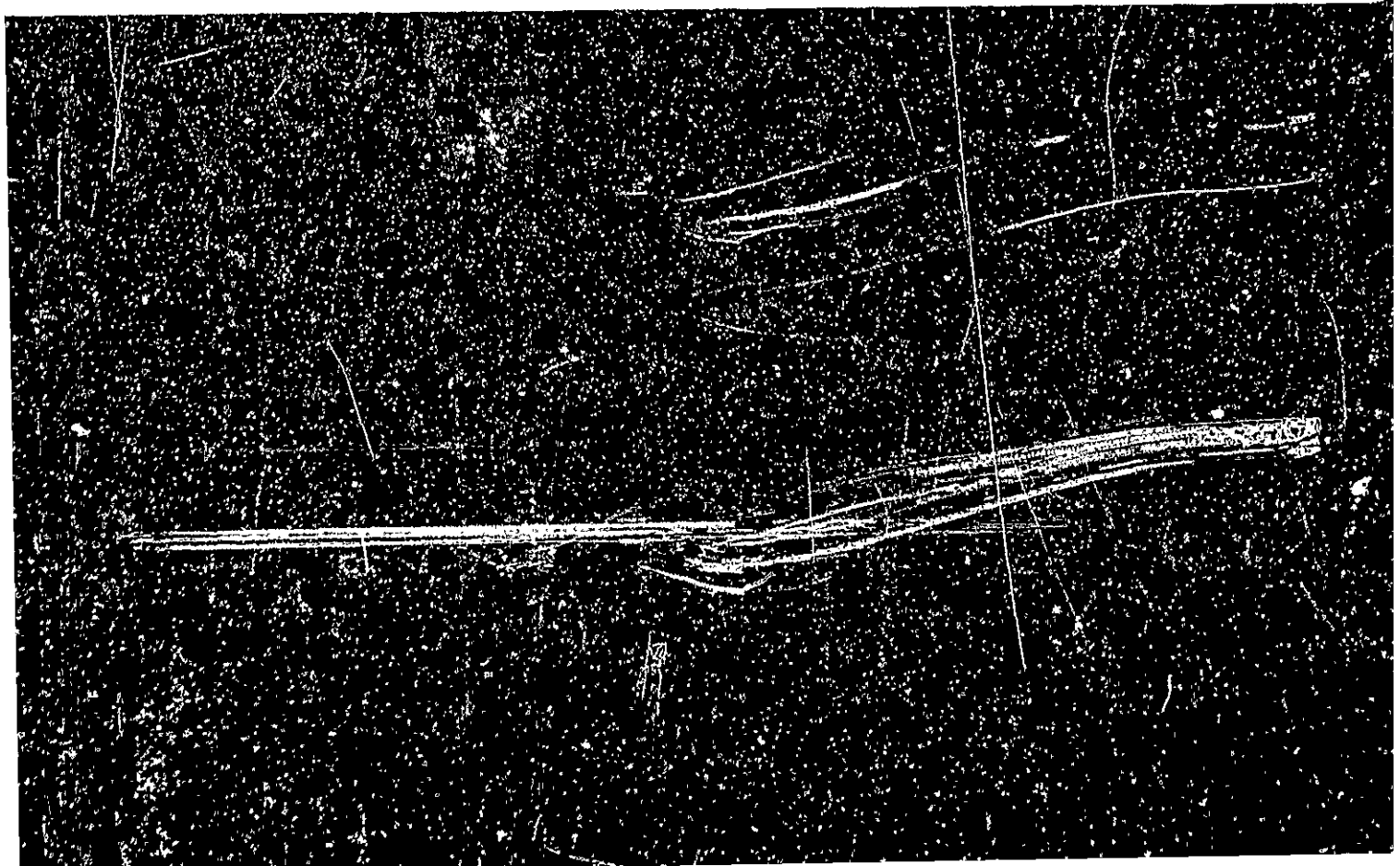


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RECHEM ENVIRONMENTAL SERVICES PLC

REPORT AND ACCOUNTS

Year ended 30 March 1991

RECHAM ENVIRONMENTAL SERVICES PLC

REPORT & ACCOUNTS

YEAR ENDED 30 MARCH 1991

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## RECHEM ENVIRONMENTAL SERVICES PLC

