

COMPANIES ACT 1947  
COMPANY No. 934787

REGISTERED OFFICE OF THE COMPANY

RECHEM INTERNATIONAL LIMITED

REPORT AND ACCOUNTS

Year ended 27 March 1993



RECHEM INTERNATIONAL LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 27 MARCH 1993

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# RECHEM INTERNATIONAL LIMITED

## Directors

M C E Averill  
 D J Blane  
 A J N Fowler  
 G H Gracie  
 M R Hewitt  
 P H-Jones  
 P Kaye  
 A E Price  
 M R Pullen  
 G W Searle  
 J M Warrener  
 A Woodhead  
 A Woods

## Secretary and registered office

G H Gracie, Astor House, Station Road, Bourne End, Bucks. SL8 5YP

## REPORT OF THE DIRECTORS

The directors submit their report and statement of accounts for the year ended 27 March 1993.

### 1. Principal activities, business review and future prospects

The principal activity of the company is the disposal of hazardous chemical wastes by chemical treatment or incineration in an environmentally safe manner.

The company intends to retain its position as market leader in the disposal of hazardous chemical wastes, through reinforcing its marketing effort, and investing in new plant. This plant is designed to improve still further the standard of operation and widen the range of materials which can be profitably processed.

The sum of £553,000 (1992: £283,000) has been spent on research and development during the year.

### 2. Trading results and dividend

	£000
Profit for the year after taxation	5,582
Dividends paid and proposed	<u>3,715</u>
Retained profit	<u><u>1,867</u></u>

# RECHEM INTERNATIONAL LIMITED

## REPORT OF THE DIRECTORS

### 3. Directors

The composition of the board at the date of this report is shown at the head of this report.

H L I Runciman resigned on 4 January 1993 and D F Wheeler resigned on 27 March 1993.

A E Price and A Woodhead were appointed on 19 May 1993.

The other directors served throughout the year.

The interests at 27 March 1993 of M R Hewitt and A J N Fowler in the shares of the ultimate parent company are shown in the accounts of the ultimate parent company, Shanks & McEwan Group PLC.

The interests at 27 March 1993 of M C E Averill, P Kaye, G W Searle, G H Gracie, D J Blane and P H-Jones in the shares of the ultimate parent company are shown in the accounts of Shanks & McEwan (Environmental Services) Limited.

The interests of the other directors in the shares of the ultimate parent company, Shanks & McEwan Group PLC, including ordinary shares over which options have been granted on 27 March 1993 together with their interests on 28 March 1992, or date of appointment, if later, were as follows:

	Ordinary shares of 10p each		Share options	
	27.3.93	28.3.92	27.3.93	28.3.92
M R Pullen	-	-	61,109	64,399
J M Warrener	-	-	33,099	29,489
A Woods	250	250	43,578	39,680

The directors had no interests in the shares of any other company in the group.

### 4. Changes in fixed assets

During the year the company spent £7,542,000 on land and buildings and plant and machinery.

In the directors opinion there is no significant difference between the book and market value of the land.

**RECHEM INTERNATIONAL LIMITED****REPORT OF THE DIRECTORS****5. Health, safety and welfare at work of employees**

The board has continued with measures to ensure the health, safety and welfare at work of employees through training of staff, assessing the risks associated with substances hazardous to health and implementing appropriate safe working practices.

**6. Directors' and officers' liability insurance**

Insurance cover for directors' and officers' liability is maintained under a policy effected by the ultimate parent company, Shanks & McEwan Group PLC.

**7. Elective resolution**

By elective resolution the Company has dispensed with the following obligations of the Companies Act 1985:

- i) to appoint auditors annually pursuant to section 386.
- ii) to lay accounts and reports before the Company in general meeting pursuant to section 252.
- iii) the holding of an annual general meeting pursuant to section 366A.

