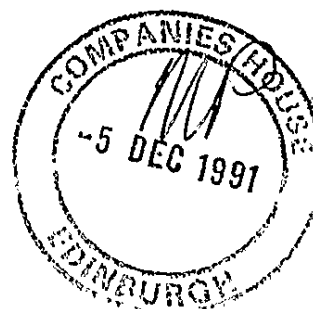


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SHANKS & McEWAN (MIDLANDS) LIMITED

REPORT AND ACCOUNTS

Year ended 30 March 1991



SHANKS & McEWAN (MIDLANDS) LIMITED

REPORT & ACCOUNTS

YEAR ENDED 30 MARCH 1991

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SHANKS & McEWAN (MIDLANDS) LIMITED

Directors

H L I Runciman
M R Hewitt
A J N Fowler
G J Newman
K G Coulson
P D Mather
A R Platts

Secretary and registered office

P D Mather, 22 Woodside Place, Glasgow, G3 7QY

REPORT OF THE DIRECTORS

The directors submit their report and statement of accounts for the year ended 30 March 1991.

1. Principal activities, business review and future prospects

The principal activities of the company were waste handling and providing transport services for the group.

On 31 March 1991 the assets of the group transport facility were transferred to the parent company, Shanks & McEwan Group PLC.

The company plans to continue to increase it's market share in the waste disposal sector and will invest in additional landfill void at economic costs and in new geographical areas with growth potential.

2. Trading results and dividend	£000
Profit for the year after taxation	717
Proposed dividend	358
Retained profit	<u>359</u>
	=====

3. Directors

The composition of the board at the date of this report is shown at the head of this report. J A MacDuff resigned on 31 March 1991. The other directors all served throughout the period.

The interests of H L I Runciman, M R Hewitt, A J N Fowler and G J Newman in the shares of the ultimate parent company are disclosed in the accounts of the ultimate parent company, Shanks & McEwan Group PLC.

SHANKS & McEWAN (MIDLANDS) LIMITED

REPORT OF THE DIRECTORS

3. Directors (continued)

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 at the beginning and end of the year were as follows:

	Ordinary shares of 50p each		Share options	
	30.3.91	31.3.90	30.3.91	31.3.90
J A MacDuff	59,300	29,150	3,000	34,400
K G Coulson	400	1,400	3,916	3,916
P D Mather	800	-	2,603	4,083
A R Platts	-	-	2,863	2,658

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

4. Changes in fixed assets

During the year the company spent £4,079,000 on plant and machinery, motor vehicles and landfill sites.

5. Charitable and political donations

During the year donations made by the company for charitable purposes amounted to £130. No donations were made for political purposes as defined by the Companies Act 1985.

6. Research and development

During the year the company spent £89,000 on research and development (1990: £94,000).

7. Auditors

A resolution concerning the re-appointment of Moores Rowland as auditors will be submitted at the forthcoming annual general meeting.

By order of the board

P D Mather
Secretary

18 June 1991

SHANKS & McEWAN (MIDLANDS) LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF SHANKS & McEWAN (MIDLANDS) LIMITED

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the company's state of affairs at 30 March 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Rowland

MOORES ROWLAND

Chartered Accountants

25 Rothwell Street
Glasgow G2 6NL

18 June 1991

SHANKS & McEWAN (MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 MARCH 1991

		1991	1990
	Note	£000	£000
TURNOVER	3	9,648	7,885
Cost of sales		6,590	5,077
GROSS PROFIT		3,058	2,808
Administrative expenses		1,179	846
TRADING PROFIT		1,879	1,962
Interest	5	601	462
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2&3	1,278	1,500
Tax on profit on ordinary activities	6	561	444
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		717	1,056
Dividend	7	358	528
RETAINED PROFIT FOR THE YEAR	17	359	528
		=====	=====

