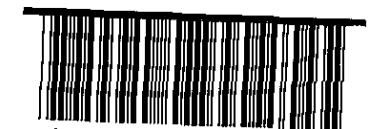


SHANKS MIDLANDS LIMITED

Registered Number SC43286

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2002



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SHANKS MIDLANDS LIMITED

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SHANKS MIDLANDS LIMITED DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS

The principal activity of the Company continues to be the operation of waste collection and disposal services for industry and local authorities.

The Company plans to continue to increase its market share in the waste management sector and will invest in additional landfill void at economic cost and in new geographical areas with growth potential.

TRADING RESULTS AND DIVIDEND

The profit on ordinary activities before taxation for the year ended 31 March 2001 was £2,080,000 (2001: £2,301,000). The Directors recommended that a dividend of £1,300,000 be paid in respect of the year ended 31 March 2002 (2001: £5,204,000). The profit transferred to the reserves for the year was £28,000 (2001: £3,717,000 loss - restated).

DIRECTORS AND DIRECTORS' INTERESTS

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

M C E Averill
D J Downes
J R Meredith
M J Clarke

None of the Directors had a direct interest in the share capital of the Company. Messrs Averill, Downes and Meredith 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 Mr 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.

EMPLOYMENT POLICIES

There is a continuing commitment in the Company to provide employees with information and undertake consultation on matters of concern to them with a view to ensuring an awareness of the financial and economic factors affecting the performance of the Company. The procedures adopted involve both formal and informal meetings with employees or their representatives.

Options have been granted under the Shanks Savings-Related Share Option and Executive Share Options Schemes.

SHANKS MIDLANDS LIMITED

DIRECTORS' REPORT - continued

EMPLOYMENT POLICIES - continued

It is the continuing policy of the Company to provide employment for disabled people and employees who become disabled provided it is practical to offer suitable work. The training, career development and promotion of disabled employees are undertaken whenever possible, in accordance with the needs of the individuals concerned.

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:

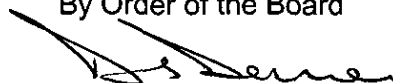
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 reappoint PricewaterhouseCoopers as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



D J Downes
DIRECTOR
29 May 2002

Registered Office:
A8 Edinburgh Road
Coatbridge
ML5 4UG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHANKS MIDLANDS LIMITED

We have audited the financial statements on pages 4 to 16 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 8.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 1985. 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. The other information comprises only the Directors' Report.

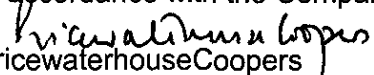
Basis of Audit Opinion

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 at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
29 May 2002

SHANKS MIDLANDS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002

	Note	<u>2002</u> £'000	<u>2001</u> <i>restated*</i> £'000
TURNOVER	2	15,139	16,021
Cost of sales		(12,795)	(13,513)
		<hr/>	<hr/>
GROSS PROFIT AND OPERATING PROFIT ON CONTINUING ACTIVITIES		2,344	2,508
Finance charges:			
Unwinding of discount	6	(264)	(207)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,080	2,301
Taxation	7	(752)	(814)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,328	1,487
Dividends	8	(1,300)	(5,204)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	15	28	(3,717)
		<hr/>	<hr/>

** 2001 comparative figures have been restated. See Note 1 for details.*

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2002

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 31 MARCH 2002

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

SHANKS MIDLANDS LIMITED
BALANCE SHEET
AS AT 31 MARCH 2002

	Note	31 March <u>2002</u> £'000	31 March <u>2001</u> <i>restated*</i> £'000
FIXED ASSETS			
Tangible fixed assets	9	8,208	9,166
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	10	486	2,878
CREDITORS: amounts falling due within one year	11	(2,175)	(5,396)
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)		(1,689)	(2,518)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,519	6,648
PROVISIONS FOR LIABILITIES AND CHARGES	12	(5,429)	(5,586)
		<hr/>	<hr/>
TOTAL NET ASSETS		1,090	1,062
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	14	100	100
Revaluation reserve	15	37	37
Profit and loss account	15	953	925
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	1,090	1,062
		<hr/>	<hr/>

** 2001 comparative figures have been restated. See Note 1 for details.*

Approved by the Board of Directors on 29 May 2002.