By order of the board



G H Gracie  
Secretary

23 June 1993

RECHEM INTERNATIONAL LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF RECHEM INTERNATIONAL LIMITED

We have audited the accounts on pages 5 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 27 March 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants  
Registered Auditors  
25 Bothwell Street  
Glasgow G2 6NL

23 June 1993

## RECHEM INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 27 MARCH 1993

		1993	1992
	Note	£000	£000
TURNOVER	3	30,813	28,881
Cost of sales		<u>17,674</u>	<u>15,201</u>
GROSS PROFIT		13,139	13,680
Administrative expenses		<u>5,827</u>	<u>5,143</u>
TRADING PROFIT		7,312	8,537
Interest (receivable) payable	5	<u>(31)</u>	<u>216</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2&3	7,343	8,321
Taxation	6	<u>1,761</u>	<u>2,246</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,582	6,075
Dividends	7	<u>3,715</u>	<u>5,056</u>
RETAINED PROFIT FOR THE YEAR	15	<u><u>1,867</u></u>	<u><u>1,019</u></u>

The notes on pages 7 to 16 form part of these accounts

## RECHEM INTERNATIONAL LIMITED

## BALANCE SHEET


27 MARCH 1993

		1993 £000	1992 £000
FIXED ASSETS	Note		
Tangible assets	8	20,708	15,732
CURRENT ASSETS			
Stocks	9	971	1,208
Debtors	10	7,190	7,791
Cash at bank and in hand		97	1,744
		8,258	10,743
CREDITORS: amounts falling due within one year	11	11,840	11,167
NET CURRENT LIABILITIES		(3,582)	(424)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,126	15,308
PROVISION FOR LIABILITIES AND CHARGES	12	1,011	1,059
ACCRUALS AND DEFERRED INCOME:			
Unprocessed waste		2,135	2,083
Government grants		289	343
		3,436	3,485
		13,690	11,823
CAPITAL AND RESERVES			
Called up share capital	13	877	877
Share premium account	14	1,066	1,066
Profit and loss account	15	11,747	9,880
		13,690	11,823



M J E Averill

Director



G H Gracie

Director

23 June 1993

The notes on pages 7 to 16 form part of these accounts



# RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

### 1. Accounting policies

#### (i) Basis of presentation

The accounts have been prepared using the historical cost convention and in accordance with applicable Accounting Standards.

#### (ii) Turnover

Turnover represents the invoiced value of waste streams processed and other services provided excluding value added tax. Turnover is recognised when processing occurs or the service is provided.

#### (iii) Fixed assets

##### (a) Owned assets

Depreciation is provided on cost less estimated residual value in equal annual instalments over the estimated useful lives of the assets.

The estimated lives are:	Buildings	: 50 years
	Plant and machinery	: 3 to 10 years
	Motor vehicles	: 3 to 6 years

##### (b) Leased assets

###### Finance leases

Assets financed by lease arrangements under which, substantially all the risks and rewards of ownership are transferred to the company are included in tangible fixed assets at the aggregate of the capital elements of payments during the lease term and the corresponding obligation is included in creditors. Depreciation is provided to write off the assets over the shorter of the lease term or useful life.

###### Operating leases

Rentals paid under operating leases are charged to profit and loss account as incurred. The obligation to pay future rentals on operating leases is shown by way of a note to the accounts.

##### (c) Capitalisation of interest

The gross interest attributable to the financing of separately identifiable major capital projects prior to their date of completion is capitalised as part of the cost of the asset.

#### (iv) Government grants

Capital grants are allocated to deferred grants account and released to profit evenly over the estimated useful lives of the assets concerned.

**RECHEM INTERNATIONAL LIMITED****NOTES ON THE ACCOUNTS****(v) Stocks**

Stocks of consumables are valued at cost.

**(vi) Deferred taxation**

Provision is made under the liability method for taxation deferred in respect of accelerated capital allowances and other timing differences but only to the extent that it is thought reasonably probable that an actual liability will arise in the foreseeable future.

**(vii) Pensions**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period benefiting from the employees' services.

**(viii) Research and development**

Expenditure on research and development is charged to revenue in the period in which it is incurred.

**(ix) Unprocessed waste**

The provision for waste still to be processed is at the higher of sales value or process cost.

