

**SHANKS (ENVIRONMENTAL SERVICES) LIMITED**  
**(Registered Number 1954243)**

**REPORT AND ACCOUNTS**

**YEAR ENDED 4 APRIL 2000**



# **SHANKS (ENVIRONMENTAL SERVICES) LIMITED**

## **CONTENTS**

	Page
<b>DIRECTORS' REPORT</b>	1-3
<b>AUDITORS' REPORT</b>	4
<b>PROFIT AND LOSS ACCOUNT</b>	5
<b>BALANCE SHEET</b>	6
<b>NOTES TO THE ACCOUNTS</b>	7-13

# **SHANKS (ENVIRONMENTAL SERVICES) LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report and accounts for the year ended 4 April 2000.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the provision of management services to Shanks Chemical Services Limited (SCS). SCS's principal activity is the disposal of chemical wastes by high temperature incineration. During the year, the costs of the Company were borne by a subsidiary company and the management charge in respect of these costs was waived as a result.

### **TRADING RESULTS AND DIVIDENDS**

The profit on ordinary activities before taxation for the year ended 4 April 2000 was £234,000 (1999: £532,000).

The Directors recommend that a dividend of £248,000 be paid in respect of the year ended 4 April 2000 (1999: £526,000). The loss transferred from reserves for the year was £9,000 (1999: Nil).

### **INTRODUCTION OF THE EURO**

As the Company does not trade outside the UK, the impact of the introduction of the Euro is not significant.

### **FIXED ASSETS**

There were no significant changes in the fixed assets of the Company during the year. In the Directors' opinion there is no significant difference between the book and market value of the land owned by the Company.

### **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.

### **PAYMENT OF SUPPLIERS**

It is the Company's payment policy for the year ending 4 April 2000 in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders. The Company will abide by these terms of payment.

### **DIRECTORS**

The composition of the Board during the year was as follows:

M C Averill  
D J Downes  
C A Brown

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' INTERESTS

None of the Directors had a direct interest in the share capital of the Company. Those Directors who were not also Directors of Shanks Group plc had interests in that Company's share capital as follows:

	<u>As at 4 April 2000</u>			<u>As at 27 March 1999</u>		
	Ordinary Shares of 10p	Share Save	Executive Options	Ordinary Shares of 10p	Share Save	Executive Options
CA Brown	-	13,691	242,000	-	21,300	195,000

The share options held at the beginning of the year had the following exercise prices:

	<u>Share Save</u>		<u>Executive</u>	
	Number of Shares	Exercise Price	Number of Shares	Exercise Price
CA Brown	8,363	82.5p	60,000	110.0p
			60,000	135.0p
			75,000	199.0p

During the year ended 4 April 2000 the Directors were granted the following, Executive (E) and Savings related (S), share options:

	<u>Granted</u>	<u>Exercise Price</u>
CA Brown	47,000 (E)	233.5p
	5,328 (S)	190.0p

The following options were exercised by the serving Directors during the year.

	<u>Exercised</u>	<u>Exercise Price</u>	<u>Market Price at exercise date</u>
CA Brown	12,937 (E)	80.0p	241.5p

The Directors had no interests in the shares of any other Company in the group.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover for the Directors' and Officers' liability is maintained under a policy effected by the ultimate parent company, Shanks Group plc.

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## DIRECTORS' REPORT (CONTINUED)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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

PricewaterhouseCoopers have expressed their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



D J DOWNES  
DIRECTOR  
31 May 2000

Registered Office:  
Astor House  
Station Road  
Bourne End  
Bucks  
SL8 5YP

## **AUDITORS' REPORT TO THE MEMBERS OF SHANKS (ENVIRONMENTAL SERVICES) LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention.

### **Respective responsibilities of Directors and auditors**

The Directors are responsible for preparing the Report and Accounts. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 4 April 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors  
London  
31 May 2000

## SHANKS (ENVIRONMENTAL SERVICES) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 4 APRIL 2000

	<u>2000</u> £'000	<u>1999</u> £'000
<b>TURNOVER</b> (Notes 1.2, 2)	-	234
Administrative expenses	(14)	(228)
<b>OPERATING PROFIT</b>	<u>(14)</u>	<u>6</u>
Income from fixed asset investments	248	526
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Notes 2,3)	<u>234</u>	<u>532</u>
Taxation (Note 6)	5	(6)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<u>239</u>	<u>526</u>
Dividends (Note 7)	(248)	(526)
<b>RETAINED LOSS FOR THE YEAR</b> (Note 14)	<u>(9)</u>	<u>-</u>

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 4 APRIL 2000

The Company has no recognised gains or losses other than the result for the year.

### NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 4 APRIL 2000

There is no material difference between the reported result for the year and those that would be reported under the historical cost convention.

