

Company Registered Number: 2206141



**CAIRD ENVIRONMENTAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1992**

CAIRD ENVIRONMENTAL LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and accounts for the year ended 31 December 1992.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is that of the provision of environmental services.

At 1 January 1992 the trade and net assets of the following subsidiaries, which provided environmental services, were transferred into the company :

Caird Environmental (Scotland) Limited  
K & M Davies (Metals) Limited  
K & M Davies (Waste) Limited  
Hygiene Control Limited  
Broad Oak Estates (Accrington) Limited

RESULTS AND DIVIDEND

Results for the year are set out in the Profit and Loss account on page 5. No dividend is proposed (1991 : £ nil).

TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in note 9.

POST BALANCE SHEET EVENT

A fundamental review of the company's business was carried out in September 1993 which included a detailed reassessment of market sectors within the company's environmental services operations (see note 26 for further details).

INVESTMENTS

During the year the company invested £ 195,000 in the acquisition of subsidiary companies as detailed in note 10 to the accounts.

DIRECTORS

The directors of the company during the year were:

K.J.Bond	
S.Hynes	
J.A.Clark	(Resigned 15 January 1992)
N.J.Curry	(Resigned 30 April 1992)
M.Caine	(Resigned 11 March 1993)
J.Phillips	(Resigned 25 March 1993)
D.Wilcox	(Resigned 30 April 1993)
P.J.Linacre	(Resigned 3 June 1993)

D.R.Flynn was appointed as a director on 3 June 1993.

CAIRD ENVIRONMENTAL LIMITED

DIRECTORS' REPORT

(continued)

DIRECTORS' INTERESTS

The directors had no beneficial interests in the share capital of the company.

The beneficial interests of the ordinary shares of Caird Group PLC of those persons who were directors of the company at the year end but not directors of Caird Group PLC were as follows:

	<u>Ordinary Shares</u>		<u>Share Options</u>	
	<u>1992</u> Number	<u>1991</u> Number	<u>1992</u> Number	<u>1991</u> Number
M.Caine	4,000	10,400	--	--
K.J.Bond	114	8,514	102,500	102,500
S.Hynes	34,875	22,875	--	--

The beneficial interests of P.J.Linacre and J.Phillips in the share capital of Caird Group PLC are disclosed in the accounts of that company.

CHARITABLE DONATIONS

The company made charitable donations of £ 56 during the year. There were no political donations.

EMPLOYEE INVOLVEMENT

The company encourages the development of employee involvement. Employees are kept informed about the company and group's development by periodic circulars and bulletins on notice boards.

EMPLOYMENT OF DISABLED PERSONS

The company's policy in respect of disabled persons is the same as that relating to all other employees in matters of training, career development and promotion. Where employees become disabled in the course of their employment the company will endeavour to continue to provide employment.

EQUAL OPPORTUNITIES

The company's objective is to treat all its employees fairly and to avoid any form of discrimination in employment. Its policy is to provide equal opportunities for men and women in the areas of recruitment, selection for promotion and training and it requires that its employees observe this policy and avoid any form of discrimination on any grounds.

CAIRD ENVIRONMENTAL LIMITED

DIRECTORS' REPORT

(continued)

AUDITORS

In accordance with Section 386 of the Companies Act 1985, a resolution to re-appoint KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

  
D.R.FLYNN  
DIRECTOR

21 APRIL 1994

REPORT OF THE AUDITORS, KPMG PEAT MARWICK,

TO THE MEMBERS

OF CAIRD ENVIRONMENTAL LIMITED

We have audited the accounts on pages 5 to 20 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 31 December 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

St James' Square  
Manchester M2 6DS.

