

CAIRD ENVIRONMENTAL LIMITED
(Registered Number 2206141)

REPORT AND ACCOUNTS

FOR THE FIFTEEN MONTHS ENDED 04 APRIL 2000



CAIRD ENVIRONMENTAL LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the fifteen month period ended 4 April 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is that of the provision of waste management services. The Company was acquired by the Shanks group on 25 June 1999. After the period end, the Company was restructured, with the issue of £45,000,000 shares capital.

CHANGE OF ACCOUNTING REFERENCE DATE

In order to align its accounting reference date with the ultimate parent company, the Company changed its period end from 31 December to 4 April 2000.

RESULTS AND DIVIDEND

Results for the period are set out in the Profit and Loss Account on page 5. No dividend has been paid or is proposed for the period (1998 - £nil).

TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in Note 9.

INVESTMENTS

Movements in investments in subsidiary undertakings during the period are shown in Note 10.

DIRECTORS

The Directors who held office during the period were as follows:-

S J Hynes (retired 1/11/99)	M C E Averill (appt 25/6/99)
D R Flynn (retired 18/10/99)	D J Downes (appt 25/6/99)
D T Weir (retired 25/6/99)	J R Meredith (appt 1/8/99)
D Lusher (appt 1/1/99)	A M Ryan (appt 1/8/99)
	C A Brown (appt 1/11/99)

In addition M J Clarke was appointed a Director on 4 May 2000

DIRECTORS' INTERESTS

The Directors had no beneficial interests in the share capital of the Company.

Messrs Averill and Downes are also Directors of Shanks Group plc and accordingly their interests in the share capital of that Company are disclosed in its accounts.

The interests of J R Meredith, M J Clarke and A M Ryan in the share capital of Shanks Group plc are disclosed in the accounts of Shanks Waste Services Limited.

The Directors had no interests in the shares of any other company in the Group.

CAIRD ENVIRONMENTAL LIMITED

DIRECTORS' REPORT (CONTINUED)

EMPLOYEE INVOLVEMENT

The Company encourages the development of employee involvement. Employees are kept informed about the Company'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 recruitment, 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.

PAYMENT OF SUPPLIERS

It is the Company's payment policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders subject to satisfactory performance of suppliers.

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers as auditors will be put to the members at the Annual General Meeting.

By Order of the Board



D J Downes
Director

31 May 2000

CAIRD ENVIRONMENTAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts 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 accounts 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

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 accounts 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.

REPORT OF THE AUDITORS, PRICEWATERHOUSECOOPERS, TO THE MEMBERS OF CAIRD ENVIRONMENTAL LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

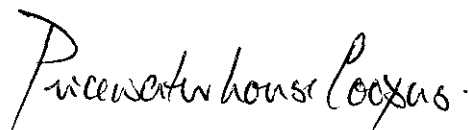
Basis of opinion

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 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 the Company's affairs as at 4 April 2000 and of its loss for the fifteen months then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
London

31 May 2000

CAIRD ENVIRONMENTAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED 4 APRIL 2000

	15 months to 4 April 2000 £	12 months to 31 Dec 1998 £
TURNOVER (Note 2)	16,259,628	14,816,957
Cost of Sales		
Recurring cost of sales	(10,285,100)	(8,315,917)
Exceptional cost of sales:		
Increase in landfill provision (Note 4)	(1,427,000)	-
Revaluation of fixed assets (Note 9)	(234,535)	-
Impairment of fixed assets (Note 4)	(4,799,465)	-
	<u>(16,746,100)</u>	<u>(8,315,917)</u>
GROSS (LOSS)/PROFIT	(486,472)	6,501,040
Administrative expenses	(4,589,346)	(4,034,021)
Other operating income – exceptional (Note 4)	800,000	-
	<u>(4,275,818)</u>	<u>2,467,019</u>
OPERATING (LOSS)/PROFIT	(4,275,818)	2,467,019
Net interest payable (Note 7)	-	(45,966)
	<u>(4,275,818)</u>	<u>2,421,053</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(4,275,818)	2,421,053
Taxation (note 8)	<u>(354,000)</u>	<u>(279,255)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(4,629,818)	2,141,798
Dividends	-	-
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	<u>(4,629,818)</u>	<u>2,141,798</u>