## Directors

R C Biffa  
 M C Lee  
 P Kaye  
 G W Searle  
 H L I Runciman (Appointed 29 January 1991)  
 M R Hewitt (Appointed 29 January 1991)  
 A J N Fowler (Appointed 29 January 1991)

## Secretary and registered office

P Kaye, Astor House, Station Rd., Bourne End, Buckinghamshire SL8 5YP

## REPORT OF THE DIRECTORS

The directors submit their report and statement of accounts for the year ended 30 March 1991.

## 1. Principal activity

The principal activity of the company was the provision of management services to Rechem International Limited.

2. Profit and dividend £000

The profit for the year after taxation and extraordinary item was	2,829
Dividends paid and proposed	2,715
Retained profit	114
	=====

## 3. Merger with Shanks &amp; McEwan Group PLC

On January 17 1991 the company merged with Shanks & McEwan Group PLC.

## 4. Directors

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

G D Fairservice and E A Youdell resigned on 29 January 1991.

The interests of R C Biffa, M C Lee, P Kaye and G W Searle in the shares of the company, Rechem Environmental Services PLC, are as follows:

	Ordinary shares of 2p each		Share options
	30.3.91	31.3.90	30.3.91 31.3.90
R C Biffa	-	5,714,200	- 90,284
M C Lee	-	5,514,200	- 83,585
P Kaye	-	4,000	- 50,430
G W Searle	-	10,000	- -

RECHEM ENVIRONMENTAL SERVICES PLC

REPORT OF THE DIRECTORS

4. Directors (continued)

The interests at 30 March 1991 of H L I Runciman, M R Hewitt, A J N Fowler, R C Biffa and M C Lee in the shares of the ultimate parent company are shown in the accounts of the ultimate parent company, Shanks & McEwan Group PLC.

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 30 March 1991 together with their interests on 17 January 1991, the date of the merger of Rechem Environmental Services PLC with Shanks & McEwan Group PLC, were as follows:

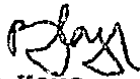
	Ordinary shares of 50p each		Share options	
	30.3.91	17.1.91	30.3.91	17.1.91
P Kaye	-	1,400	11,265	29,215
G W Searle	3,500	3,500	-	-

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

5. Auditors

Price Waterhouse resigned as auditors following the merger of Rechem Environmental Services PLC with Shanks & McEwan Group PLC and Moores Rowland were appointed to fill the vacancy. A resolution to re-appoint Moores Rowland will be proposed at the forthcoming Annual General Meeting.

By order of the board

  
P Kaye  
Secretary

18 June 1991

RECHEM ENVIRONMENTAL SERVICES PLC

REPORT OF THE AUDITORS

TO THE MEMBERS OF RECHEM ENVIRONMENTAL SERVICES PLC

We have audited the accounts on pages 4 to 13 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 30 March 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants

25 Bothwell Street  
Glasgow G2 6NL

18 June 1991

## RECHEM ENVIRONMENTAL SERVICES PLC

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 MARCH 1991

		1991	1990
	Note	£000	£000
TURNOVER	2	2,841	2,373
Administrative expenses		2,137	1,491
		<hr/>	<hr/>
TRADING PROFIT	3	704	882
Income from shares in group companies		2,713	2640
Interest payable	5	(22)	(46)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,395	3,476
Tax on profit on ordinary activities	6	397	359
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,998	3,117
Extraordinary item	7	169	-
		<hr/>	<hr/>
PROFIT AFTER TAX AND EXTRAORDINARY ITEM		2,829	3,117
Dividend	8	2,715	2,655
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	16	114	462
		=====	=====

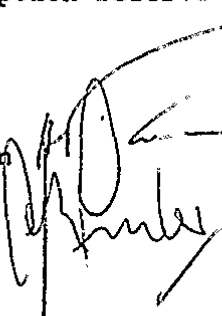
The notes on pages 7 to 13 form part of these accounts