22 APRIL 1994

**CAIRD ENVIRONMENTAL LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1992**

	NOTES	<u>1992</u> £	<u>1991</u> £
TURNOVER	1g	16,246,972	21,543,468
Cost of sales		<u>(7,061,239)</u>	<u>(10,115,017)</u>
GROSS PROFIT		9,185,683	11,428,451
Other operating income		—	5,000
Administrative expenses		<u>(5,499,840)</u>	<u>(4,421,339)</u>
OPERATING PROFIT	2	3,685,843	7,012,112
Interest receivable	5	39,293	376
Interest payable	6	<u>(675,351)</u>	<u>(944,538)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,049,785	6,067,950
Taxation	7	<u>(1,572,094)</u>	<u>(1,373,435)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,477,691	4,694,515
Extraordinary charges	8	<u>(25,591)</u>	<u>(822,898)</u>
PROFIT FOR THE YEAR		<u><u>1,452,100</u></u>	<u><u>3,871,617</u></u>

Movements on reserves are set out in notes 19 and 20.

The notes on pages 7 to 20 form part of these accounts.

**CAIRD ENVIRONMENTAL LIMITED**

**BALANCE SHEET**

**AT 31 DECEMBER 1992**

	NOTES	1992		1991	
		£	£	£	£
<b>ASSETS EMPLOYED</b>					
Fixed assets					
Tangible assets	9		45,070,111		39,178,561
Investments	10		2,058,378		1,417,798
			<u>47,128,489</u>		<u>40,596,359</u>
Current assets					
Stock	11	3,611,136		622,607	
Debtors	12	10,553,223		17,788,889	
Cash at bank and in hand		4,030		4,006	
		<u>14,168,389</u>		<u>18,415,502</u>	
Creditors : amounts falling due within one year	13	<u>(17,970,667)</u>		<u>(25,343,764)</u>	
Net current liabilities			<u>(3,802,278)</u>		<u>(6,928,262)</u>
Total assets less current liabilities			<u><u>43,326,211</u></u>		<u><u>33,668,097</u></u>
<b>FINANCED BY</b>					
Creditors : amounts falling due after more than one year	14		7,473,385		4,362,481
Holding company loan	17		46,213,396		41,237,724
Provisions for liabilities and charges	15		516,660		215,725
Deferred income	16		198,529		330,046
			<u>54,401,990</u>		<u>46,195,976</u>
Capital and reserves					
Called up share capital	18		2		2
Revaluation reserve	19		3,354,796		3,354,796
Profit and loss account	20		<u>(14,430,577)</u>		<u>(15,882,677)</u>
			<u>(11,075,779)</u>		<u>(12,527,879)</u>
			<u><u>43,326,211</u></u>		<u><u>33,668,097</u></u>

These accounts were approved by the Board of Directors and signed on their behalf on 14 April 1994

  
D.R. FLYNN

The notes on pages 7 to 20 form part of the accounts.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

**1. ACCOUNTING POLICIES**

**Accounting Convention**

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain freehold land and buildings, and in accordance with applicable Accounting Standards. Group accounts have not been prepared as the company is a wholly owned subsidiary of Caird Group PLC. The Profit and Loss account reflects the results of the company from the effective date of acquisition by Caird Environmental Limited of the various constituent businesses. Results prior to that date are reflected in the accounts of the subsidiary company concerned. The principal accounting policies, which are applied consistently throughout Caird Group PLC, are as follows:

**(a) Depreciation**

The cost of tangible fixed assets, except freehold land, is depreciated to estimated residual value by equal annual instalments over the following estimated useful lives:

Freehold buildings	25 or 50 years
Leasehold buildings	Period of lease
Plant and equipment	3 - 15 years

Landfill sites are stated at cost or valuation less amounts written off. Depreciation is provided to the extent that the net capacity of each site has been depleted in the period. Costs incurred on the development of sites prior to their becoming operational are capitalised. Such expenditure is amortised over the life of the asset to which it relates, commencing when the asset becomes operational. This treatment is also applied to the development of new products, processes and services.

Interest payable on funds borrowed to finance the purchase of certain major fixed assets is added to the cost of those assets prior to their being brought into use and depreciated over their estimated useful lives.

