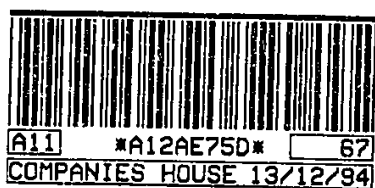


SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

REPORT & ACCOUNTS

Year ended 26 March 1994



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

**REPORT & ACCOUNTS**

**YEAR ENDED 26 MARCH 1994**

<b>CONTENTS</b>	<b>Page</b>
<b>Report of the directors</b>	<b>1-3</b>
<b>Report of the auditors</b>	<b>4</b>
<b>Profit &amp; loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes on the accounts</b>	<b>7 - 12</b>

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

M C E Averill  
D J Downes  
D J Blane  
C A Brown  
G H Gracie  
P H-Jones  
N MacLellan  
G W Searle

**Secretary and registered office**

G H Gracie, 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 26 March 1994.

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safe guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**1. Principal activity**

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

The company acquired the entire issued share capital of Shanks & McEwan (Technical Services) Limited from the ultimate parent company on 28 March 1993. This company in turn holds the entire issued share capital of Shanks & McEwan (Teesside) Limited. The company changed its name from Rechem (Environmental Services) Limited to Shanks & McEwan (Environmental Services) Limited on 30 March 1993.

## SHANKS &amp; McEWAN (ENVIRONMENTAL SERVICES) LIMITED

## REPORT OF THE DIRECTORS

## 2. Profit and dividend

	£000	£000
Profit for the year after taxation		5,317
Dividends: Interim paid	1,638	
Final proposed	3,276	4,914
		<hr/>
Retained profit		403
		<hr/>

## 3. Directors

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

A J N Fowler resigned on 30 September 1993, P Kaye on 25 November 1993 and M R Hewitt on 12 January 1994.

D J Blane and P H-Jones were appointed on 19 May 1993, D J Downes on 12 January 1994 and C A Brown and N MacLellan on 9 February 1994

The other directors served throughout the year.

The interest at 26 March 1994 of D J Downes 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 26 March 1994 together with their interests on 27 March 1993, or date of appointment, if later, were as follows:

	Ordinary shares of 10p each		Share options	
	26.3.94	27.3.93	26.3.94	27.3.93
M C E Averill	—	—	74,478	74,478
D J Blane	350	350	56,940	44,440
C A Brown	—	—	5,652	5,652
G H Gracie	—	—	24,394	24,394
P H-Jones	—	—	59,986	54,986
N MacLellan	—	—	—	—
G W Searle	17,500	17,500	—	—

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

## 4. Changes in 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.

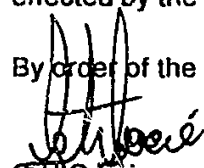
**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED****REPORT OF THE DIRECTORS****5. Health, safety and welfare at work of employees**

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.

By order of the board



G.H. Gracie  
Secretary

22 June 1994

SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED

We have audited the accounts on pages 5 to 12.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 26 March 1994 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  
22 June 1994

## SHANKS &amp; McEWAN (ENVIRONMENTAL SERVICES) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 26 MARCH 1994

		1994	1993
	Note	£000	£000
TURNOVER	2	1,982	2,296
Administrative expenses		<u>1,351</u>	<u>1,126</u>
TRADING PROFIT		631	1,170
Income from group companies		<u>4,914</u>	<u>3,715</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3	5,545	4,885
Taxation	5	<u>228</u>	<u>390</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,317	4,495
Dividends	6	<u>4,914</u>	<u>3,715</u>
RETAINED PROFIT FOR THE YEAR	14	<u><u>403</u></u>	<u><u>780</u></u>

All disclosures relate only to continuing operations. There are no recognised gains or losses other than the profit for the year.

The notes on pages 7 to 12 form part of these accounts

## SHANKS &amp; McEWAN (ENVIRONMENTAL SERVICES) LIMITED

## BALANCE SHEET

26 MARCH 1994

		1994	1993
	Note	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	7	2,262	2,280
Investments	8	<u>3,851</u>	<u>1,765</u>
		6,113	4,045
<b>CURRENT ASSETS</b>			
Debtors	9	<u>4,293</u>	<u>4,915</u>
CREDITORS: amounts falling due within within one year	10	<u>3,926</u>	<u>2,883</u>
NET CURRENT ASSETS		<u>367</u>	<u>2,032</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,480	6,077
PROVISION FOR LIABILITIES AND CHARGES	11	<u>60</u>	<u>60</u>
		<u>6,420</u>	<u>6,017</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	537	537
Share premium account	13	3,002	3,002
Profit and loss account	13	2,781	2,378
Capital redemption reserve	13	<u>100</u>	<u>100</u>
		<u>6,420</u>	<u>6,017</u>



D J Downes

Director

22 June 1994

The notes on pages 7 to 12 form part of these accounts



**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) 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.

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 and the accounts contain information about the company as an individual undertaking.