## RECHEM ENVIRONMENTAL SERVICES PLC

## BALANCE SHEET

30 MARCH 1991

		1991	1990
	Note	£000	£000
FIXED ASSETS			
Tangible assets	9	2,316	2,329
Investments	10	1,765	1,765
		<u>4,081</u>	<u>4,094</u>
CURRENT ASSETS			
Debtors	11	<u>4,217</u>	<u>2,976</u>
Deposits and cash		50	50
		<u>4,267</u>	<u>3,026</u>
CREDITORS: amounts falling due within within one year	12	<u>3,511</u>	<u>2,999</u>
NET CURRENT ASSETS		756	27
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>4,837</u>	<u>4,121</u>
PROVISION FOR LIABILITIES AND CHARGES	13	60	27
		<u>4,777</u>	<u>4,094</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	14	537	531
Share premium account	15	3,002	2,439
Profit and loss account	16	1,138	1,024
Capital redemption reserve	17	100	100
		<u>4,777</u>	<u>4,094</u>
		=====	=====

H L I Runciman  DirectorA J N Fowler  Director

18 June 1991

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



## RECHEM ENVIRONMENTAL SERVICES PLC

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30 MARCH 1991

	1991	1990
	£000	£000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	3,395	3,476
Extraordinary item before taxation	(169)	-
	<u>3226</u>	<u>3476</u>
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	13	15
Total generated from operations	<u>3,239</u>	<u>3,491</u>
Funds from other sources		
Share issue	569	-
	<u>3808</u>	<u>3491</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	-	25
Tax paid	104	314
Dividend paid	2,921	2,522
Loan repayment	200	200
	<u>3,225</u>	<u>3,061</u>
Increase in working capital	583	430
	=====	=====
COMPONENTS OF INCREASE IN WORKING CAPITAL		
Debtors	(174)	178
Creditors	347	(192)
Group undertakings	410	446
Net liquid funds:		
Bank borrowing	-	(2)
	<u>583</u>	<u>430</u>
	=====	=====

## RECHEM ENVIRONMENTAL SERVICES PLC

## 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.

As the company is a wholly owned subsidiary undertaking of Shanks & McEwan Group PLC, registered in Scotland, group accounts have not been prepared as permitted by the Companies Act 1985.

## (ii) 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.

## (iii) Fixed assets

Depreciation is provided on assets other than land in equal annual instalments over the estimated useful lives of the assets and is calculated on the cost or valuation of the assets.

The estimated lives are:

Buildings : 50 years

## (iv) 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.

## (v) 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.

## 2. Turnover and profit

Turnover and profit on ordinary activities before taxation is derived from providing property and management services to group companies.

## RECHEM ENVIRONMENTAL SERVICES PLC

## NOTES ON THE ACCOUNTS

	1991 £000	1990 £000
3. Profit on ordinary activities before taxation		
The profit is stated after charging:		
Depreciation of tangible fixed assets	13	9
Auditor's remuneration	2	2
	=====	=====
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	19	17
	==	==
Staff costs comprise:	£000	£000
Wages and salaries	722	589
Social security costs	75	60
Other pension costs	60	30
	<u>857</u>	<u>679</u>
	=====	=====
The remuneration of the directors was as follows:		
Fees	25	26
Other emoluments	381	293
	<u>406</u>	<u>319</u>
	=====	=====
Compensation for loss of office	19	-
	=====	=====
Particulars of director's remuneration excluding pension contributions:		
Chairman	132	99
	=====	=====
Other directors	Number	Number
£ 5001 to £ 10000	2	2
£ 25001 to £ 30000	-	1
£ 30001 to £ 35000	1	-
£ 60001 to £ 65000	-	1
£ 65001 to £ 70000	1	-
£ 90001 to £ 95000	-	1
£125001 to £130000	1	-

RECHEM ENVIRONMENTAL SERVICES PLC

9

NOTES ON THE ACCOUNTS

	1991 £000	1990 £000
5. Interest payable		
Interest payable on loans repayable within five years	22	54
Interest receivable on short term deposits	-	(8)
	<u>22</u>	<u>46</u>
	=====	=====
6. Taxation		
Taxation charge based on the profits of the year is made up as follows:		
UK Corporation tax at 34% (1990:35%)	364	351
Deferred taxation	33	34
	<u>397</u>	<u>359</u>
	=====	=====
7. Extraordinary item		
Abortive development costs	169	-
	=====	=====
8. Dividend		
Interim paid	1,195	929
Final proposed	1,520	1,726
	<u>2,715</u>	<u>2,655</u>
	=====	=====