**(b) Investments in subsidiaries**

Investments in subsidiaries are stated at cost less provisions for any permanent diminution in value.



CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

(c) **Advance Corporation Tax**

Advance corporation tax on dividends paid and proposed is carried forward to the extent that it can be recovered. Advance corporation tax in excess of this is written off as part of the taxation charge for the year.

(d) **Goodwill**

Goodwill representing the excess cost of acquiring businesses and assets over their fair value is written off as a movement on reserves.

(e) **Deferred taxation**

Deferred taxation is provided using the liability method in respect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

(f) **Pensions**

Pension contributions are charged to the Profit and Loss account in the period in which they become payable.

(g) **Turnover**

Turnover, all of which occurred in the United Kingdom, represents external charges for environmental services and sales of materials extracted or recycled from landfill sites during the course of development or operation.

Direct costs incurred in relation to sales of materials are charged to the profit and loss account.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

**(h) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost comprises material, labour and attributable overheads.

**(i) Leases**

Assets acquired under finance leases are capitalised and depreciated in the same manner as owned tangible fixed assets. Obligations under finance leases are included in creditors. Rentals payable under finance leases are allocated between capital, which reduces the outstanding obligation, and interest, which is charged to the Profit and Loss account on a basis which produces a constant periodic rate of charge on the outstanding obligation.

Rentals payable under operating leases are charged to the Profit and Loss account in the period in which they become payable.

**(j) Cashflow Statement**

The company is exempt from the requirement to include a cashflow statement in these accounts, as it is a wholly owned subsidiary of Caird Group PLC, whose consolidated accounts include a cashflow statement dealing with the cash flows of the group.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

<u>2a. SEGMENTAL ANALYSIS</u>	<u>1992</u>	<u>1991</u>
	<u>£</u>	<u>£</u>
Turnover		
Environmental services :		
Landfill	10,953,667	9,831,000
Special Waste	5,293,235	3,209,468
	<u>16,246,972</u>	<u>13,040,468</u>
Discontinued businesses	--	8,503,000
	<u>16,246,972</u>	<u>21,543,468</u>
Operating profit		
Environmental services :		
Landfill	5,420,635	7,234,000
Special Waste	1,026,565	749,000
Central administration costs	(2,761,407)	(1,648,888)
	<u>3,685,843</u>	<u>6,334,112</u>
Discontinued businesses	--	678,000
	<u>3,685,843</u>	<u>7,012,112</u>
<u>2b. OPERATING PROFIT</u>	<u>1992</u>	<u>1991</u>
	<u>£</u>	<u>£</u>
This is stated after charging / (crediting) :		
Depreciation	1,975,999	2,571,123
Auditors' remuneration -- audit services	75,000	53,615
-- non audit services	8,229	5,786
Operating lease charges	338,805	139,882
(Profit) / loss on sale of fixed assets	(78,141)	119,613
Increase in / (release of) provision against amounts due from subsidiary undertakings	1,983,981	(1,278,846)
(Release of) / increase in provision for diminution in value of investments in subsidiaries	(445,580)	710,908
Directors' emoluments	484,500	575,832

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

**3. STAFF NUMBERS AND COSTS**

The average number of employees (including directors) during the year was as follows:

	<u>1992</u>	<u>1991</u>
	Number	Number
Administration and management	117	43
Environmental services	145	418
	<u>262</u>	<u>461</u>

Staff costs were as follows:

	<u>1992</u>	<u>1991</u>
	£	£
Wages and salaries	3,667,505	5,121,031
Social security costs	374,561	511,429
Other pension costs	66,739	84,143
	<u>4,108,805</u>	<u>5,716,603</u>

**4. DIRECTORS' EMOLUMENTS**

Emoluments excluding pension contributions for directors were as follows:

