

Safewaste Limited
(Registered Number 2485860)

Report And Accounts

Year Ended 27 March 1999



Safewaste Limited

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Safewaste Limited

Directors' Report

The Directors present their Annual Report and financial statements for the year ended 27 March 1999.

Principal activities, business review and future prospects

The principal activity of the Company continues to be the operation of landfill sites, recycling and the provisions of skip hire services.

Trading results and dividend

The profit on ordinary activities before taxation for the year ended 27 March 1999 was £397,000 (1998: six months to 28 March 1998 £292,000).

The Directors recommend that no dividend be paid in respect of the year ended 27 March 1999 (1998: six months to 28 March 1998 £835,000).

Year 2000 and the introduction of the Euro

In conjunction with the other companies in the Shanks Group, the Company has a programme designed to address the business risk arising from the year 2000. As part of this programme, software and hardware are being audited and renewed or amended where appropriate. It is not possible to distinguish between replacements due to year 2000 and other technical obsolescences. The overall cost of IT upgrades is not material. As the Company does not trade outside the UK, the impact of the introduction of the Euro is not significant.

Directors

The directors who served during the year were as follows:

D J Downes	
J R Meredith	
M C E Averill	(appointed 29 April 1999)
M J Clarke	(appointed 29 April 1999)

Directors' interests

None of the Directors had a direct interest in the share capital of the Company.

Directors of the Company who are also Directors of Shanks Group plc have their interests in that Company's share capital disclosed in the Group accounts.

The interests of J R Meredith and M J Clarke 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.

Safewaste Limited

Directors' Report (Continued)

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements 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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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.

Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors of the company will be proposed at the Annual General Meeting.

By Order of the Board



D J Downes
Director

22 July 1999

Registered office:
Dunedin House
Auckland Park
Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU

Auditors' Report To The Members Of Safewaste Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report, including, as described on pages 1 to 2, the financial statements. Our responsibilities, as independent auditors, are established 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 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.

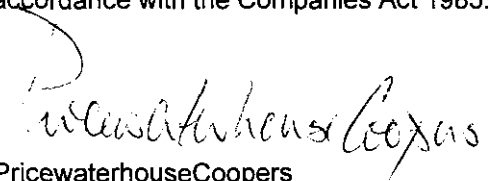
Basis of opinion

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 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 which 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 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 27 March 1999 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

22 July 1999

Safewaste Limited

Profit And Loss Account For The Year Ended 27 March 1999

	Notes	Year ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
Turnover	2	2,158	1,350
Cost of sales		(1,479)	(884)
Gross profit		679	466
Distribution costs		-	-
Administrative expenses		(282)	(163)
Operating profit		397	303
Net interest payable	6	-	(11)
Profit on ordinary activities before taxation	3	397	292
Tax on profit on ordinary activities	7	(111)	(92)
Profit on ordinary activities after taxation	16	286	200
Dividends	8	-	(835)
Retained profit / (deficit) for the financial year		286	(635)

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

There is no difference between the profit on ordinary activities before taxation and the retained profit / (deficit) for the year and their historical cost equivalents.

The notes on pages 6 to 12 form part of these financial statements.

Safewaste Limited

Balance Sheet as at 27 March 1999

	Notes	27 March 1999 £'000	28 March 1998 £'000
Fixed assets			
Tangible assets	9	958	937
Current assets			
Stocks	10	2	2
Debtors	11	366	498
Cash at bank and in hand		226	654
		<u>594</u>	<u>1,154</u>
Creditors - Amounts falling due within one year	12	(621)	(1,495)
Net current liabilities		<u>(27)</u>	<u>(341)</u>
Total assets less current liabilities		<u>931</u>	<u>596</u>
Provisions for liabilities and charges	13	(345)	(296)
		<u>586</u>	<u>300</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	486	200
Equity shareholders' funds		<u>586</u>	<u>300</u>

Approved By The Board On
22 July 1999



DJ Downes
Director

The notes on pages 6 to 12 form part of these financial statements.

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

1 Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with applicable UK Accounting Standards.

Turnover

Turnover represents the invoiced value of waste streams processed and other services provided including landfill tax but excluding value added tax.

Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation, except for freehold land which is not depreciated, and less permanent reductions in value.

(i) Land and buildings, plant and vehicles

Depreciation is provided on assets other than land to write-off their cost by equal annual instalments over their estimated useful economic lives.

The expected lives are:

Buildings	50 years
Plant and machinery	3 to 10 years

(ii) Landfill

Acquisition and commissioning costs are capitalised and written off over the operational life of each site based on the amount of void space consumed.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred over the term of the lease.

