

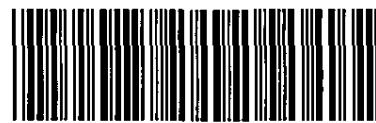
SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

Registered Number 1954243

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

TUESDAY



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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 2008

Business review and principal activities

The Company earns finance income and incurs costs only

The profit on ordinary activities after tax for the year ended 31 March 2008 was £167,000 (2007 £124,000 loss) No dividend has been paid or proposed in the year (2007 £Nil) The retained profit transferred from reserves for the year was £167,000 (2007 £124,000 loss)

Principal risks and uncertainties

The Company is a wholly-owned subsidiary of the Shanks Group Risks are principally managed by the Shanks Group for the Group as a whole The principal risks and uncertainties of Shanks Group plc are discussed in its Annual Report and Accounts

Key performance indicators

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company

Future Developments

The Directors do not anticipate any significant changes for 2009 in respect of the position and activities of the Company

Directors

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

M C E Averill	(resigned 30 September 2007)
T W Drury	(appointed 1 October 2007)
F A N Welham	

Directors' interests

At 31 March 2008 none of the Directors had a direct interest in the share capital of the Company Messrs Welham and Drury are Directors of Shanks Group plc and accordingly their interests in that Company's share capital are disclosed in that Company's Report and Accounts The Directors had no interests in the shares of any other Company in the group

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

DIRECTORS' REPORT - continued

Statement of directors' responsibilities in respect of the report and the financial statements

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

In accordance with Section 234ZA(2) of the Companies Act 1985 the directors confirm

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) the directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

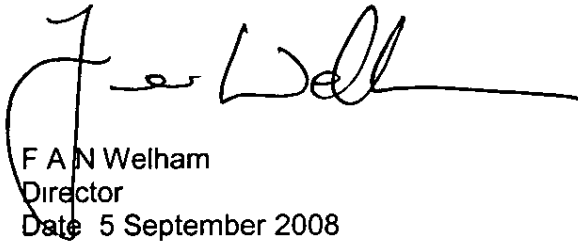
SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

DIRECTORS' REPORT - continued

Auditors

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

By Order of the Board



F A N Welham
Director
Date 5 September 2008

Registered Office
Dunedin House
Auckland Park
Milton Keynes
Buckinghamshire
MK1 1BU

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

We have audited the financial statements of Shanks & McEwan (Environmental Services) Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place, London
5 September 2008

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2008

	<u>Note</u>	<u>2008</u> £'000	<u>2007</u> £'000
Finance income/(charges)	4	239	(60)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before tax		239	(60)
Tax	5	(72)	(64)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after tax and retained profit/(loss) for the year	9	167	(124)
		<hr/>	<hr/>

All of the above relates to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2008

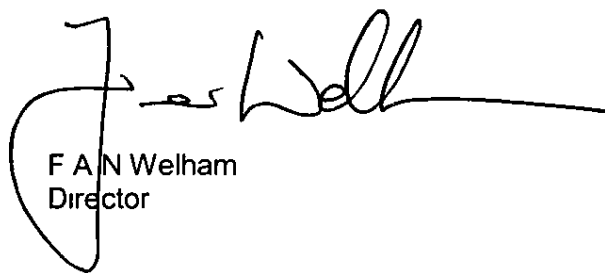
The Company has no recognised gains or losses other than the profit for the year

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

BALANCE SHEET as at 31 March 2008

	<u>Note</u>	<u>2008</u> £'000	<u>2007</u> £'000
Current assets			
Debtors	6	4,578	4,403
Creditors amounts falling due within one year	7	(1,440)	(1,432)
		<u> </u>	<u> </u>
Net assets		<u>3,138</u>	<u>2,971</u>
 Capital and reserves			
Share capital	8	3,639	3,639
Profit and loss account	9	(501)	(668)
		<u> </u>	<u> </u>
Equity shareholders' funds	10	<u>3,138</u>	<u>2,971</u>

Approved by the Board on 5 September 2008



F A N Welham
Director

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

(b) Financial Support

The financial statements are prepared on a going concern basis, notwithstanding the deficit on shareholders' funds, as it is the intention of Shanks Group plc to provide such financial support as may be required to meet the financial obligations of the Company for the foreseeable future

2 Segmental reporting

The Company operates solely in the United Kingdom and receives interest income from fellow subsidiary undertakings

3 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.