	<u>1992</u>	<u>1991</u>
	£	£
Emoluments of Chairman (1991 paid by holding company)	149,133	—
Emoluments of highest paid director	149,133	128,912

The emoluments of the directors fell into the following bands:

	<u>1992</u>	<u>1991</u>
	Number	Number
£0 — £5,000	1	—
£5,001 — £10,000	—	1
£10,001 — £15,000	1	—
£15,001 — £20,000	—	1
£20,001 — £25,000	—	2
£25,001 — £30,000	1	1
£30,001 — £35,000	1	2
£35,001 — £40,000	1	—
£40,001 — £45,000	1	—
£45,001 — £50,000	—	1
£50,001 — £55,000	—	1
£55,001 — £60,000	—	—
£60,001 — £65,000	—	—
£65,001 — £70,000	—	—
£70,001 — £75,000	—	—
£75,001 — £80,000	—	—
£80,001 — £85,000	—	—
£85,001 — £90,000	—	—
£90,001 — £95,000	—	—
£95,001 — £100,000	—	—
£100,001 — £105,000	—	—
£105,001 — £110,000	—	—
£110,001 — £115,000	—	—
£115,001 — £120,000	—	—
£120,001 — £125,000	—	—
£125,001 — £130,000	—	—
£130,001 — £135,000	—	—
£135,001 — £140,000	—	—
£140,001 — £145,000	—	—
£145,001 — £150,000	—	—

**CAIRD ENVIRONMENTAL LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1992**

(continued)

5. <u>INTEREST RECEIVABLE</u>	<u>1992</u>	<u>1991</u>
	£	£
Interest on tax refunds	31,163	376
Interest on property sale	8,130	—
	<u>39,293</u>	<u>376</u>

6. <u>INTEREST PAYABLE</u>	<u>1992</u>	<u>1991</u>
	£	£
Interest on bank loans and overdrafts wholly repayable within five years	247,318	342,219
Finance lease interest	426,651	602,319
Other interest	1,382	—
	<u>675,351</u>	<u>944,538</u>

7. <u>TAXATION</u>	<u>1992</u>	<u>1991</u>
	£	£
The tax charge may be analysed as follows :		
Corporation tax at 33 % (1991 33.25 %)		
— current year	1,042,162	705,698
— prior year	(56,248)	882,487
Group relief		
— current year	285,225	99,400
— prior year	—	(440,543)
Movement in deferred tax provision	300,955	126,393
	<u>1,572,094</u>	<u>1,373,435</u>

The charge / (credit) for group relief represents consideration payable to / (due from) group companies in respect of tax losses surrendered.

8. <u>EXTRAORDINARY CHARGES</u>	<u>1992</u>	<u>1991</u>
	£	£
The extraordinary charges may be analysed as follows:		
Closure costs and provisions for net losses on businesses to be sold or closed	69,177	935,123
Taxation effect thereon	(43,586)	(112,225)
	<u>25,591</u>	<u>822,898</u>

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

9. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Leasehold land and buildings</u>	<u>Plant and equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost or valuation				
At 1 January 1992	28,258,368	3,090,229	11,803,571	43,152,168
Intra group transfers in	472,288	--	780,081	1,252,369
Additions	10,177,218	24,508	1,204,680	11,406,406
Transfers	8,174	--	(8,174)	--
Intra group transfers out	(400)	--	(37,707)	(38,107)
Disposals	(1,962,154)	--	(3,874,479)	(5,836,633)
At 31 December 1992	<u>36,953,494</u>	<u>3,114,737</u>	<u>9,267,972</u>	<u>49,336,203</u>
Depreciation				
At 1 January 1992	1,091,627	193,617	2,688,363	3,973,607
Intra group transfers in	9,814	--	371,144	380,958
Charge for the year	549,622	10,585	1,415,792	1,975,999
Intra group transfers out	--	--	(15,539)	(15,539)
Disposals	(4,667)	--	(1,444,266)	(1,448,933)
At 31 December 1992	<u>1,646,396</u>	<u>204,202</u>	<u>3,015,494</u>	<u>4,866,092</u>
Net book value				
At 31 December 1992	<u>35,307,098</u>	<u>2,910,535</u>	<u>6,852,478</u>	<u>45,070,111</u>
At 31 December 1991	<u>27,166,741</u>	<u>2,890,612</u>	<u>9,115,208</u>	<u>39,178,561</u>