Environmental provisions

Provision is made for closure and post closure costs over the operating life of disposal sites, based on the quantity of waste deposited in the year. The costs of final capping and covering are charged to the provision when incurred. All other costs such as monitoring and management of gas and leachate are written off directly and not charged to the provision unless incurred after site closure.

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

1 Accounting Policies (Continued)

Stock

Stocks are stated at the lower of cost (on a first in first out basis) and net realisable value.

Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements to the extent that the liability will crystallise in the foreseeable future.

2 Segment Information

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 business turnover and operating profit relates to continuing operations.

3 Profit on ordinary activities before taxation

	Year ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
The profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	208	136
Hire of plant and machinery		
- operating leases	57	34
Auditors' remuneration: audit services	-	1
Gain on disposal of fixed assets	33	-

4 Emoluments of directors

The salaries of the Directors were paid by other Shanks & McEwan Group undertakings and no remuneration was paid or is payable by Safewaste Limited.

5 Employees

The average weekly number of persons employed by the Company during the year was:

	Year Ended 27 March 1999 Number	6 months ended 28 March 1998 Number
Employee numbers:		
Management	1	1
Administration and sales	2	2
Operations	22	20
	25	23

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

5 Employees (continued)

	Year Ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
Staff costs comprise:		
Wages and salaries	352	149
Social security costs	34	15
Other pension costs	24	3
	410	167

6 Interest payable and similar charges

	Year Ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
Interest payable to Group undertakings	-	11

7 Taxation

Taxation charge based on the profits of the year is made up as follows:

	Year Ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
Corporation tax at 31% (1998: 31%)	111	92
	111	92

8 Dividends

	Year Ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
Interim paid	-	835
Final proposed	-	-
	-	835

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment, fixtures and fittings £'000	Total £'000
Cost:			
At 28 March 1998	581	929	1,510
Additions	-	229	229
Disposals	-	(34)	(34)
At 27 March 1999	581	1,124	1,705
Depreciation			
At 28 March 1998	119	454	573
Disposals	-	(34)	(34)
Charge for year	54	154	208
At 27 March 1999	173	574	747
Net book amount			
At 27 March 1999	408	550	958
At 28 March 1998	462	475	937

10 Stock

	27 March 1999 £'000	28 March 1998 £'000
Raw materials and consumables	2	2

11 Debtors

	27 March 1999 £'000	28 March 1998 £'000
Trade debtors	303	435
Prepayments and accrued income	63	63
	366	498

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

12 Creditors: Amounts falling due within one year

	27 March 1999 £'000	28 March 1998 £'000
Trade creditors	57	89
Amounts owing to group undertakings	246	809
Corporation tax payable	169	340
Other taxation and social security	112	160
Accruals and deferred income	37	97
	621	1,495

13 Provisions for liabilities and charges

	Landfill Provision £'000
At 28 March 1998	296
Utilised in year	-
Provided in year	49
At 27 March 1999	345

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

	<u>27 March 1999</u>		<u>28 March 1998</u>	
	Amount provided in the accounts £'000	Potential liability £'000	Amount provided in the accounts £'000	Potential liability £'000
Accelerated capital allowances	13	13	13	13
Other timing differences	(13)	(15)	(13)	(15)
	-	(2)	-	(2)

14 Called up share capital

	27 March 1999 £'000	28 March 1998 £'000
Authorised, allotted, called up and fully paid:		
100 Ordinary shares of £1 each	100	100

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

15 Reserves

	£'000
At 28 March 1998	200
Profit for the year	286
At 27 March 1999	486

16 Reconciliation of movements in shareholders' funds

	Year Ended 27 March 1999 £'000	6 months ended 28 March 1998 £'000
Profit for the period	286	200
Dividends	-	(835)
Net addition to shareholders' funds	286	(635)
Opening shareholders' funds	200	935
Closing shareholders' funds	486	200

17 Pension commitments

The company along with other companies in the Shanks & McEwan Group, participates in funded 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 contributions are determined by a qualified actuary on the basis of triennial valuation using the Projected Unit Method.

The pension charged for the year in relation to this scheme was £9,763.

Details of the latest actuarial value of the scheme on 5 April 1997 are given in the accounts of Shanks & McEwan Group Plc.

18 Related party transactions

As permitted by FRS8, 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.

19 Cash flow statement

In accordance with paragraph 8(c) of FRS1, the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including that of this company, has not prepared such a statement itself.

Safewaste Limited

Notes To The Financial Statements For The Year Ended 27 March 1999

20 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.

21 Immediate & ultimate parent company

The immediate holding company is Shanks Waste Services Limited (formerly Shanks & McEwan (Southern Waste Services) 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.