The notes on pages 7 to 16 form part of these accounts

SHANKS & McEWAN (MIDLANDS) LIMITED

BALANCE SHEET

30 MARCH 1991

		1991	1990
	Note	£000	£000
FIXED ASSETS			
Tangible assets	8	10,273	8,755
Investments	9	4	4
		<u>10,277</u>	<u>8,759</u>
CURRENT ASSETS			
Stocks	10	73	75
Debtors	11	2,398	1,978
Cash at bank and in hand		7	5
		<u>2,478</u>	<u>2,058</u>
CREDITORS: amounts falling due within one year	12	8,753	7,125
NET CURRENT LIABILITIES		(6,275)	(5,067)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,002</u>	<u>3,692</u>
CREDITORS: amounts falling due after more than one year	13	953	944
PROVISIONS FOR LIABILITIES AND CHARGES	15	75	133
		<u>2,974</u>	<u>2,615</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Revaluation reserve	17	37	37
Profit and loss account	18	2,837	2,478
		<u>2,974</u>	<u>2,615</u>
		=====	=====

H L I Runciman  Director

M R Hewitt  Director

18 June 1991

The notes on pages 7 to 16 form part of these accounts

SHANKS & McEWAN (MIDLANDS) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30 MARCH 1991

	1991	1990
	£000	£000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,278	1,500
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	2,053	1,633
Gain on disposal of tangible fixed assets	(57)	(95)
Provision for reclamation	(58)	-
Total generated from operations	<u>3,216</u>	<u>3,038</u>
Funds from other sources:		
Increase in creditors falling due after more than one year	9	392
Disposal of tangible fixed assets	562	302
	<u>3,787</u>	<u>3,732</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	4,076	4,031
Tax paid	470	63
Dividend paid	528	312
Goodwill purchased	-	1,354
	<u>5,074</u>	<u>5,760</u>
(Decrease) in working capital	(1,287)	(2,028)
	=====	=====
COMPONENTS OF (DECREASE) IN WORKING CAPITAL		
Stocks	(2)	34
Debtors	310	821
Creditors	(152)	(532)
Amounts owing by parent and fellow subsidiary undertakings	110	(61)
Net liquid funds:		
Bank borrowing	(1,553)	(2,290)
	<u>(1,287)</u>	<u>(2,028)</u>
	=====	=====

SHANKS & MCEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies

(i) Basis of presentation

The accounts have been prepared using the historical cost convention, modified by the revaluation of certain land and buildings, and in accordance with applicable Accounting Standards.

(ii) Turnover

Turnover represents the invoiced value of waste streams processed and other services provided excluding value added tax. Turnover is recognised when processing occurs or the service is provided.

(iii) Goodwill

Purchased goodwill is written off against reserves in the year in which it arises.

(iv) Fixed assets

a Land and buildings, plant and vehicles.

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 of the assets.

The estimated lives are:

Buildings	: 25 years
Plant and machinery	: 3 to 10 years
Motor vehicles	: 3 to 6 years

b Landfill

Acquisition and commissioning costs, including interest thereon until commencement of operations, are capitalised and amortised over the estimated operational life of each site based on the volume of void space consumed.

c Leased assets

Finance leases

Assets financed by lease arrangements under which substantially all the risks and rewards of ownership are transferred to the company are included in tangible fixed assets at the aggregate of the capital elements of payments during the lease term and the corresponding obligation is included in creditors. Depreciation is provided to write off the assets over the shorter of the lease term or useful life.

SHANKS & McEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

Operating leases

Rentals paid under operating leases are charged to profit and loss account as incurred. The obligation to pay future rentals on operating leases is shown by way of a note to the accounts.

d Capitalisation of interest

The gross interest attributable to the financing of separately identifiable major capital projects prior to their date of completion is capitalised as part of the cost of the asset.

(v) Reclamation provision

The provision relates to the current cost of capping the pit areas in landfill reclamation. The estimated current cost of capping based on the tonnage of landfill materials deposited in the year is charged against profits and credited to the provision which is reviewed annually for adequacy. Actual costs are charged against the provision when incurred.

(vi) Stocks and work-in-progress

Stocks are stated at the lower of cost (on a first in first out basis) and net realisable value. Cost of work in progress comprises materials, direct wages and all overheads incurred in bringing the work in progress to its existing location and condition.

(vii) 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.

(viii) 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.

(ix) Research and development

Expenditure is written off in the year in which it is incurred.