D J Downes
Director

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. As the Company is a wholly owned subsidiary of Shanks Group plc, group financial statements have not been prepared as permitted by s228 of the Companies Act 1985 and the financial statements contain information about the Company as an individual undertaking.

(b) New accounting standards and changes in accounting policies.

FRS 17 - Retirement Benefits is applicable to the company for the first time this year. The company has applied the transitional arrangements for adoption of the FRS. Accordingly no change has been made to the accounting policy but included in these financial statements are the additional disclosures required by FRS 17 (see Note 18).

FRS 18 - Accounting Policies has been adopted in the current year but this did not require a change in any accounting policies.

FRS 19 - Deferred Taxation has been adopted for the first time in these financial statements. As required by the standard, deferred tax has been calculated using the full provision approach rather than the partial provision approach previously employed. This change has been dealt with as a prior year adjustment and previously reported figures have been restated accordingly. The retained loss for the year ended 31 March 2001 has been decreased by £200,000 and shareholders' funds at 31 March 2001 have been increased by £223,000.

Expenditure incurred on long term engineering works at United Kingdom landfill sites has been classified as tangible fixed assets in 2002. Previously this expenditure had been classed as a prepayment debtor. A prior year adjustment has been made to increase the cost of tangible fixed assets by £1,731,000 and accumulated depreciation by £1,282,000 as at 31 March 2001 with a corresponding adjustment to intercompany debtor of £449,000. The depreciation charge for 2001 has been increased by £248,000 with a corresponding reduction to other costs of sales. There was no net impact on the reported profits for 2001. The Directors' believe that the revised classification more appropriately reflects the nature of the expenditure which is then amortised over the relevant usage at the landfill site.

(c) Turnover

Turnover represents the invoiced value of waste streams, power generated, and other services provided including landfill tax but excluding value added tax. Turnover is recognised when processing occurs or the service is provided.

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

1 ACCOUNTING POLICIES - continued

(d) Goodwill

Goodwill arises when the cost of acquiring subsidiaries and businesses exceeds the fair value attributed to the net assets acquired. Capitalised goodwill is written off over its useful life in accordance with FRS 10. The useful life of goodwill is not expected to exceed 20 years. The profit or loss on disposal or closure of a business is calculated after taking into account any goodwill previously written off to reserves prior to the adoption of FRS 10.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation, except for freehold land which is not depreciated, and less any provision for impairment.

(i) Land & Buildings and Plant & Machinery

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 & machinery	3 to 10 years

(ii) Landfill

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

(f) Research and development

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

(g) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the expected working lives of the pension scheme members currently in service. Any differences between the actuarial valuation of the scheme and the value of assets in the scheme are also charged or credited to the profit and loss account over the expected working lives of the scheme members. Differences and payments to the schemes are treated as assets or liabilities in the balance sheet.

(h) Leased assets

Where the Company has substantially all the risks and rewards of ownership of a leased asset, it is treated as a finance lease. Leased assets are included in tangible fixed assets at the total 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 expected useful life.

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

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

1 ACCOUNTING POLICIES - continued

(i) Site restoration provision

Full provision is made for the net present value (NPV) of the Company's 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.

(j) 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.

(k) Discounting

All long term provisions for restoration and aftercare are calculated based on the NPV of the estimated future costs. The effects of inflation and unwinding of the discount element on existing provisions are reflected within the financial statements as a finance charge.

(l) Government grants

Capital grants are released to profit evenly over the estimated useful lives of the assets concerned.

(m) Stocks

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

(n) Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets in respect of trading tax losses are only recognised where the tax losses are expected to be recovered. Deferred taxation provisions have not been discounted.

2 SEGMENTAL 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.

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging/(crediting):

	<u>2002</u>	<u>2001</u>
	£'000	<i>restated</i> £'000
Depreciation of tangible fixed assets:		
- owned	1,228	1,410
Gain on disposal of fixed assets	(3)	(5)
	<u> </u>	<u> </u>

The auditors' remuneration for the period has been borne by a fellow group subsidiary.

4 DIRECTORS' EMOLUMENTS

The Directors were not remunerated for their services to the Company. The salaries of the Directors were paid by other Shanks Group undertakings and no remuneration is payable by Shanks Midlands Limited.