The historical cost of the freehold land and buildings included at valuation is as follows:

	<u>£</u>
At 31 December 1992	<u>33,598,698</u>
At 31 December 1991	<u>24,903,572</u>

The cost of land and buildings includes £ 9,863,203 (1991: £ 5,706,951) which is not depreciated and capitalised interest of £ 1,826,000 (1991: £ 1,617,000).

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

9. <u>TANGIBLE FIXED ASSETS (continued)</u>	1992 £	1991 £
The net book value of leasehold land and buildings comprises:		
Long leasehold	1,721,107	1,229,368
Short leasehold	1,189,428	1,657,244
	<u>2,910,535</u>	<u>2,886,612</u>

Fixed assets amounting to a net book value of £ 3,211,024 (1991: £2,278,848) were held under finance leases. The depreciation charge for the period on those assets was £ 720,122 (1991: £ 639,966).

10. <u>INVESTMENTS</u>	Shares in subsidiary companies £
Cost	
At 1 January 1992	11,722,443
Additions	195,000
At 31 December 1992	<u>11,917,443</u>
Less provision	
At 1 January 1992	(10,304,645)
Movement in year	445,580
At 31 December 1992	<u>(9,859,065)</u>
Total investment	
At 31 December 1992	<u>2,058,378</u>
At 31 December 1991	<u>1,417,798</u>

The following companies were subsidiaries of Caird Environmental Limited at 31 December 1992. All holdings are 100% of the Ordinary shares of those companies and are held directly unless otherwise stated. All companies operate in their country of registration, and were engaged in the provision of environmental services. As a result of the reorganisation of the group on a divisional basis, several subsidiaries are now dormant.

<u>Company</u>	<u>Country of Registration</u>
Atlas Clensol Limited	England
** Atlas Products and Industrial Services Limited (held indirectly)	England
** Atlas Products and Services Limited (held indirectly)	England
** BAS Skip Hire Limited	England
** Birchinley Waste Management Limited	England
** Blackstock House Limited	England
** Broad Oak Estates (Accrington) Limited	England
* Brock Tank Cleaning Services Limited	England
** Brown Brothers (Construction) Limited	England

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

10. INVESTMENTS (Continued)

<u>Company</u>	<u>Country of Registration</u>
CaIRD Commercial Vehicles Limited	England
CaIRD Environmental (East) Limited	England
** CaIRD Environmental (North West) Limited	England
** CaIRD Environmental (North East) Limited	England
CaIRD Environmental (Scotland) Limited	Scotland
** CaIRD Environmental (Wales) Limited	England
** CaIRD Industrial Heating Limited	England
CaIRD Industrial Services Limited	England
** CaIRD Industrial Services (North West) Limited	England
** CaIRD Industrial Services (South) Limited	England
** CaIRD Special Waste Limited	England
CaIRD Treatment Centres Limited	England
** CaIRD Treatment Centres (Liverpool) Limited (held indirectly)	England
** Chemical & Environmental Technologies Limited	England
** Cleveland Automation Limited (held indirectly)	England
** Cleveland Fuels Limited (held indirectly)	England
** Dancing Brave Limited	England
** Hazchem Limited (held indirectly)	England
Hirt Combustion Engineers Limited	England
CaIRD Process Engineers Limited	England
** Hygiene Control Limited	England
** Nimmo Equipment Services Limited	Scotland
** K & M Davies (Metals) Limited	England
** K & M Davies (Waste) Limited	England
** Key Quarries Limited (held indirectly)	England
Kinnis & Brown (Chemicals) Limited (held indirectly)	England
** Kinnis & Brown (Technical Services) Limited	England
Norfolk Environmental Developments Limited	England
** P & H Environmental Services Limited	England
** Pembrokeshire Commercial Vehicles Limited	England
** SAS Limited (held indirectly)	England
* Solvex Environmental Services Limited	Scotland

\* Investment cost increased during year ended 31 December 1992 as a result of performance related deferred consideration.