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

CAIRD ENVIRONMENTAL LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE FIFTEEN MONTHS ENDED 4 APRIL 2000

	15 months to 4 April 2000	12 months to 31 Dec 1998
	£	£
(Loss)/profit on ordinary activities before taxation	(4,275,818)	2,421,053
Difference between historical cost depreciation and actual depreciation charge for the period calculated on the revalued amount	6,934	15,831
Historical cost (loss)/profit on ordinary activities before taxation	(4,268,884)	2,436,884
Historical cost (loss)/profit for the financial period retained after taxation and dividends	(4,622,884)	2,157,629

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	15 months to 4 April 2000	12 months to 31 Dec 1998
	£	£
(Loss)/profit on ordinary activities after taxation	(4,629,818)	2,141,798
Revaluation in the period	100,000	-
Total recognised gains and losses relating to the period	(4,529,818)	2,141,798

CAIRD ENVIRONMENTAL LIMITED

BALANCE SHEET - 4 APRIL 2000

	<u>4 April</u> <u>2000</u> £	<u>31 Dec</u> <u>1998</u> £
FIXED ASSETS		
Tangible assets (Note 9)	17,028,210	19,997,640
Investments (Note 10)	1,372,959	1,372,959
	<u>18,401,169</u>	<u>21,370,599</u>
CURRENT ASSETS		
Disposal assets (Note 11)	-	2,611,989
Stocks (Note 12)	270,324	535,354
Debtors (Note 13)	2,179,141	10,857,270
Cash at bank and in hand	21,313	509,632
	<u>2,470,778</u>	<u>14,514,245</u>
CREDITORS - Amounts falling due within one year (Note 14)	(2,893,216)	(8,026,061)
NET CURRENT (LIABILITIES) ASSETS	(422,438)	6,488,184
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>17,978,731</u>	<u>27,858,783</u>
Creditors: amounts falling due after more than one year (Note 15)	-	7,315
Holding company loan (Note 16)	55,193,021	62,640,285
PROVISIONS FOR LIABILITIES AND CHARGES (Note 17)	2,269,066	164,721
	<u>57,462,087</u>	<u>62,812,321</u>
CAPITAL AND RESERVES		
Called up share capital (Note 18)	2	2
Revaluation reserve (Note 19)	100,000	241,469
Profit and loss account (Note 20)	(39,583,358)	(35,195,009)
Equity shareholders' funds (Note 22)	(39,483,356)	(34,953,538)
	<u>17,978,731</u>	<u>27,858,783</u>

These accounts were approved by the Board of Directors
and signed on their behalf on 31 May 2000



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D J Downes

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

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 UK Accounting Standards.

The principal accounting policies 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	25-50 years
Leasehold land and buildings	Period of lease
Plant and equipment	3 to 15 years

(b) Landfill Sites

Acquisition, commissioning costs and the discounted cost of final site restoration are capitalised. These costs are written off over the operational life of each site based on the amount of void space consumed.

(c) Investments in subsidiaries

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

(d) 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.

(e) Site restoration provision

Full provision is made for the net present value (NPV) of the Company's minimum unavoidable costs in relation to restoration liabilities at its landfill sites and this value is capitalised as a fixed asset. The Company continues to provide for the NPV of intermediate restoration costs over the life of its landfill sites, based on the quantity of waste deposited in the year.

(f) Aftercare provision

Provision is made for the NPV of post closure costs based on the quantity of waste deposited in the year. Similar costs incurred during the operational life of the sites are written off directly and not charged against the provision.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

(g) Pensions

Pension contributions are charged to the Profit and Loss Account in the period in which they become payable in respect of defined contribution schemes.

(h) Turnover

Turnover, all of which occurred in the UK, represents external charges for waste management services and sales of materials extracted or recycled from landfill sites during the course of development or operation. Landfill tax is included in turnover. Direct costs incurred in relation to sales of materials are charged to the Profit and Loss Account.

(i) Stocks

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

(j) 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 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 on a straight line basis over the lease term.

(k) 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 Shanks Group plc, whose consolidated accounts include a cashflow statement dealing with the cash flows of the group.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

2. SEGMENTAL ANALYSIS

The turnover and operating profit are wholly attributable to the Company's business of waste management in the United Kingdom. All of the Company's turnover and operating profit relates to continuing operations.