SHANKS & MCEWAN (MIDLANDS) LIMITED

• NOTES ON THE ACCOUNTS

	1991	1990
2. Profit on ordinary activities before taxation	£000	£000

The profit is stated after charging:

Depreciation of tangible fixed assets		
-Owned	1036	822
-Held under finance lease and hire purchase contracts	1017	811
Hire of plant and machinery		
-operating leases	297	233
Research and development	89	94
Auditors' remuneration	15	14
Emoluments of the directors (note 4)	210	144
	=====	=====

and after crediting:

Gain on disposal of fixed assets	57	89
	=====	=====

3. Turnover and profit

Turnover and profit on ordinary activities before taxation are analysed as follows:

	1991		1990	
	Turnover	Profit before taxation	Turnover	Profit before taxation
	£000	£000	£000	£000
Waste management	7,589	1,738	6,160	1,876
Group transport	2,059	141	1,725	86
	<u>9,648</u>	<u>1,879</u>	<u>7,885</u>	<u>1,962</u>
	=====		=====	
Interest		601		462
		<u>1,278</u>		<u>1,500</u>
		=====		=====

Group transport turnover consists entirely of motor vehicles operating lease charges to parent and fellow subsidiary undertakings.

SHANKS & MCEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

	1991	1990
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	139	114
Group transport	3	3
	<u>142</u>	<u>117</u>
	=====	=====
Staff costs comprise:	£000	£000
Wages and salaries	1,921	1,396
Social security costs	156	124
Other pension costs	133	88
	<u>2,210</u>	<u>1,608</u>
	=====	=====
The remuneration of the directors was as follows:		
Fees	-	-
Other emoluments	164	144
Compensation for loss of office	46	-
	<u>210</u>	<u>144</u>
	=====	=====
Excluding contributions to pension schemes the emoluments of the individual directors was as follows:		
Chairman	nil	nil
Highest paid director	44	38
	=====	=====
Other directors	Number	Number
£0 to £5000	3	3
£25001 to £30000	2	2
£30001 to £35000	-	1
£35001 to £40000	1	-

SHANKS & MCEWAN (MIDLANDS) LIMITED

• NOTES ON THE ACCOUNTS

	1991 £000	1990 £000
5. Interest		
Interest payable on loans and bank borrowings repayable within five years	560	437
Interest payable on finance leases and hire purchase contracts	232	164
	<u>792</u>	<u>601</u>
Interest capitalised during year	(191)	(139)
	<u>601</u>	<u>462</u>
	=====	=====

6. Taxation

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

• UK Corporation tax at 34% (1990:35%)	529	523
• Prior year under/(over) provided	32	(79)
	<u>561</u>	<u>444</u>
	=====	=====

The charge for the year reflects the benefit of deferred taxation not provided of £29,000 (1990: £125,000)

	1991 £000	1990 £000
7. Dividend		
Proposed dividend	358	528
	=====	=====

SHANKS & McEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

8. Tangible fixed assets

	Freehold Land and Buildings	Landfill sites	Plant & Machinery	Motor vehicles	Total
Cost or valuation:	£000	£000	£000	£000	£000
At 1 April 1990	422	3,890	5,575	3,034	12,921
Additions	35	1,104	1,519	1,418	4,076
Disposals	-	-	(572)	(817)	(1,389)
At 30 March 1991	457	4,994	6,522	3,635	15,608
Consisting of:					
Assets at 1980 valuation	242	-	-	-	242
Assets at cost	215	4994	6522	3635	15,366
	457	4994	6522	3635	15608
Depreciation:					
At 1 April 1990	66	551	2,346	1,203	4,166
Eliminated in respect of disposals	-	-	(212)	(672)	(884)
Charge for year	19	262	844	928	2,053
At 30 March 1991	85	813	2,978	1,459	5,335
Net book amount:					
At 30 March 1991	372	4,181	3,544	2,176	10,273
Net book amount of assets held under finance leases and hire purchase contracts included above	-	-	392	2,176	2,568
At 31 March 1990	356	3,339	3,229	1,831	8,755
Net book amount of assets held under finance leases and hire purchase contracts included above	-	-	481	1,831	2,312

Interest amounting to £465,000 (1990: £274,000) is included in the cost of landfill sites.

Included in plant and machinery and landfill sites are assets under construction with a net book value of £1,973,000 (1990: £1,073,000).