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## BALANCE SHEET – 4 APRIL 2000

	<u>2000</u> £'000	<u>1999</u> £'000
<b>FIXED ASSETS</b>		
Tangible assets (Note 8)	2,163	2,177
Investments (Note 9)	<u>1,765</u>	<u>1,765</u>
	3,928	3,942
<b>CURRENT ASSETS</b>		
Debtors (Note 10)	2,431	2,622
<b>CREDITORS – Amounts falling due within one year (Note 11)</b>	(186)	(377)
<b>NET CURRENT ASSETS</b>	<u>2,245</u>	<u>2,245</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>6,173</u>	<u>6,187</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 12)</b>	(149)	(154)
	<u>6,024</u>	<u>6,033</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 13)	537	537
Share premium account (Note 14)	3,002	3,002
Profit and loss account (Note 14)	2,385	2,394
Capital redemption reserve (Note 14)	<u>100</u>	<u>100</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<u>6,024</u>	<u>6,033</u>

APPROVED BY THE BOARD ON  
31 May 2000



D J Downes  
DIRECTOR

The notes on pages 7 to 13 form part of these accounts



# **SHANKS (ENVIRONMENTAL SERVICES) LIMITED**

## **NOTES TO THE ACCOUNTS – 4 APRIL 2000**

### **1 ACCOUNTING POLICIES**

#### **1.1 Basis of presentation**

The financial statements have been prepared using the historical cost convention, modified by the revaluation of certain land and buildings, and in accordance with the applicable United Kingdom accounting standards.

The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, Shanks Group plc.

#### **1.2 Turnover**

Turnover represents the value of work executed and goods and services supplied by the Company during the period excluding, where applicable, value added tax.

#### **1.3 Fixed assets: Land and buildings**

Depreciation is provided on assets other than land to write off their cost by equal annual instalments over their estimated useful economic lives.

The estimated lives are:

Buildings	10 - 50 years
-----------	---------------

#### **1.4 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.

#### **1.5 Pensions**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the expected working lives of the pension scheme members currently in service. Any differences between the actuarial valuation of the scheme and the value of assets in the scheme are also charged or credited to the profit and loss account over the expected working lives of the scheme members. Differences and payments to the scheme are treated as assets or liabilities in the balance sheet.

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## NOTES TO THE ACCOUNTS – 4 APRIL 2000

### 2 SEGMENT INFORMATION

The turnover and profit on ordinary activities before taxation are wholly attributable to providing property and management services to group companies in the United Kingdom. All of the Company's turnover and operating profit relates to continuing operations.

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
The profit is stated after charging:		
Depreciation of tangible fixed assets	14	13
	<u>          </u>	<u>          </u>

Auditors remuneration has been borne by a fellow subsidiary undertaking of Shanks Group plc.

### 4 EMOLUMENTS OF DIRECTORS

The remuneration of the Directors, paid by the Company, was as follows:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Aggregate emoluments	104	146
	<u>          </u>	<u>          </u>

Retirement benefits are accruing to all Directors under a defined benefit scheme.

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## NOTES TO THE ACCOUNTS – 4 APRIL 2000

### 5 EMPLOYEES

The average number of persons employed by the Company during the year was as follows:

	<u>2000</u> Number	<u>1999</u> Number
Waste management	3	3
	<u>          </u>	<u>          </u>
Staff costs comprise:	£'000	£'000
Wages and salaries	104	146
Social security costs	11	12
Other pension costs	<u>16</u>	<u>21</u>
	131	179
	<u>          </u>	<u>          </u>

### 6. TAXATION

Taxation charge based on the profits of the year is made up as follows:

	<u>2000</u> £'000	<u>1999</u> £'000
Corporation tax at 30% (1999: 31%) - Current Year	-	5
Deferred tax	(5)	1
	<u>(5)</u>	<u>6</u>
	<u>          </u>	<u>          </u>

### 7. DIVIDENDS

	<u>2000</u> £'000	<u>1999</u> £'000
Interim Paid	83	174
Final Proposed	<u>165</u>	<u>352</u>
	248	526
	<u>          </u>	<u>          </u>

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## NOTES TO THE ACCOUNTS – 4 APRIL 2000

### 8. TANGIBLE FIXED ASSETS

	<u>Land &amp; buildings</u>		
	<u>Freehold</u>	<u>Leasehold</u>	<u>Total</u>
	<u>£'000</u>	<u>Over 50</u>	<u>£'000</u>
		<u>Years</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Cost</b>			
At 27 March 1999 and as at 4 April 2000	<u>2,015</u>	<u>402</u>	<u>2,417</u>
<b>Depreciation</b>			
At 27 March 1999	89	151	240
Charge for year	6	8	14
	<u>          </u>	<u>          </u>	<u>          </u>
At 4 April 2000	<u>95</u>	<u>159</u>	<u>254</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book amount</b>			
At 4 April 2000	<u>1,920</u>	<u>243</u>	<u>2,163</u>
	<u>          </u>	<u>          </u>	<u>          </u>
At 27 March 1999	<u>1,926</u>	<u>251</u>	<u>2,177</u>
	<u>          </u>	<u>          </u>	<u>          </u>

