

SHANKS & McEWAN (LANDFILL) LIMITED
(Registered Number 2563475)

REPORT AND ACCOUNTS

YEAR ENDED 29 MARCH 1997



SHANKS & McEWAN (LANDFILL) LIMITED

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SHANKS & McEWAN (LANDFILL) LIMITED

DIRECTORS' REPORT

The Directors submit their report and statement of accounts for the year ended 29 March 1997.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS

The principal activity of the Company is that of holding Company to the Waste Management Division of the Shanks & McEwan Group.

TRADING RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation for the year ended 29 March 1997 was £7,268,000 (1996: £7,392,000).

The Directors recommend that a dividend of £7,268,000 be paid in respect of the year ended 29 March 1997 (1996: £7,392,000). The profit transferred to reserves for the year was £Nil (1996: £Nil).

DIRECTORS

The Directors who held office during the year were as follows:

M C E Averill
D J Downes
J R Meredith
K R Morin
G J Newman (resigned 30/8/96)

DIRECTORS' INTERESTS

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

Those Directors who were not also Directors of Shanks & McEwan Group PLC had interests in that Company's share capital as follows:

	<u>As at 29 March 1997</u>		<u>As at 30 March 1996</u>	
	<u>Ordinary Shares of 10p</u>	<u>Options</u>	<u>Ordinary Shares of 10p</u>	<u>Options</u>
J R Meredith	-	160,000	-	161,370
K R Morin	48,000	316,363	48,000	188,363

At 29 March 1997, Mrs JV Meredith, who is not a Director of the Company or Shanks & McEwan Group PLC, held 3,000 ordinary shares (1996: 3,000) in Shanks & McEwan Group PLC.

The share options held at the beginning of the year had the following exercise prices:

	<u>Number of Shares</u>	<u>Share Save Exercise Price</u>	<u>Executive</u>	
			<u>Number Shares of 10p</u>	<u>Exercise Price</u>
J R Meredith	1,370	765p	10,000	205p
			75,000	88p
			75,000	99p
K R Morin	8,363	82.5P	25,000	279.4p
			5,000	270.6p
			75,000	88p
			75,000	99p

SHANKS & McEWAN (LANDFILL) LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (Continued)

During the year ended 29 March 1997 the Directors were granted the following share options:

	<u>Granted</u>	<u>Exercise Price</u>
J R Meredith	60,000	110p
	60,000	135p
K R Morin	60,000	110p
	20,000	135p

The other Directors were also Directors of Shanks & McEwan Group PLC. Their interests in the share capital are shown in that Company's financial statements.

The Directors had no interests in the shares of any other Company in the group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Director 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:

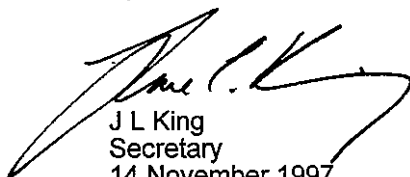
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



J L King
Secretary
14 November 1997
Registered Office:

Woodside House
Church Road
Woburn Sands
Milton Keynes
Buckinghamshire
MK17 8TA

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
SHANKS & McEWAN (LANDFILL) LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

Basis of Opinion

We conducted our audits in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates and judgements made by the directors in preparing the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and prepared 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 company's affairs as at 29 March 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

14 November 1997

SHANKS & McEWAN (LANDFILL) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29 MARCH 1997**

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
DIVIDENDS FROM SUBSIDIARY UNDERTAKINGS	7,268	7,392
Dividends (Note 2)	<u>(7,268)</u>	<u>(7,392)</u>
AMOUNT TRANSFERRED TO RESERVES (Note 7)	<u>-</u>	<u>-</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 29 MARCH 1997

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

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 29 MARCH 1997

There is no material difference between the reported profits for the year and those that would be reported under the historical cost convention.

The notes on pages 6 to 8 form part of these financial statements.

