

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**

**Registered Number 1954243**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2004**



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COMPANIES HOUSE 28/01/05

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

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## **SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 March 2004.

### **Principal activities, business review and future prospects**

The Company incurs finance income and costs only.

### **Trading results and dividend**

The loss on ordinary activities after tax for the year ended 31 March 2004 was £151,000 (2003: £142,000). No dividend has been paid or proposed in the year (2003: £Nil). The retained loss transferred from reserves for the year was £151,000 (2003: £142,000).

### **Directors**

The Directors who held office during the year and up to the date of this report were as follows:

M C E Averill  
D J Downes  
C A Brown (resigned 14 May 2004)

### **Directors' interests**

At 31 March 2004 none of the Directors had a direct interest in the share capital of the Company. Messrs M C E Averill and D J Downes are Directors of Shanks Group plc and accordingly their interests in the share capital of that company are disclosed in its accounts. The Directors had no interests in the shares of any other Company in the group.

### **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 going concern basis unless it is inappropriate to presume that the Company will continue in business.

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**  
**DIRECTORS' REPORT- continued**

**Statement of Directors' responsibilities - continued**

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**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

By Order of the Board



P Kaye  
Secretary  
20 January 2005

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

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes and the accounting policies set out in the statement of accounting policies.

### **Respective responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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 annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

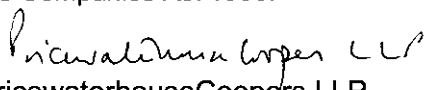
### **Basis of audit opinion**

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 affairs of the Company at 31 March 2004 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
20 January 2005

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2004**

|                                               | <u>Note</u> | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|-----------------------------------------------|-------------|----------------------|----------------------|
| Finance charges                               | 3           | (99)                 | (87)                 |
|                                               |             | <hr/>                | <hr/>                |
| <b>Loss on ordinary activities before tax</b> |             | (99)                 | (87)                 |
| Tax                                           | 4           | (52)                 | (55)                 |
|                                               |             | <hr/>                | <hr/>                |
| <b>Loss on ordinary activities after tax</b>  |             | (151)                | (142)                |
| Dividend                                      |             | -                    | -                    |
|                                               |             | <hr/>                | <hr/>                |
| <b>Retained loss for the year</b>             | 8           | (151)                | (142)                |
|                                               |             | <hr/> <hr/>          | <hr/> <hr/>          |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 March 2004**

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

The reconciliation of movement in shareholders' funds is set out in Note 9 to the financial statements.

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**  
**BALANCE SHEET as at 31 March 2004**

|                                                | <u>Note</u> | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|------------------------------------------------|-------------|----------------------|----------------------|
| <b>Current assets</b>                          |             |                      |                      |
| Debtors                                        | 5           | 4,012                | 3,838                |
| Creditors: amounts falling due within one year | 6           | (657)                | (332)                |
|                                                |             | <hr/>                | <hr/>                |
| <b>Net assets</b>                              |             | <u>3,355</u>         | <u>3,506</u>         |
| <br><b>Capital and reserves</b>                |             |                      |                      |
| Share capital                                  | 7           | 3,639                | 3,639                |
| Profit and loss account                        | 8           | (284)                | (133)                |
|                                                |             | <hr/>                | <hr/>                |
| <b>Total shareholders' funds</b>               | 9           | <u>3,355</u>         | <u>3,506</u>         |
| <br>Equity shareholders' funds                 |             | (284)                | (133)                |
| Non-equity shareholders' funds                 |             | 3,639                | 3,639                |
|                                                |             | <hr/>                | <hr/>                |
| <b>Total shareholders' funds</b>               |             | <u>3,355</u>         | <u>3,506</u>         |

Approved by the Board on 20 January 2005.



DJ Downes  
Director

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2004**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. As the Company is a wholly owned subsidiary of Shanks Group plc, group financial statements have not been prepared as permitted by s228 of the Companies Act 1985 and the financial statements contain information about the Company as an individual undertaking.

**2 Company status**

Audit costs have been borne by the ultimate holding company. There were no employees of the Company in the year. The Directors were not remunerated for their services to the Company, neither did the Directors accrue any retirement benefits in respect of service to the Company.

