

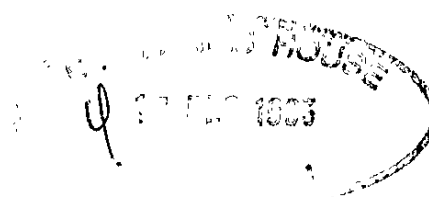
Y FOR REGISTRAR OF COMPANIES

MPANY No. ....98178 43286

SHANKS & McEWAN (MIDLANDS) LIMITED

REPORT AND ACCOUNTS

Year ended 27 March 1993



SHANKS & McEWAN ( MIDLANDS ) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 27 MARCH 1993

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# SHANKS & McEWAN ( MIDLANDS ) LIMITED

## Directors

A J N Fowler  
M R Hewitt  
J S Martin  
K R Morin  
G J Newman

## Secretary and registered office

J L King, 22 Woodside Place, Glasgow, G3 7QY

## REPORT OF THE DIRECTORS

The directors submit their report and statement of accounts for the year ended 27 March 1993.

### 1. Principal activities, business review and future prospects

The principal activities of the company are 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 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	1162
Proposed dividend	<u>704</u>
Transfer to reserves	<u><u>458</u></u>

### 3. Directors

The composition of the board at the date of this report is shown at the head of this report.

H L I Runciman resigned on 31 December 1992. R L Tasker and D F Wheeler resigned on 29 March 1993.

J S Martin was appointed on 29 March 1993.

The interests of 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.

The interests of the other directors in the shares of the ultimate parent company, Shanks & McEwan Group PLC, are shown in the accounts of Shanks & McEwan (Waste Services) Limited.

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

**SHANKS & McEWAN ( MIDLANDS ) LIMITED****REPORT OF THE DIRECTORS****4. Changes in fixed assets**

During the year the company spent £1,936,000 on plant and machinery and landfill sites and acquired further plant & machinery with a net book value of £95,000 from group undertakings.

**5. Research and development**

During the year the company spent £71,000 on research and development (1992: £100,000).

**6. Directors and officers' liability insurance**

Insurance covering directors' and officers' liability is maintained under a policy effected by the ultimate parent company, Shanks & McEwan Group PLC.

**7. Post balance sheet events**

On 28 March 1993, the company sold its gas and energy operations to Shanks & McEwan (Gas) Limited (see note 22 to the accounts).

**8. 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



J L King  
Secretary

23 June 1993

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 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 27 March 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, reading "Moors Rowland".

MOORES ROWLAND

Chartered Accountants  
Registered Auditors  
25 Bothwell Street  
Glasgow G2 6NL

23 June 1993

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 27 MARCH 1993

		1993	1992
	Note	£000	£000
TURNOVER	3	10,126	9,599
Cost of sales		7,151	5,940
		<hr/>	<hr/>
GROSS PROFIT		2,975	3,659
Administrative expenses		872	695
		<hr/>	<hr/>
TRADING PROFIT		2,103	2,964
Interest payable	5	44	42
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2&3	2,059	2,922
Taxation	6	897	1,165
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,162	1,757
Dividend	7	704	1,792
		<hr/>	<hr/>
TRANSFERRED TO (FROM) RESERVES	17	<u>458</u>	<u>(35)</u>

The notes on pages 6 to 15 form part of these accounts

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## BALANCE SHEET

27 MARCH 1993

		1993	1992
	Note	£000	£000
FIXED ASSETS			
Tangible assets	8	9,140	8,677
Investments	9	<u>4</u>	<u>4</u>
		9,144	8,681
CURRENT ASSETS			
Stocks	10	26	28
Debtors	11	2,653	2,665
Cash at bank and in hand		3	3
		<u>2,682</u>	<u>2,696</u>
CREDITORS: amounts falling due within one year	12	<u>7,750</u>	<u>8,068</u>
NET CURRENT LIABILITIES		<u>(5,068)</u>	<u>(5,372)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,076	3,309
CREDITORS: amounts falling due after more than one year	13	59	157
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>620</u>	<u>213</u>
		<u>3,397</u>	<u>2,939</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Revaluation reserve	16	37	37
Profit and loss account	17	<u>3,260</u>	<u>2,802</u>
		<u>3,397</u>	<u>2,939</u>



J S Martin

Director

23 June 1993

The notes on pages 6 to 15 form part of these accounts

## SHANKS &amp; 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.

As the company is included within the consolidated accounts of Shanks & McEwan Group PLC, registered in Scotland, 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.