4 Finance income/(charges)

	<u>2008</u> £'000	<u>2007</u> £'000
Interest income from group undertakings	239	212
Fixed dividend on Redeemable Preference Shares	-	(272)
	<u>239</u>	<u>(60)</u>

In the year ended 31 March 2007 the Company held 3,639,195 7.5% Redeemable Preference Shares (RPS) of £1 each. On 30 March 2007 the rights and privileges of the RPS were converted into 'A' ordinary shares. Accordingly, no further RPS dividends have been accrued in the year ended 31 March 2008.

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2008 - continued

5 Tax

The tax charge based on the profit for the year is made up as follows

	<u>2008</u> £'000	<u>2007</u> £'000
Corporation tax at 30% (2007 30%) – current tax	72	64

The tax assessed for the prior period was higher than the United Kingdom standard rate of corporation tax of 30% (2007 30%) The differences are explained below

	<u>2008</u> £'000	<u>2007</u> £'000
Profit/(loss) on ordinary activities before tax	239	(60)
Tax (charge)/credit based on UK tax rate	(72)	18
Tax effect of the following items		
Fixed dividend on Redeemable Preference Shares	-	(82)
Corporation tax charge for the year	(72)	(64)

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2008 - continued

6 Debtors

	<u>2008</u> £'000	<u>2007</u> £'000
Amounts owed by ultimate parent undertaking	929	754
Amounts owed by fellow subsidiary undertakings	3,649	3,649
	<u>4,578</u>	<u>4,403</u>

The amounts owed by group undertakings are repayable on demand. Amounts owed by the ultimate parent undertaking are interest free and the amounts owed by fellow subsidiary undertakings bear interest at 5.6% (2007: 5.6%).

7 Creditors, amounts falling due within one year

	<u>2008</u> £'000	<u>2007</u> £'000
Corporation tax	72	64
Amounts owed to fellow subsidiary undertakings relating to accrued dividend on Redeemable Preference Shares	1,368	1,368
	<u>1,440</u>	<u>1,432</u>

In the year ended 31 March 2007 the Company held 3,639,195 7.5% Redeemable Preference Shares (RPS) of £1 each. On 31 March 2007 the rights and privileges of the RPS were converted to 'A' ordinary shares. Dividends on the RPS accrued up to 30 March 2007 remain a liability of the Company and will become payable once the Company has sufficient distributable reserves to legally pay the RPS dividend. On conversion, no further RPS dividends have been accrued.

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2008 - continued

8 Share capital

	<u>2008</u> £'000	<u>2007</u> £'000
Authorised		
35,000,000 Ordinary Shares of 2 pence each	700	700
10,000,000 'A' Ordinary Shares of £1 each	10,000	10,000
	<hr/>	<hr/>
	10,700	10,700
	<hr/>	<hr/>
Allotted, called up and fully paid		
1,000 Ordinary Shares of 2 pence each	-	-
3,639,195 'A' Ordinary Shares of £1 each	3,639	3,639
	<hr/>	<hr/>
	3,639	3,639
	<hr/>	<hr/>

The 'A' ordinary shares rank above the existing ordinary shares in relation to any payment of the Redeemable Preference Share (RPS) dividends. On return of capital or winding up, the 'A' Ordinary shares are entitled to the repayment of all arrears on the RPS dividends as well as the nominal amount of the 'A' ordinary shares in priority to any payment to the holders of any other class of shares.

The 'A' ordinary shares hold equivalent voting rights to Ordinary share holders only in respect of any resolution that affects the rights of the holders of the 'A' ordinary shares at any General Meeting of the Company.

9 Reserves

	Profit and loss <u>account</u> £'000
At 1 April 2007	(668)
Retained profit for the year	167
	<hr/>
At 31 March 2008	(501)
	<hr/>

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2008 - continued

10 Reconciliation of movement in shareholders' funds

	<u>2008</u> £'000	<u>2007</u> £'000
Profit/(loss) on ordinary activities before tax	167	(124)
Conversion of Redeemable Preference Shares to 'A' Ordinary Shares	-	3,639
	<hr/>	<hr/>
Net movement in equity shareholders' funds	167	3,515
Opening equity shareholders' funds	2,971	(544)
	<hr/>	<hr/>
Closing equity shareholders' funds	<u>3,138</u>	<u>2,971</u>

11 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

12 Related party transactions

As permitted by FRS 8, 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

13 Cash flow statement

The Company is a wholly-owned subsidiary of Shanks Group plc and is included in the consolidated statements of Shanks Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1

14 Immediate and ultimate parent company

The Company's immediate parent company is Shanks Capital Investment Limited, a company incorporated in England & Wales, and the 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, Dunedin House, Auckland Park, Milton Keynes, Buckinghamshire, MK1 1BU