**(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.

## SHANKS &amp; McEWAN (ENVIRONMENTAL SERVICES) LIMITED

## NOTES ON THE ACCOUNTS

1994  
£0001993  
£000

## 3. Profit on ordinary activities before taxation

The profit is stated after charging:

Depreciation of tangible fixed assets  
Auditors remuneration18  
218  
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

1212

Staff costs comprise:

£000

£000

Wages and salaries  
Social security costs  
Other pension costs420  
38  
35335  
35  
27493397

The remuneration of the directors was as follows:

Fees

-

-

Other emoluments

303174303174Whereof : - Paid by company  
          : - Paid by subsidiary company283  
20174  
-303174

Particulars of director's remuneration excluding pension contributions:

Present chairman  
Previous chairman  
Highest paid director19  
-  
91-  
-  
84

Other directors

Number

Number

£ 0 to £ 5000  
£ 5001 to £ 10000  
£ 20001 to £ 25000  
£ 45001 to £ 50000  
£ 50001 to £ 55000  
£ 55001 to £ 600004  
2  
-  
-  
1  
24  
-  
1  
1  
-  
-

## SHANKS &amp; McEWAN (ENVIRONMENTAL SERVICES) LIMITED

## NOTES ON THE ACCOUNTS

	1994 £000	1993 £000
<b>5. Taxation</b>		
Taxation charge based on the profits of the year is made up as follows:		
UK Corporation tax at 33% (1993:33%)	<u>228</u>	<u>390</u>
<b>6. Dividends</b>		
Interim paid	1,638	1,238
Final proposed	<u>3,276</u>	<u>2,477</u>
	<u>4,914</u>	<u>3,715</u>
<b>7. Tangible fixed assets</b>		
Land & buildings		
Cost:		
At 28 March 1993 and 26 March 1994		<u>2,446</u>
Depreciation:		
At 28 March 1993		166
Charge for year		<u>18</u>
At 26 March 1994		<u>184</u>
Net book amount:		
At 26 March 1994		<u>2,262</u>
Consisting of:		
Freehold		1,954
Long leasehold		290
Short leasehold		<u>18</u>
At 27 March 1993		<u>2,280</u>
Consisting of:		
Freehold		1,959
Long leasehold		<u>321</u>

## SHANKS &amp; McEWAN (ENVIRONMENTAL SERVICES) LIMITED

## NOTES ON THE ACCOUNTS

## 8. Investments

Investments in subsidiary undertakings

Shares at cost:	£000
At 28 March 1993	1,765
Transfer from other group company	<u>2,086</u>
At 26 March 1994	<u><u>3,851</u></u>

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
Shanks & McEwan (Technical Services) Limited	England	Ordinary	Waste Treatment

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.

	1994 £000	1993 £000
9. Debtors		
Amounts owed by parent and fellow subsidiary undertakings	548	2,236
Amounts owed by subsidiary undertakings	3,742	2,679
Other debtors	<u>3</u>	<u>-</u>
	<u><u>4,293</u></u>	<u><u>4,915</u></u>

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

Accruals	2	-
Other creditors	17	-
Corporation tax payable	631	406
Proposed dividend	<u>3,276</u>	<u>2,477</u>
	<u><u>3,926</u></u>	<u><u>2,883</u></u>

## NOTES ON THE ACCOUNTS

## 11. Provision for liabilities and charges

Deferred taxation:	£000
At 28 March 1993 and at 26 March 1994	<u>60</u>

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

	1994 Provision £000	1994 Total Potential Liability £000	1993 Provision £000	1993 Total Potential Liability £000
Accelerated capital allowances	<u>60</u>	<u>151</u>	<u>60</u>	<u>151</u>

## 12. Called up share capital

	1994 £000	1993 £000
Authorised:		
35,000,000 ordinary shares of 2p	<u>700</u>	<u>700</u>
Allotted and fully paid		
26,841,120 ordinary shares of 2p	<u>537</u>	<u>537</u>

## 13. Reconciliation of shareholders funds

	Share Capital £000	Share Premium £000	Profit and loss £000	Capital Redemption Reserve £000	Total £000
At 28 March 1993	537	3,002	2,378	100	6,017
Profit for year	-	-	5,317	-	5,317
Dividends	-	-	(4,914)	-	(4,914)
At 26 March 1994	<u>537</u>	<u>3,002</u>	<u>2,781</u>	<u>100</u>	<u>6,420</u>

**SHANKS & McEWAN (ENVIRONMENTAL SERVICES) LIMITED****NOTES ON THE ACCOUNTS****14. Pension commitments**

The company, along with other companies in the Shanks & McEwan 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.

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.

**15. 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.

**16. 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.