\*\* Subsidiary dormant throughout year ended 31 December 1992



**CAIRD ENVIRONMENTAL LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1992**

(continued)

11. <u>STOCK</u>	<u>1992</u>	<u>1991</u>
	£	£
Raw materials	2,030,561	582,362
Work in progress	1,580,575	40,255
	<u>3,611,136</u>	<u>622,607</u>

12. <u>DEBTORS</u>	<u>1992</u>	<u>1991</u>
	£	£
Trade debtors	3,734,384	7,036,268
Amounts owed by fellow group undertakings	178,233	100,438
Amounts owed by subsidiary undertakings	3,927,269	2,352,342
ACT recoverable	339,072	339,072
Other debtors	1,765,553	6,464,384
Group relief	24,833	—
Prepayments	583,879	1,496,385
	<u>10,553,223</u>	<u>17,788,889</u>

13. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1992</u>	<u>1991</u>
	£	£
Bank overdrafts	1,911,590	4,093,651
Trade creditors	3,108,033	2,609,518
Amounts owed to fellow group undertakings	2,478,123	5,947,146
Amounts owed to subsidiary undertakings	4,713,500	6,387,472
Group relief payable	305,025	—
Other taxes and social security costs	172,862	225,536
Corporation tax	2,854,040	1,852,538
Finance leases	1,337,666	1,227,478
Other creditors	440,599	416,480
Accruals	649,220	2,583,945
	<u>17,970,667</u>	<u>25,343,764</u>

The overdrafts are secured by a debenture charged on all of Caird Group PLC's assets.

**CAIRD ENVIRONMENTAL LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1992**

(continued)

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1992	1991
	£	£
Bank loan	5,000,000	—
Finance leases	2,472,843	4,362,481
Accruals	542	—
	<u>7,473,385</u>	<u>4,362,481</u>

Of which the following amounts are payable after five years:

Finance leases	19,552	19,552
	<u>19,552</u>	<u>19,552</u>

The bank loan is secured by fixed and floating charges over Caird Group PLC's assets, part of which bear interest at fixed rates.

Finance leases are secured against items of plant and equipment and bear interest at market rates.

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred tax : accelerated capital allowances	£
At 1 January 1992	215,725
Charge to Profit and Loss account	300,955
At 31 December 1992	<u>516,680</u>

At 31 December 1992 £ 242,000 (1991: £242,000) of accelerated capital allowances were not provided for.

No provision is made for the liability to corporation tax on capital gains estimated at £1,107,000 (1991 - £1,115,000) which would arise if certain land and buildings were to be sold at their revalued amounts.

**16. DEFERRED INCOME**

	Investment grant	Sale and leaseback	Total
	£		£
At 1 January 1992	4,401	325,645	330,046
Released to Profit and Loss account	(4,401)	(127,116)	(131,517)
At 31 December 1992	<u>—</u>	<u>198,529</u>	<u>198,529</u>

**CAIRD ENVIRONMENTAL LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1992**

(continued)

**17. HOLDING COMPANY LOAN**

The holding company, Caird Group PLC, has confirmed that it will not require repayment of amounts due totalling £ 46,213,396 (1991 : £ 41,287,724) in the foreseeable future and that it will continue to provide funding for acquisitions and for working capital requirements of the company and its subsidiaries to the extent that these are not met by external borrowings. For this reason the balance due to the holding company has been shown separately from amounts due to group companies which are included in creditors falling due within one year.