### 9. INVESTMENTS

Investments in subsidiary undertakings at cost: £ 000

At 27 March 1999 and 4 April 2000 1,765

At 4 April 2000 the following company was a subsidiary undertaking of the Company:

Name of company	<u>Country of</u> <u>registration</u>	<u>Type of</u> <u>shares</u>	<u>Type of</u> <u>business</u>	<u>Proportion of</u> <u>shares held</u>
Shanks Chemical Services Limited	England	Ordinary	Waste Incineration	100%

The Directors are of the opinion that the value of investments in and amounts owing from subsidiary undertakings is not less than the aggregate amounts at which they are stated in the accounts.

### 10. DEBTORS

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Amounts owed by subsidiary undertakings	2,428	2,619
Other debtors	<u>3</u>	<u>3</u>
	<u>2,431</u>	<u>2,622</u>

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## NOTES TO THE ACCOUNTS – 4 APRIL 2000

### 11. CREDITORS: Amounts falling due within one year

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Corporation tax payable	19	19
Accruals	2	6
Proposed dividend	<u>165</u>	<u>352</u>
	<u>186</u>	<u>377</u>

### 12. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation	<u>Total</u> <u>£'000</u>
At 27 March 1999	154
Credited during the year	<u>(5)</u>
At 4 April 2000	<u>149</u>

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

	<u>2000</u> <u>Amount provided</u> <u>in the accounts</u> <u>£'000</u>	<u>Potential</u> <u>liability</u> <u>£'000</u>	<u>1999</u> <u>Amount provided</u> <u>in the accounts</u> <u>£'000</u>	<u>Potential</u> <u>liability</u> <u>£'000</u>
Accelerated capital allowances	<u>149</u>	<u>149</u>	<u>154</u>	<u>154</u>

### 13. CALLED UP SHARE CAPITAL

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Authorised 35,000,000 ordinary shares of 2 pence each	<u>700</u>	<u>700</u>
Allotted and fully paid 26,841,120 ordinary shares of 2 pence each	<u>537</u>	<u>537</u>

# SHANKS (ENVIRONMENTAL SERVICES) LIMITED

## NOTES TO THE ACCOUNTS – 4 APRIL 2000

### 14. RESERVES

	<u>Share premium</u>	<u>Profit and loss</u>	<u>Capital Redemption reserves</u>
	£'000	£'000	£'000
At 27 March 1999	3,002	2,394	100
Retained loss for the year	-	(9)	-
	<u>3,002</u>	<u>2,385</u>	<u>100</u>
At 4 April 2000	<u>3,002</u>	<u>2,385</u>	<u>100</u>

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000 £'000</u>	<u>1999 £'000</u>
Total recognised gains for the year	239	526
Dividends	<u>(248)</u>	<u>(526)</u>
Net decrease to shareholders' funds	(9)	-
Opening shareholders' funds	<u>6,033</u>	<u>6,033</u>
Closing shareholders' funds	<u>6,024</u>	<u>6,033</u>

### 16. PENSION COMMITMENTS

The Company, along with other companies in the Shanks Group, participates in pension arrangements providing benefits based on final salary. The assets are held separately from those of the group companies and are invested by professional investment managers.

A qualified actuary on the basis of triennial valuation using the Projected Unit Method determines the contributions.

The pension charge for the year was £16,000 (1999: £21,000).

Details of the latest actuarial valuation of the scheme on 6 April 1997 are given in the accounts of Shanks Group plc.

### 17. 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 parent and fellow subsidiary undertakings. The Company has in the normal course of business given guarantees and performance bonds relating to the Company's own contracts.

## **SHANKS (ENVIRONMENTAL SERVICES) LIMITED**

### **NOTES TO THE ACCOUNTS – 4 APRIL 2000**

#### **18. ULTIMATE PARENT COMPANY**

The immediate and ultimate parent company is Shanks Group plc, a company registered in Scotland. Copies of the Group accounts can be obtained from the Company Secretary, Shanks Group plc, Astor House, Station Road, Bourne End, Buckinghamshire, SL8 5YP.

#### **19. CASH FLOW STATEMENT**

The Group financial statements for the year ended 4 April 2000 contains the consolidated cash flow statement. The Company has taken advantage of the exemption granted by FRS1 ( Revised 1996 ) whereby it is not required to publish its own cash flow statement.

#### **20. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemptions of FRS8, whereby it is not required to disclose transactions with entities which are part of the Shanks Group, since consolidated financial statements are publicly available, as described in Note 18.