5 EMPLOYEES

The average number of employees employed by the Company in waste management during the year was 117 (2001: 116). The total remuneration of employees comprised:

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Wages and salaries	2,414	2,287
Social security costs	239	229
Other pension costs	49	39
	<u> </u>	<u> </u>
	2,702	2,555
	<u> </u>	<u> </u>

6 UNWINDING OF DISCOUNT

The unwinding of discount of £264,000 (2001: £207,000) relating to long term landfill liabilities (see Note 12) is separately disclosed on the face of the profit and loss account, as required by FRS 12.

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

7 TAXATION

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

	<u>2002</u>	<u>2001</u> <i>restated*</i>
	£'000	£'000
Corporation tax at 30% (2001: 30%)		
- current year	869	1,014
- prior year	5	-
Deferred taxation		
- current year	(116)	(200)
- prior year	(6)	-
	<hr/>	<hr/>
	752	814
	<hr/> <hr/>	<hr/> <hr/>

** 2001 comparative figures have been restated. See Note 1 for details.*

The tax assessed for the period is higher than the United Kingdom standard rate of corporation tax of 30% (2001: 30%). The differences are explained below:

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Profit on ordinary activities before tax	2,080	2,301
	<hr/>	<hr/>
Tax charge based on UK tax rate	624	690
Tax effect of the following items:		
Expenses not deductible for tax purposes	266	124
Adjustment to tax charge in respect of prior periods	6	-
Other timing differences	(22)	200
	<hr/>	<hr/>
Corporation tax charge for the period	874	1,014
	<hr/> <hr/>	<hr/> <hr/>

8 DIVIDENDS

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Interim dividend paid	-	822
Final dividend proposed	1,300	4,382
	<hr/>	<hr/>
	1,300	5,204
	<hr/> <hr/>	<hr/> <hr/>

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

9 TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £'000	<u>Landfill sites</u> £'000	<u>Plant and machinery</u> £'000	<u>Total</u> £'000
Cost:				
At 31 March 2001 - as previously reported	477	11,870	8,316	20,663
Prior year adjustment (see Note 1)	-	1,731	-	1,731
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001 - restated	477	13,601	8,316	22,394
Additions	81	757	692	1,530
Disposals	(1)	(17)	(323)	(341)
Transfers with fellow group companies	37	(104)	(338)	(405)
Reassessment of restoration costs	-	(800)	-	(800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	594	13,437	8,347	22,378
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 31 March 2001 - as previously reported	114	5,810	6,022	11,946
Prior year adjustment (see Note 1)	-	1,282	-	1,282
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001 - restated	114	7,092	6,022	13,228
Charge for the year	26	962	240	1,228
Disposals	(1)	(17)	(322)	(340)
Transfers with fellow group companies	-	-	54	54
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	139	8,037	5,994	14,170
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 31 March 2002	455	5,400	2,353	8,208
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001 - restated	363	6,509	2,294	9,166
	<hr/>	<hr/>	<hr/>	<hr/>

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

9 TANGIBLE FIXED ASSETS - continued

The net book value of land and buildings comprises:

	<u>2002</u> £'000	<u>2001</u> £'000
Freehold	439	341
Short leasehold	16	22
	<hr/>	<hr/>
	455	363
	<hr/>	<hr/>

The prior year adjustment arises in respect of expenditure incurred on long term engineering works at United Kingdom landfill sites. Previously this expenditure had been classified as a prepayment debtor. The Directors' believe that the revised classification more appropriately reflects the nature of the expenditure which is then amortised over the relevant usage at the landfill site.