**18. CALLED UP SHARE CAPITAL**

Authorised:

50,000 Ordinary shares of £1 each

Allotted, called up and fully paid:

2 Ordinary shares of £1 each

	<u>1992</u>	<u>1991</u>
	£	£
	<u>50,000</u>	<u>50,000</u>
	<u>2</u>	<u>2</u>

**19. REVALUATION RESERVE**

At 1 January and 31 December 1992

	<u>1992</u>	<u>1991</u>
	£	£
	<u>3,354,796</u>	<u>3,354,796</u>

The revaluation reserve relates to two freehold landfill sites which were valued by directors in 1990 at open market value based upon a professional valuation by surveyors, as part of a fair value review following the acquisition of two separate companies.

No additional depreciation has been provided based on these revalued amounts.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1992

(continued)

**20. PROFIT AND LOSS ACCOUNT**

£

At 1 January 1992	(15,882,677)
Retained profit for the year	1,452,100
At 31 December 1992	<u>(14,430,577)</u>

**21. PENSION ARRANGEMENTS**

Certain eligible employees of the company participate in the Caird Environmental Limited and Associated Companies Retirement Savings Plan which is a defined contribution scheme. The company is also a member of the group's pension scheme operated by Caird Group Plc, the ultimate holding company. The scheme is a defined contribution scheme.

During the period the company made contributions of £ 66,739 (1991 : £ 84,143) to the scheme. No contributions were outstanding at 31 December 1991 or 1992.

**22. COMMITMENTS**

The company's commitments in respect of operating leases of plant are as follows:

	<u>1992</u>	<u>1991</u>
	£	£
Expiring within 1 year	66,427	508
Expiring in 2-5 years	133,752	5,679
Expiring in over 5 years	366	--
	<u>200,545</u>	<u>6,187</u>

**23. CAPITAL COMMITMENTS**

	<u>1992</u>	<u>1991</u>
	£	£
Authorised but not contracted	360,000	2,500,000
Contracted but not commissioned	448,000	632,000
	<u>808,000</u>	<u>3,132,000</u>

**CAIRD ENVIRONMENTAL LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1992**

(continued)

**24. CONTINGENT LIABILITIES**

Deferred consideration of £400,000 is payable to the vendors of land in Walney Island, contingent on the grant of an underlease.

The company also has bonds, indemnities and guarantees outstanding in favour of its bankers of £ 2,626,562 (1991 : £ 1,650,000).

**25. DISPOSAL OF SUBSIDIARIES AND BUSINESSES**

	1992	1991
	£	£
Net assets disposed of		
Fixed tangible assets and investments	2,105,431	7,728,814
Other net assets	45,314	424,014
Provisions	—	(1,594,705)
	<u>2,150,745</u>	<u>6,558,123</u>
Consideration -- cash	(2,300,000)	(5,623,000)
Net (profit) / loss on disposal before taxation	<u>(149,255)</u>	<u>935,123</u>

The net profit on disposal of £149,255 (1991 : loss £ 935,123) has been dealt with in extraordinary items -- see note 8

**26. POST BALANCE SHEET EVENT**

A fundamental review of the company's business was carried out in September 1993 which included a detailed reassessment of market sectors within the company's environmental services operations.

As a result of this review, the following write downs and provisions will be made in the accounts for 1993 :

	£'000
<b>Continuing activities</b>	
Permanent diminution in asset value	11,255
Reorganisation costs	758
Provisions for liabilities identified	834
Provisions for losses on disposal of non-core assets	2,009
<b>Discontinued operations</b>	
Provisions for losses on disposal of non-core assets	243
	<u>15,099</u>

**27. ULTIMATE HOLDING COMPANY**

The company's parent and ultimate holding company is Caird Group PLC, a company registered in Scotland.

Copies of the Group Financial Statements are available from North Road, Ellesmere Port, South Wirral, L65 1AE.