SHANKS & McEWAN (LANDFILL) LIMITED

BALANCE SHEET - 29 MARCH 1997

	<u>1997</u> £'000	<u>1996</u> £'000
FIXED ASSETS		
Investments (Note 4)	<u>8,739</u>	<u>5,239</u>
CURRENT ASSETS		
Amounts owing from subsidiary undertakings	10,490	10,490
CREDITORS - Amounts falling due within one year (Note 5)	<u>(14,262)</u>	<u>(10,762)</u>
NET CURRENT LIABILITIES	<u>(3,772)</u>	<u>(272)</u>
	<u>4,967</u>	<u>4,967</u>
CAPITAL AND RESERVES		
Called up share capital (Note 6)	1	1
Merger reserve (Note 7)	<u>4,966</u>	<u>4,966</u>
	<u>4,967</u>	<u>4,967</u>

APPROVED BY THE BOARD ON
14 November 1997



D J Downes
DIRECTOR

The notes on pages 6 to 8 form part of these financial statements.

SHANKS & McEWAN (LANDFILL) LIMITED

NOTES TO THE ACCOUNTS - 29 MARCH 1997

1 ACCOUNTING POLICIES

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, 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.

2 DIVIDENDS

	1997 £'000	1996 £'000
Interim paid	2,423	2,464
Final proposed	<u>4,845</u>	<u>4,928</u>
	<u>7,268</u>	<u>7,392</u>

3 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 Shanks & McEwan (Landfill) Limited.

The Directors estimate that no emoluments paid by other Shanks & McEwan Group undertakings relate to services provided to the Company

4 INVESTMENTS

	£'000
Shares in Subsidiary Undertakings at cost	
At 30 March 1996	5,239
Increase in Investment in year	<u>3,500</u>
At 29 March 1997	<u>8,739</u>

The increase in investments during the year represents an increase in the issued share capital of Shanks & McEwan (Northern) Limited.

At 29th March 1997 the following Companies were Subsidiary Undertakings of the Company:-

	Registered in	Type of shares	Type of Business	Proportion of shares held
Shanks & McEwan (Southern Waste Services) Limited	England	Ordinary	Waste Management	100%
Shanks & McEwan (Northern) Limited	Scotland	Ordinary	Waste Management	100%
Shanks & McEwan (Midlands) Limited	Scotland	Ordinary	Waste Management	100%
Clear Waste Limited	England	Ordinary	Waste Management	100%
Land Fill Gas Limited	England	Ordinary	Power Generation	100%

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 recorded in the accounts.

SHANKS & McEWAN (LANDFILL) LIMITED

NOTES TO THE ACCOUNTS - 29 MARCH 1997

5 CREDITORS - amounts falling due within one year

	1997 £'000	1996 £'000
Amount owing to group undertakings	9,417	5,834
Final proposed dividend	<u>4,845</u>	<u>4,928</u>
	<u>14,262</u>	<u>10,762</u>

6 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted and fully paid 100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

7 RESERVES

	Share capital £'000	Merger reserve £'000	Profit and loss £'000	Total £'000
At 30 March 1996	1	4,966	-	4,967
Profit for the year	-	-	7,268	7,268
Dividends	<u>-</u>	<u>-</u>	<u>(7,268)</u>	<u>(7,268)</u>
At 29 March 1997	<u>1</u>	<u>4,966</u>	<u>-</u>	<u>4,967</u>

SHANKS & McEWAN (LANDFILL) LIMITED

NOTES TO THE ACCOUNTS - 29 MARCH 1997

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £'000	<u>1996</u> £'000
Total recognised gains and losses for the year	7,268	7,392
Dividends	(7,268)	(7,392)
Net addition to/(reduction of) shareholders' funds	-	-
Opening shareholders' funds	<u>4,967</u>	<u>4,967</u>
Closing shareholders' funds	<u>4,967</u>	<u>4,967</u>

9 ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent Company is Shanks & McEwan Group PLC, a Company registered in Scotland. Copies of the group accounts may be obtained from the Company Secretary, Shanks & McEwan Group PLC, Astor House, Station Road, Bourne End, Buckinghamshire, SL8 5YP.