**3 Finance charges**

|                                                | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|------------------------------------------------|----------------------|----------------------|
| Interest income from group undertakings        | (174)                | (186)                |
| Fixed dividend on Redeemable Preference Shares | 273                  | 273                  |
|                                                | <u>99</u>            | <u>87</u>            |

**4 Tax**

The tax assessed for the prior period was higher than the United Kingdom standard rate of corporation tax of 30% (2003: 30%). The differences are explained below:

|                                                | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|------------------------------------------------|----------------------|----------------------|
| Loss on ordinary activities before tax         | <u>99</u>            | <u>87</u>            |
| Tax credit based on UK tax rate                | 30                   | 26                   |
| Tax effect of the following items:             |                      |                      |
| Fixed dividend on Redeemable Preference Shares | (82)                 | (81)                 |
| Corporation tax charge for the period          | <u>(52)</u>          | <u>(55)</u>          |

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2004 - continued**

**5 Debtors**

|                                                | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|------------------------------------------------|----------------------|----------------------|
| Amounts owed by fellow subsidiary undertakings | 4,012                | 3,838                |
|                                                | <u>          </u>    | <u>          </u>    |

**6 Creditors: amounts falling due within one year**

|                                                | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|------------------------------------------------|----------------------|----------------------|
| Corporation tax                                | 107                  | 55                   |
| Amounts owed to fellow subsidiary undertakings | 546                  | 273                  |
| Fixed dividend on Redeemable Preference Shares | 4                    | 4                    |
|                                                | <u>          </u>    | <u>          </u>    |
|                                                | 657                  | 332                  |
|                                                | <u>          </u>    | <u>          </u>    |

**7 Share capital**

|                                                         | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|---------------------------------------------------------|----------------------|----------------------|
| Authorised:                                             |                      |                      |
| 35,000,000 Ordinary Shares of 2 pence each              | 700                  | 700                  |
| 10,000,000 7.5% Redeemable Preference Shares of £1 each | 10,000               | 10,000               |
|                                                         | <u>          </u>    | <u>          </u>    |
|                                                         | 10,700               | 10,700               |
|                                                         | <u>          </u>    | <u>          </u>    |
| Allotted, called up and fully paid:                     |                      |                      |
| 3,639,195 7.5% Redeemable Preference Shares of £1 each  | 3,639                | 3,639                |
|                                                         | <u>          </u>    | <u>          </u>    |

The 7.5% Redeemable Preference Shares of £1 each are entitled to receive only a fixed dividend at the annual rate of 7.5% payable quarterly in arrears out of the profits available for distribution. The Company has the right to redeem the preference shares at any time and must do so by the fifth anniversary of the date of issue (26 March 2007).

On return of capital or winding up, the Redeemable Preference Shares are only entitled to repayment of the nominal amount paid and any accrued fixed dividend in priority to any payment to the holders of any other class of shares.

The Redeemable Preference Shares hold equivalent voting rights to Ordinary share holders only in respect of any resolution that affects the rights of the holders of the Redeemable Preference Shares at any General Meeting of the Company.

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2004 - continued****8 Reserves**

|                            | Profit<br>and loss<br><u>account</u><br>£'000 |
|----------------------------|-----------------------------------------------|
| At 1 April 2003            | (133)                                         |
| Retained loss for the year | (151)                                         |
|                            | <hr/>                                         |
| At 31 March 2004           | (284)                                         |
|                            | <hr/> <hr/>                                   |

**9 Reconciliation of movement in shareholders' funds**

|                                             | <u>2004</u><br>£'000 | <u>2003</u><br>£'000 |
|---------------------------------------------|----------------------|----------------------|
| Loss on ordinary activities before taxation | (151)                | (142)                |
| Dividends                                   | -                    | -                    |
|                                             | <hr/>                | <hr/>                |
| Net movement in equity shareholders' funds  | (151)                | (142)                |
| Opening total shareholders' funds           | 3,506                | 3,648                |
|                                             | <hr/>                | <hr/>                |
| Closing total shareholders' funds           | 3,355                | 3,506                |
|                                             | <hr/> <hr/>          | <hr/> <hr/>          |

**10 Contingent liabilities**

The Company has granted to its bankers an unlimited guarantee and a right of set off against accounts outstanding on advances to its parent and fellow subsidiary undertakings.

**11 Related party transactions**

As permitted by FRS8, the Company, being a wholly owned subsidiary of another company which prepares a statement of related party transactions including that of this Company, has not prepared such a statement itself.

**12 Cash flow statement**

As permitted by paragraph 8(c) of FRS1 (revised 1996), the Company, being a wholly owned subsidiary of another company which prepares a cash flow statement including that of this Company, has not prepared such a statement itself.

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2004 - continued**

**13 Immediate and ultimate parent company**

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