SHANKS & MCEWAN (MIDLANDS) LIMITED

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NOTES ON THE ACCOUNTS

	1991 £000	1990 £000
8. Tangible fixed assets (continued)		

The net book amount of landfill sites comprises:

Freehold	4,118	3,238
Short leasehold	63	101
	<u>4,181</u>	<u>3,339</u>
	=====	=====

For the freehold land and buildings the comparable amounts determined under the historical cost convention were:

	Cost £000	Aggregate Deprec'n £000	Net book amount £000
At 30 March 1991	291	150	141
	=====	=====	=====
At 31 March 1990	256	139	117
	=====	=====	=====

9. Fixed Assets - Investments	1991 £000
-------------------------------	--------------

Shares in subsidiary undertaking at cost:

At 1 April 1990 and 30 March 1991	4 ===
-----------------------------------	----------

At 30 March 1991 the following company was a subsidiary undertaking of the company:

Easidispose Ltd. Registered in England
100% of issued ordinary shares held
Non - trading

Group accounts are not prepared as the company is a wholly owned subsidiary undertaking of another company incorporated in the United Kingdom. The directors are of the opinion that the value of the investment in the subsidiary undertaking is not less than the book value.

	1991 £000	1990 £000
10. Stocks		
Raw materials and consumables	47	32
Work in progress	26	43
	<u>73</u>	<u>75</u>
	=====	=====

SHANKS & McEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

	1991 £000	1990 £000
11. Debtors		
Trade debtors	1,846	1,520
Amounts owed by parent and fellow subsidiaries	414	304
Other debtors	42	55
Prepayments and accrued income	96	99
	<u>2,398</u>	<u>1,978</u>
	=====	=====

12. Creditors: amounts falling due within one year

Bank overdraft	5,409	3,854
Trade creditors	756	831
Amounts owed to parent and fellow subsidiaries	144	24
Taxation and social security	90	61
Other creditors	17	38
Hire purchase and finance lease obligations	1,008	887
Accruals	59	81
Corporation tax payable	912	821
Proposed dividend	358	528
	<u>8,753</u>	<u>7,125</u>
	=====	=====

13. Creditors: amounts falling due after more than one year

Hire purchase and finance lease obligations	953	944
	=====	=====

Hire purchase and finance lease obligations all fall due between two and five years.

14. Deferred taxation

No deferred tax has been provided and the full potential deferred tax liability is as follows:

	1991 £000	1990 £000
Accelerated capital allowances	383	294
Other timing differences	17	77
	<u>400</u>	<u>371</u>
	=====	=====

SHANKS & McEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

	1991 £000	1990 £000
15. Reclamation provision		£000
At 1 April 1990		133
Utilised in year		(108)
Provided in year		50
At 30 March 1991		<u>75</u>
		=====
	1991 £000	1990 £000
16. Called up share capital		
Authorised, allotted and fully paid 100,000 ordinary shares of £1 each	100 =====	100 =====
17. Revaluation reserve		
At 30 March 1991 and 1 April 1990	37 =====	37 =====
18. Profit and loss account		£000
At 1 April 1990		2,478
Retained profit for the year		359
At 30 March 1991		<u>2,837</u>
		=====
The cumulative goodwill written off reserves for continuing businesses is £1,354,000.		

19. Capital commitments

The approximate amount of capital expenditure authorised by the directors for which no provision has been made in the accounts is:

	1991 £000	1990 £000
Expenditure contracted for	- =====	96 =====
Expenditure not contracted for	- =====	- =====

SHANKS & MCEWAN (MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

	1991 Land and Buildings £000	1990 Land and Buildings £000
20. Financial commitments		
Annual commitments under operating leases expiring:		
Within 1 year	5	-
Between 2 and 5 years	10	15
Over 5 years	-	-
	<u>15</u>	<u>15</u>
	===	===

21. 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 contributions 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 1989 are given in the accounts of Shanks & McEwan Group PLC.

22. Contingent liabilities

The company has entered into performance bonds, in the normal course of business, in respect of long term contracts.

The company has granted to its bankers an unlimited guarantee and a right of set off against amounts outstanding on advances to its parent and fellow subsidiary undertakings.

23. Ultimate parent company

The company's 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, 22 Woodside Place, Glasgow, G3 7QY.