10 DEBTORS

	<u>2002</u> £'000	<u>2001</u> <i>restated*</i> £'000
Amounts owed by group undertakings	141	2,655
Deferred tax asset (see Note 18)	345	223
	<hr/>	<hr/>
	486	2,878
	<hr/>	<hr/>

** 2001 comparative figures have been restated - see Note 1 for details.*

11 CREDITORS: Amounts falling due within one year

	<u>2002</u> £'000	<u>2001</u> £'000
Corporation tax payable	875	1,014
Proposed dividend	1,300	4,382
	<hr/>	<hr/>
	2,175	5,396
	<hr/>	<hr/>

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

12 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Site restoration</u>	<u>Aftercare</u>	<u>Total</u>
	£'000	£'000	£'000
At 31 March 2001	2,259	3,327	5,586
Provided in the year			
- cost of sales	285	94	379
- finance charge	-	264	264
Reassessment of restoration costs	(800)	-	(800)
	<hr/>	<hr/>	<hr/>
At 31 March 2002	<u>1,744</u>	<u>3,685</u>	<u>5,429</u>

Site Restoration

Site Restoration provision relates to the cost of intermediate and final capping and covering of landfill sites. These costs 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 of landfill sites, including such items as monitoring, gas and leachate management and licensing, 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 payments 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.

13 DEFERRED TAX ASSET

	<u>Deferred taxation restated*</u> £'000
At 1 April 2001 - as previously reported	-
Prior year adjustment (see Note 1)	223
	<hr/>
At 1 April 2001 - restated	223
Provided in the year	122
	<hr/>
At 31 March 2002	<u>345</u>

* 2001 comparative figures have been restated. See Note 1 for details.

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

13 DEFERRED TAXATION ASSET - continued

The deferred taxation asset is made up as follows:

	2002 £'000	2001 £'000
Accelerated capital allowances	(144)	(254)
Other timing differences	489	477
	<hr/>	<hr/>
	345	223
	<hr/>	<hr/>

14 SHARE CAPITAL

	<u>2002</u> £'000	<u>2001</u> £'000
Authorised, allotted, called up and fully paid: 100,000 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

15 RESERVES

	Revaluation <u>reserve</u> £'000	Profit and <u>loss account</u> <i>restated</i> £'000
At 1 April 2001 - as previously reported	37	702
Prior year adjustment (see Note 1)	-	223
	<hr/>	<hr/>
At 31 March 2001 - restated	37	925
Retained profit for the year	-	28
	<hr/>	<hr/>
At 31 March 2002	37	953
	<hr/>	<hr/>

The cumulative goodwill written off reserves from continuing businesses is £1,529,000 (2001: £1,529,000).

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2002</u> £'000	<u>2001</u> £'000
Profit for the financial year	1,328	1,487
Dividends	(1,300)	(5,204)
	<hr/>	<hr/>
Net increase/(reduction) to shareholders' funds	28	(3,717)
	<hr/>	<hr/>
Opening shareholders' funds - as previously reported	839	4,756
Prior year adjustment (see Note 1)	223	23
	<hr/>	<hr/>
Opening shareholders' funds - restated	1,062	4,779
	<hr/>	<hr/>
Closing shareholders' funds	1,090	1,062
	<hr/> <hr/>	<hr/> <hr/>

17 PENSION COMMITMENTS - current SSAP 24 basis

The Company along with other companies in the Shanks 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 a triennial valuation using the Projected Unit Method. The pension charge for the year was £49,000 (2001: £39,000). Details of the latest actuarial value of the scheme on 5 April 2000 are given in the accounts of Shanks Group plc.

18 PENSION COMMITMENTS - FRS 17 basis

Whilst the Company continues to account for pension costs in accordance with SSAP 24 - Accounting for pension costs, under FRS 17 - Retirement Benefits the transitional disclosures set out below are required.

The employees of the Company participate in the Shanks Group Pension Scheme, which is a funded, managed, defined benefit scheme, the costs of which are fully provided in accordance with the regular recommendations of a professionally qualified independent actuary. The Company is unable to identify the share of the underlying assets and liabilities of the Group scheme that relates to its business and is permitted under FRS 17 to treat this scheme as a defined contribution scheme. Full disclosures relating to the Group's pension schemes are contained in the financial statements of Shanks Group plc.

SHANKS MIDLANDS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002 - continued

19 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.

20 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.

21 CASH FLOW STATEMENT

As permitted by paragraph 8(c) of FRS1 (revised 1996), the Company, being a wholly owned subsidiary of another company which prepares a cash flow statement including that of this Company, has not prepared such a statement itself.

22 IMMEDIATE & ULTIMATE PARENT COMPANY

The immediate holding company is Shanks & McEwan (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.