Interest Rate	4.95%
Estimated Annual Lease Rental Payment	£10,937.60	(PWL B @ 23/09/04)	
Annuity Rate (10 years @ Discount Rate of 3.5%)	8.316605	Annual Interest Charge	£4,229.78
NPV	£90,963.70		
OPTION 1			
Purchase at End of 10 Year Lease		Cash Outflows	Discounted
Estimated Purchase Price (10% of original cost)	8,545.00	£	£
Discount Rate	0.708919	Year	Discount Rate
Discounted Cashflow	6,057.71	0	1.000000
		1	0.966184
		2	0.933511
		3	0.901943
		4	0.871442
		5	0.841973
		6	0.813501
		7	0.785991
		8	0.759412
		9	0.733731
		10	0.708919
REVISED NPV	£97,021.41		
			£85,813.47

OPTION 2			
Extend Lease For a Further 5 Years		Disposal proceeds estimated to be 10% of initial capital outlay	
Estimated Annual Lease Rental Payment	4,200.00		
Annuity Rate (additional 5 years @ Discount Rate of 3.5%)	3.200806		
Total Additional Leasing Cost (15 years)	13,443.39		
Estimated Purchase Price (5% of original cost)	4,272.50		
Discount Rate	0.596891		
Discounted Cashflow	2,550.22		
REVISED NPV	106,957.30		

NPV CALCULATION - WHEELED BINS

10 YEARS

LEASE		BORROW	
Value	£143,500	Value	£143,500
Lease Rate per £000	£123.00	Interest Rate (PWL B @ 23/09/04)	4.95%
Estimated Annual Lease Rental Payment	£17,650.50	Annual Interest Charge	£7,103.25
Annuity Rate (10 years @ Discount Rate of 3.5%)	8.316605		
NPV	£146,792.24		

OPTION 1					
Purchase at End of 10 Year Lease					
Estimated Purchase Price (10% of original cost)	14,350.00	Year	Cash Outflows	Discount Rate	Discounted
Discount Rate	0.708919		£		£
Discounted Cashflow	10,172.98	0	0	1.000000	0.00
REVISED NPV	£156,965.22	1	7,103.25	0.966184	6,863.04
		2	7,103.25	0.933511	6,630.96
		3	7,103.25	0.901943	6,406.72
		4	7,103.25	0.871442	6,190.07
		5	7,103.25	0.841973	5,980.75
		6	7,103.25	0.813501	5,778.50
		7	7,103.25	0.785991	5,583.09
		8	7,103.25	0.759412	5,394.29
		9	7,103.25	0.733731	5,211.87
		10	156,203.25	0.708919	110,735.42
		NPV			£164,774.72

OPTION 2	
Extend Lease For a Further 5 Years	
Estimated Annual Lease Rental Payment	7,500.00
Annuity Rate (additional 5 years @ Discount Rate of 3.5%)	3.200806
Total Additional Leasing Cost (15 years)	24,006.05
Estimated Purchase Price (5% of original cost)	7,175.00
Discount Rate	0.596891
Discounted Cashflow	4,282.69
REVISED NPV	175,080.97

APPENDIX 3

INDICATIVE RENEWALS FUND 2004 to 2015

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£	£	£	£	£	£	£	£	£	£	£	£
Balance at Start of Year	550,000	259,550	417,350	420,250	249,950	114,950	117,450	272,050	273,950	220,150	92,150	
Contribution from Capital Receipts		125,000	125,000	125,000	125,000	125,000	0	0	0	0	0	625,000
Contribution from Reduction in Covenant Repayments		100,000	100,000	100,000	100,000	100,000	250,000	250,000	250,000	250,000	250,000	1,750,000
Total Contributions	0	225,000	225,000	225,000	225,000	225,000	250,000	250,000	250,000	250,000	250,000	2,375,000
Replacements												
Vehicles	61,500	48,200	206,500	289,300	360,000	222,500	95,400	216,800	303,800	378,000	166,000	2,348,000
Plant and Machinery	85,450	13,100	15,600	106,000	0	0	0	31,300	0	0	89,700	341,150
Wheeled Bins	143,500	5,900	0	0	0	0	0	0	0	0	0	149,400
Total Replacements (per Appendix 1)	290,450	67,200	222,100	395,300	360,000	222,500	95,400	248,100	303,800	378,000	255,700	2,838,550
Balance at End Of Year	259,550	417,350	420,250	249,950	114,950	117,450	272,050	273,950	220,150	92,150	86,450	

APPENDIX 4

RENEWALS FUND v LEASING - COMPARISON OF CASH FLOWS and NPV's

Year	Capital Flows £	Discount Rate	NPV's £	Revenue Flows £	Discount Rate	NPV's £
1	550,000	0.966184	531,401	300,000	0.966184	289,855
2	225,000	0.933511	210,040	300,000	0.933511	280,053
3	225,000	0.901943	202,937	300,000	0.901943	270,583
4	225,000	0.871442	196,075	300,000	0.871442	261,433
5	225,000	0.841973	189,444	300,000	0.841973	252,592
6	225,000	0.813501	183,038	300,000	0.813501	244,050
7	250,000	0.785991	196,498	300,000	0.785991	235,797
8	250,000	0.759412	189,853	300,000	0.759412	227,823
9	250,000	0.733731	183,433	300,000	0.733731	220,119
10	250,000	0.708919	177,230	300,000	0.708919	212,676
11	163,550	0.684946	112,023	300,000	0.684946	205,484
	2,838,550		2,371,970	3,300,000		2,700,465
				-461,450		-328,495