**(x) Foreign currencies**

Foreign currency assets and liabilities are translated at closing rates or the rate contracted if forward cover has been arranged. Exchange differences on these and any other trading transactions in foreign currency are dealt with in the profit and loss account.

## RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

	1993 £000	1992 £000
2. Profit on ordinary activities before taxation		
The profit is stated after charging:		
Depreciation of owned assets	2,431	2,065
Depreciation of assets held under finance leases	32	46
Operating leases		
– Hire of plant and machinery	239	412
– Property rentals	207	202
Management charge from immediate parent company	2,296	2,531
Research and development	553	283
Auditors' remuneration	21	21
Loss on sale of fixed assets	103	47
And after crediting:		
Government grant	54	46
3. Turnover and profit before taxation		
	1993 £000	1992 £000
Analysis of turnover by customer location:		
United Kingdom	17,627	16,470
Europe	12,025	11,042
Rest of World	1,161	1,369
	30,813	28,881

Turnover and profit on ordinary activities before taxation derive from waste management.

## RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

	1993	1992
4. Directors and other employees	Number	Number
The average weekly number of persons employed by the company during the year was as follows:		
Waste management	<u>230</u>	<u>236</u>
Staff costs comprise:	£000	£000
Wages and salaries	5,161	4,892
Social security costs	443	511
Other pension costs	<u>393</u>	<u>239</u>
	<u>5,997</u>	<u>5,642</u>
The remuneration of the directors was as follows:		
Fees	-	-
Other emoluments	316	480
Compensation for loss of office	<u>-</u>	<u>40</u>
	<u>316</u>	<u>520</u>
Particulars of directors remuneration excluding pension contributions:		
Chairman	NIL	NIL
Highest paid director	<u>64</u>	<u>65</u>
Other directors	Number	Number
£0 to £5000	7	6
£5001 to £10000	-	1
£15001 to £20000	-	1
£20001 to £45000	-	3
£45001 to £50000	-	-
£50001 to £55000	3	2
£55001 to £60000	1	-
£60001 to £65000	-	2

Directors also receive remuneration as disclosed in the notes to the accounts of the immediate parent company, Shanks & McEwan (Environmental Services) Limited.

## RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

	1993 £000	1992 £000
5. Interest (receivable) payable		
Interest payable on loans and bank borrowings repayable within five years	162	185
Interest payable on finance leases	<u>1</u>	<u>31</u>
	163	216
Interest capitalised	<u>(130)</u>	<u>-</u>
	33	216
Interest receivable	<u>(64)</u>	<u>-</u>
	<u>(31)</u>	<u>216</u>
6. Taxation		
Taxation charge based on the profits of the year is made up as follows:		
UK Corporation tax at 33% (1992:33%)	1,809	2,557
Deferred taxation	<u>(48)</u>	<u>(311)</u>
	<u>1,761</u>	<u>2,246</u>
The taxation charge reflects the benefit of deferred taxation not provided of £756,000 (1992: £641,000)		
7. Dividend		
Interim paid	1,238	-
Final proposed	<u>2,477</u>	<u>5,056</u>
	<u>3,715</u>	<u>5,056</u>

## RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

## 8. Tangible fixed assets

	Long Leasehold Land & Buildings	Plant & Machinery	Total
	£000	£000	£000
Cost			
At 29 March 1992	678	22,631	23,309
Additions	217	7,325	7,542
Disposals	—	(1,213)	(1,213)
At 27 March 1993	<u>895</u>	<u>28,743</u>	<u>29,638</u>
Depreciation:			
At 29 March 1992	—	7,577	7,577
Eliminated in result of disposals	—	(1,110)	(1,110)
Charge for year	<u>17</u>	<u>2,446</u>	<u>2,463</u>
At 27 March 1993	<u>17</u>	<u>8,913</u>	<u>8,930</u>
Net book amount:			
At 27 March 1993	<u>878</u>	<u>19,830</u>	<u>20,708</u>
At 28 March 1992	<u>678</u>	<u>15,054</u>	<u>15,732</u>

The net book amount of plant and machinery includes assets capitalised under finance leases of £1,000 (1992:£33,000). Interest amounting to £130,000 (1992:£Nil) is included in the cost of plant & machinery. Included in plant & machinery are assets under construction with a net book value of £4,879,000 (1992: Nil).

## RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

## 9. Stocks

This amount represents stocks of consumables.

	1993 £000	1992 £000
10. Debtors		
Trade debtors	6,403	6,886
Amounts owed by parent and fellow subsidiary undertakings	85	582
Other debtors	434	62
Prepayments and accrued income	188	261
	<u>7,190</u>	<u>7,791</u>
11. Creditors: amounts falling due within one year		
Bank overdraft	3,953	-
Trade creditors	2,384	2,189
Amounts owed to parent and fellow subsidiary undertakings	232	11
Taxation and social security	162	631
Other creditors	50	214
Finance lease obligations	-	41
Accruals and deferred income	638	131
Corporation tax payable	1,944	2,894
Proposed dividend	2,477	5,056
	<u>11,840</u>	<u>11,167</u>

## RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

## 12. Provision for liabilities and charges

	Deferred taxation £000	Other provisions £000	Total £000
Balance at 29 March 1992	622	437	1,059
Released during year	(48)	-	(48)
Balance at 27 March 1993	574	437	1,011

Other provisions relate to site clearance costs.

The deferred tax provision together with the full potential liability for all timing differences is made up as follows:

	19 93	Total potential liability £000	19 92	Total potential liability £000
Accelerated capital allowances	574	2,468	622	1,805
Other timing differences	-	42	-	(3)
	574	2,510	622	1,802

## 13. Called up share capital

	1993 £000	1992 £000
Authorised:		
934,830 ordinary shares of £1 each	935	935
Allotted and fully paid:		
877,370 ordinary shares of £1 each	877	877

## 14. Share premium account

	£000
At 29 March 1992 and 27 March 1993	1,066

## 15. Profit and loss account

At 29 March 1992	9,880
Retained profit for the year	1,867
At 27 March 1993	11,747



# RECHEM INTERNATIONAL LIMITED

## NOTES ON THE ACCOUNTS

### 16. Capital commitments

The amount of capital expenditure authorised by the directors for which no provision has been made in the accounts is:

	1993 £000	1992 £000
Expenditure contracted for	3,360	1,038
Expenditure not contracted for	<u>5,574</u>	<u>558</u>
	<u>8,934</u>	<u>1,596</u>

### 17. Financial commitments

	1993		1992	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Annual commitments under operating leases expiring:				
Within one year	–	16	–	58
Between two and five years	–	68	–	140
Over five years	<u>207</u>	<u>–</u>	<u>202</u>	<u>–</u>
	<u>207</u>	<u>84</u>	<u>202</u>	<u>198</u>

### 18. Pension commitments

The company operated a pension scheme which provided benefits based upon contributions. The scheme was closed in June 1992 and members were offered the opportunity of transferring to the Shanks & McEwan Group PLC Retirement Benefits Scheme, which provides benefits based upon final salary.

The assets are held separately from those of group companies and are invested by professional investment managers.

The pension costs are determined by a qualified actuary on the basis of triennial valuation using the Projected Unit Method.

Details of the latest actuarial value of the scheme on 6 April 1992 are given in the accounts of Shanks & McEwan Group PLC.

The pensions charge for the year was £51,335 (1992 £Nil) in respect of the deferred benefits scheme and £188,862 (1992: £239,000) in respect of the deferred contributions scheme.

**RECHEM INTERNATIONAL LIMITED****NOTES ON THE ACCOUNTS****19. Contingent liabilities**

The company has granted to its bankers an unlimited guarantee and a right of set off against amounts outstanding on advances to its ultimate parent and fellow subsidiary companies.

Claims for compensation have been made against the company in 1989 by third parties. No provision has been established in the accounts as the Directors are of the opinion that the claims have no foundation.

**20. Ultimate parent company**

The company's ultimate parent company is Shanks & McEwan Group PLC, a company registered in Scotland. Copies of the group accounts may be obtained from the Company Secretary, Shanks & McEwan Group PLC, 22 Woodside Place, Glasgow, G3 7QY.