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

	15 months to 4 April 2000	12 months to 31 Dec 1998
	£	£
Profit on ordinary activities before interest is stated after charging/(crediting):		
Depreciation	6,997,425	1,971,426
Auditors' remuneration - audit services	20,000	35,000
Operating lease charges - plant and machinery	193,004	625,571
Profit on sale of assets	(3,900)	(23,994)
Increase in provision against amounts due from subsidiary undertakings	-	1,157

The previous auditors' remuneration for non audit services was £19,675 (1998: £63,000). The present auditors' remuneration for non audit services was £nil.

4. EXCEPTIONAL ITEMS

Following the acquisition of the Caird Group by Shanks Group plc in June 1999, the Directors completed a comprehensive fair value exercise on the carrying values of the Company's assets and liabilities.

Landfill Provision

The landfill provision was increased by £1,427,000 to provide against future aftercare and site restoration liabilities on the same basis as provided for by the Shanks Group. (see Note 17).

Impairment of Fixed Assets

The Directors performed an impairment review on the Company's fixed assets. Based on the Directors' valuations, the carrying value of certain landfill sites have been written down by a total of £4,641,439 of which £234,535 was against a previous revaluation surplus relating to these sites and the remaining £4,406,904 was written off to the profit and loss account in the period. In addition plant and machinery with a net book value of £393,000 has been written off in the period.

Other operating income - exceptional

The Directors' estimate of the amount recoverable from English Partnerships for the compulsory purchase order against the Company's site at Blackstock Street is £800,000 greater than the amount previously recognised at 31 December 1998. Accordingly this amount has been recognised in the profit and loss account for the year.

5. CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

5. EMPLOYMENT COSTS

The average number of employees (including Directors) by activity:

	15 months to 4 April 2000	12 months to 31 Dec 1998
	Number	Number
Administration and management	13	29
Landfill	36	39
Special waste	98	101
	<u>147</u>	<u>169</u>
	2000	1998
Employee costs:	£	£
Wages and salaries	3,412,086	2,799,088
Social security costs	324,148	265,334
Other pension costs	114,770	93,994
	<u>3,851,004</u>	<u>3,158,416</u>

6. DIRECTORS' REMUNERATION

	15 months to 4 April 2000	12 months to 31 Dec 1998
	£	£
Emoluments including benefits in kind	73,000	341,250
Pension contributions	3,440	11,305
	<u>76,440</u>	<u>352,555</u>
Highest paid Director		
Emoluments including benefits in kind	73,000	170,249
Pension contributions	3,440	9,100
	<u>76,440</u>	<u>179,349</u>

No retirement benefits are accruing to Directors (1998:£nil) under a defined benefit scheme.

7. NET INTEREST PAYABLE

	15 months to 4 April 2000	12 months to 31 Dec 1998
	£	£
Interest payable:		
on bank loans and overdrafts	-	21,354
on finance leases	-	26,519
	-	<u>47,873</u>
Interest receivable	-	(1,907)
	-	<u>45,966</u>

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

8. TAXATION

	15 months to 4 April 2000 £	12 months to 31 Dec 1998 £
The tax charge is made up as follows:		
Based on the loss/profit for the period		
Corporation tax at 30% (1998 31%)	518,721	504,018
Deferred tax	(164,721)	114,018
Advance corporation tax surrendered by holding company	-	(313,662)
	<u>354,000</u>	<u>304,374</u>
Tax under/over provided in previous years		
Corporation tax	-	10,000
Deferred tax	-	(35,119)
	<u>-</u>	<u>(25,119)</u>
	<u>354,000</u>	<u>279,255</u>

9. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 1999	36,853,473	8,711,614	45,565,087
Additions	1,001,440	490,614	1,492,054
Disposals	-	(397,216)	(397,216)
Transfer to Group Companies	-	(859,519)	(859,519)
Transfer from current assets	-	2,649,921	2,649,921
At 4 April 2000	<u>37,854,913</u>	<u>10,595,414</u>	<u>48,450,327</u>
Depreciation			
At 1 January 1999	20,120,482	5,446,965	25,567,447
Charge for the period	5,876,614	1,120,811	6,997,425
Disposals	-	(388,466)	(388,466)
Revaluation in the period	100,000	-	100,000
Transfer to Group Companies	-	(654,289)	(654,289)
At 4 April 2000	<u>25,897,096</u>	<u>5,525,021</u>	<u>31,422,117</u>
Net book value			
At 4 April 2000	<u>11,957,817</u>	<u>5,070,393</u>	<u>17,028,210</u>
At 31 December 1998	<u>16,732,991</u>	<u>3,264,649</u>	<u>19,997,640</u>

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

9. TANGIBLE FIXED ASSETS (continued)

The historical cost of the land and buildings is as follows:

	£
At 4 April 2000	35,508,117
At 31 December 1998	34,506,677

The cost of land and buildings includes £Nil (1998 - £16,992) which is not depreciated and capitalised interest of £6,000 (1998 - £6,000). Legal title to some of the Caird Group's properties is held by group companies other than those in which the beneficial interest is vested, pending transfer of registered ownership.

The net book value of land and buildings comprise:	2000	1998
	£'000	£'000
Freehold	9,869	14,579
Short leasehold	2,089	2,154
	11,958	16,733

Fixed assets amounting to a net book value of £Nil (1998 - £124,000) were held under finance leases. The depreciation charge for the year on those assets was £124,000 (1998 - £130,000).

10. INVESTMENTS

	Shares in subsidiary undertakings
	£
Cost	
At 1 January 1999 and 4 April 2000	3,029,151
Less provision	
At 1 January 1999 and 4 April 2000	1,656,192
Net book value	
At 4 April 2000	1,372,959
At 31 December 1998	1,372,959

The following companies were subsidiaries of Caird Environmental Limited at 4 April 2000. All holdings are 100% of the Ordinary shares of those companies and are held directly. All companies operate in their country of registration, and were engaged in the provision of waste management and related industrial services.

Company	Country of Registration
Atlas Clensol Limited	England
Caird Commercial Vehicles Limited	England
Caird Industrial Services Limited	England
Caird Treatment Centres Limited	England
Hirt Combustion Engineers Limited	England
Norfolk Environmental Developments Ltd	England

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

11. DISPOSAL ASSETS

Arising from the strategic review undertaken during 1993 and a further review in 1995 certain fixed assets had been designated surplus to requirements in view of their non income producing status or lack of development. These assets were held for disposal and on such designation were transferred to the category of Disposal Assets on the balance sheet. During the 15 months ended 4 April 2000 they were transferred back to the category of Fixed Assets, and their value reviewed by the Directors during their impairment review on the Company's fixed assets. This is in line with the Shanks group accounting policy.

12. STOCKS

	<u>4 April 2000</u>	<u>31 Dec 1998</u>
	£	£
Raw materials and consumables	270,324	4,529
Work in progress	-	459,172
Finished goods	-	71,653
	<u>270,324</u>	<u>535,354</u>

13. DEBTORS

	<u>4 April</u>	<u>31 Dec</u>
	<u>2000</u>	<u>1998</u>
	£	£
Trade debtors	110,593	3,395,347
Amounts owed by parent and fellow subsidiary undertakings	-	852,801
Amounts owed by subsidiary undertakings	-	5,406,137
Other debtors	1,971,873	846,173
Prepayments	96,675	356,812
	<u>2,179,141</u>	<u>10,857,270</u>

14. CREDITORS - Amounts falling due within one year

	<u>4 April</u>	<u>31 Dec</u>
	<u>2000</u>	<u>1998</u>
	£'000	£'000
Trade creditors	7,574	1,603,926
Amounts owed to parent and fellow subsidiary undertakings	-	1,556,511
Amounts owed to subsidiary undertakings	-	853,858
Group relief payable	-	430,411
Corporation tax	672,280	369,513
Other taxes and social security costs	38,450	458,134
Finance leases	6,426	111,380
Other creditors	1,172,585	1,164,239
Accruals	995,901	794,659
Arising from fundamental reorganisation	-	683,430
	<u>2,893,216</u>	<u>8,026,061</u>

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

15. CREDITORS - Amounts falling due after more than one year

	<u>4 April</u> <u>2000</u> £	<u>31 Dec</u> <u>1998</u> £
Finance leases	-	7,315

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

Due between 1 and 2 years Finance leases	-	7,315
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16. HOLDING COMPANY LOAN

The holding company, Caird Group Ltd, has confirmed that it will not require repayment of amounts due totalling £55,193,021 (1998 - £62,640,285) 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. £45,000,000 has been converted to shares subsequent to the period end.