## RECHEM ENVIRONMENTAL SERVICES PLC

## NOTES ON THE ACCOUNTS

## 9. Tangible fixed assets

Land and  
Buildings

£000

## Cost or valuation:

At 1 April 1990 and 30 March 1991

2,446

=====

## Depreciation:

At 1 April 1990

117

Charge for year

13

At 30 March 1991

130

=====

## Net book amount:

At 30 March 1991

2,316

=====

## Consisting of:

Freehold

1,969

Long leasehold

347

=====

At 31 March 1990

2329

=====

## Consisting of:

Freehold

1,974

Long leasehold

355

=====

## RECHEM ENVIRONMENTAL SERVICES PLC

## NOTES ON THE ACCOUNTS

## 10. Investments

Investments in subsidiary undertakings

Shares at cost:

At 1 April 1990 and 30 March 1991

1,765

=====

The company holds 100% of the equity of the following companies:

Name of company	Registered in	Class of share	Business
Rechem International Limited	England	Ordinary	Waste Incineration
Terramicus Limited	England	Ordinary	Dormant

## 11. Debtors

Amounts owed by parent and  
fellow subsidiary undertakings  
Prepayments and accrued income  
ACT recoverable

1991  
£000

1990  
£000

4,210

2,220

7

181

-

575

4,2172,976

=====

=====

## 12. Creditors: amounts falling due within one year

Loans from former parent  
company

Accruals

Corporation tax payable

Proposed dividend

Amounts owed to parent and

fellow subsidiary undertakings

-

200

43

390

368

683

1,520

1,726

1,580

-

3,5112,999

=====

=====

## RECHEM ENVIRONMENTAL SERVICES PLC

## NOTES ON THE ACCOUNTS

## 13. Provision for liabilities and charges

	£000
Deferred taxation:	
At 1 April 1990	27
Provided in year	33
At 30 March 1991	<u>60</u>
	=====

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

	1991		1990	
	Provision	Total Potential Liability	Provision	Total Potential Liability
	£000	£000	£000	£000
Accelerated capital allowances	60	162	60	183
Other timing differences	-	-	(33)	(33)
	<u>60</u>	<u>162</u>	<u>27</u>	<u>150</u>
	=====	=====	=====	=====

## 14. Called up share capital

Authorised:		
35,000,000 ordinary shares of 2p		
(1990: 35,000,000)	700	700
	=====	=====
Allotted and fully paid		
26,841,120 ordinary shares of 2p		
(1990: 26,550,000)	537	531
	=====	=====

291,120 Ordinary shares were issued under the terms of the Senior Executive Share Option Scheme, Share Option Scheme 1988 and Savings Related Share Option Scheme. The aggregate consideration received in respect of these allotments was £568,886. On 17 January, 1991, all remaining options outstanding were converted into options in the share capital of Shanks & McEwan Group PLC.

15. Share premium account	£000
At 1 April 1990	2,439
Premium on issue of shares	563
	<u>3,002</u>
	=====

## RECHEM ENVIRONMENTAL SERVICES PLC

## NOTES ON THE ACCOUNTS

£000

## 16. Profit and loss account

At 1 April 1990	1,024
Transfer for the year	114
At 30 March 1991	<u>1,138</u>
	=====

## 17. Capital redemption reserve

At 1 April 1990 and 30 March 1991	100
	===

## 18. Pension commitments

The company operates a pension scheme for company and subsidiary employees which provides benefits based upon contributions. The company also targets contributions to provide benefits based on final pensionable salaries. The trustees of the scheme are Standard Life Trustee Company.

## 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 parent, subsidiary and fellow subsidiary companies. The Directors are of the opinion that claims for compensation made against a subsidiary by third parties have no foundation.

## 20. Ultimate parent company

The company's ultimate parent company is Shanks and 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.