17. PROVISIONS FOR LIABILITIES AND CHARGES

The landfill provision relates to both site restoration and aftercare costs as outlined below.

Site Restoration

Site restoration provision relates to the cost of final capping and covering of the landfill sites. These are expected to be paid over a period of up to twenty five years from today. These costs may be impacted by a number of factors including changes in legislation and technology.

Aftercare

The total post closure costs, including such items as monitoring, gas and leachate management and licencing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and improvements in technology. The dates of payment of these aftercare costs are uncertain but are anticipated to be over a period of approximately thirty years from closure of the relevant landfill site.

	<u>Landfill</u> <u>provision</u> £
Transferred from other creditors	431,016
Utilised in year	(19,502)
Provided in year	430,552
Increase in provision	1,427,000
At 4 April 2000	<u>2,269,066</u>

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

The movement on the deferred taxation provision is as follows:

	Accelerated capital allowances	Advance corporation tax	Total
	£	£	£
At 1 January 1999	455,946	(291,225)	164,721
Charged to profit and loss account in the year	(455,946)	291,225	(164,721)
At 4 April 2000	-	-	-

18. CALLED UP SHARE CAPITAL

	2000 £	1998 £
Authorised:		
200,000 ordinary shares of 25p each	50,000	50,000
Allotted, called up and fully paid		
8 ordinary shares of 25p each	2	2

19. REVALUATION RESERVE

	2000 £	1998 £
At 1 January 1999	241,469	257,300
Additional depreciation on revalued assets transferred to Profit and Loss Account	(6,934)	(15,831)
Transfer from Profit and Loss Account (Note 4)	(234,535)	-
Revaluation in the period	100,000	-
At 4 April 2000	100,000	241,469

Following a review of the fair value of the Company's assets by the Directors, a further revaluation reserve of £100,000 was created in respect of Freehold Property. This valuation was made by the Directors on an open market basis.

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

20. PROFIT AND LOSS ACCOUNT

	2000 £
At 1 January 1999	(35,195,009)
Loss for the period	(4,629,818)
Transfer to Revaluation Reserve	234,535
Additional depreciation on revalued assets transferred from Revaluation Reserve	6,934
At 4 April 2000	<u>(39,583,358)</u>

21. PENSION ARRANGEMENTS

Eligible employees of the Company participate in the Company Pension Scheme. The Scheme is a defined contribution scheme

During the period the Company made contributions of £113,328 (1997 - £88,022) to the scheme.

No contributions were outstanding at 4 April 2000 or 31 December 1998.

22. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	4 April 2000 £	31 Dec 1998 £
Opening shareholders' funds	(34,953,538)	(37,095,336)
(Loss)/Profit for the period	(4,629,818)	2,141,798
Revaluation in period	100,000	-
Closing shareholders' funds	<u>(39,483,356)</u>	<u>(34,953,538)</u>

23. RELATED PARTY TRANSACTIONS

In accordance with FRS8, the Company, being a wholly owned subsidiary of another company, which prepared a statement of related party transactions including that of this Company, has not prepared such a statement itself.

24. OPERATING LEASE COMMITMENTS

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

Amount payable next year where lease expires:	4 April 2000 £	31 Dec 1998 £
Within one year	89,702	113,192
Within two to five years	159,249	469,979
	<u>248,951</u>	<u>583,171</u>

CAIRD ENVIRONMENTAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE FIFTEEN MONTHS TO 4 APRIL 2000

25. CAPITAL COMMITMENTS

	4 April 2000	31 Dec 1998
	£	£
Contracts placed for expenditure on fixed assets not provided for in the accounts	-	221,000

26. PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate holding company is Caird Group Limited.

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, Astor House, Station Road, Bourne End, Buckinghamshire, SL8 5YP.

27. 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. The Company has in normal course of business given guarantees and performance bonds relating to the Company's own contracts.