## (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****c Leased assets (continued)****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**

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

**(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 &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

	1993	1992
	£000	£000
2. Profit on ordinary activities before taxation		
The profit is stated after charging:		
Depreciation of tangible fixed assets		
-owned	1431	1133
-held under finance lease and hire purchase contracts	58	59
Hire of plant and machinery		
-operating leases	238	161
Research and development	71	43
Auditors' remuneration	16	16
Loss on disposal of fixed assets	<u>-</u>	<u>10</u>
and after crediting:		
Gain on disposal of fixed assets	<u>8</u>	<u>-</u>

## 3. Turnover and profit

Turnover and profit on ordinary activities before taxation derive from one principal activity, waste management.

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

	1993	1992
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	<u>101</u>	<u>110</u>
Staff costs comprise:	£000	£000
Wages and salaries	1,287	1,285
Social security costs	116	163
Other pension costs	<u>59</u>	<u>49</u>
	<u>1,462</u>	<u>1,497</u>
The remuneration of the directors was as follows:		
Fees	-	-
Other emoluments	-	36
Compensation for loss of office	<u>-</u>	<u>30</u>
	<u>-</u>	<u>66</u>
Excluding contributions to pension schemes the emoluments of the individual directors was as follows:		
Chairman	nil	nil
Highest paid director	<u>-</u>	<u>21</u>
Other directors	Number	Number
£0 to £5000	5	8
£ 5001 to £10000	<u>-</u>	<u>1</u>

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

	1993 £000	1992 £000
5. Interest payable		
Interest payable on loans and bank borrowings repayable within five years	263	237
Interest payable on finance leases and hire purchase contracts	<u>44</u>	<u>42</u>
	307	279
Interest capitalised during year	<u>(263)</u>	<u>(237)</u>
	<u>44</u>	<u>42</u>
6. Taxation		
Taxation charge based on the profits of the year is made up as follows:		
UK Corporation tax at 33% (1992:33%)	807	1,114
Deferred taxation	<u>90</u>	<u>51</u>
	<u>897</u>	<u>1,165</u>
7. Dividend		
Proposed dividend	<u>704</u>	<u>1,792</u>

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

## 8. Tangible fixed assets

Cost or valuation:	Freehold Land and Buildings £000	Landfill sites £000	Plant & Machinery £000	Total £000
At 29 March 1992	457	5,984	6,557	12,998
Additions	-	865	1,071	1,936
Disposals	(2)	-	(359)	(361)
Transfers from group undertakings	-	-	121	121
Reclassifications	-	110	(110)	-
At 27 March 1993	455	6,959	7,280	14,694
Depreciation:				
At 29 March 1992	101	1,104	3,116	4,321
Eliminated in respect of disposals	-	-	(282)	(282)
Charge for year	-	566	923	1,489
Transfers from group undertakings	-	-	26	26
At 27 March 1993	101	1,670	3,783	5,554
Net book amount:				
At 27 March 1993	354	5,289	3,497	9,140
Net book amount of assets held under finance leases and hire purchase contracts included above	-	-	275	275
At 28 March 1992	356	4,880	3,441	8,677
Net book amount of assets held under finance leases and hire purchase contracts included above	-	-	333	333

Interest amounting to £965,000 (1992: £702,000) 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 £4,488,000 (1992: £3,787,000).

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

	1993 £000	1992 £000
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## 8. Tangible fixed assets (continued)

The net book amount of landfill sites comprises:

Freehold	5,289	4,817
Short leasehold	-	63
	<u>5,289</u>	<u>4,880</u>

Freehold land and buildings include assets at 1980 valuation of £242,000 (1992:£242,000)

The comparable amounts determined under the historical cost convention were:

	Cost £000	Aggregate Deprec'n £000	Net book amount £000
At 27 March 1993	<u>291</u>	<u>172</u>	<u>119</u>
At 28 March 1992	<u>291</u>	<u>161</u>	<u>130</u>

## 9. Fixed Assets – Investments

Shares in subsidiary undertaking at cost: £000

At 29 March 1992 and 27 March 1993	<u>4</u>
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At 27 March 1993 the following company was a subsidiary undertaking of the company:

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

The directors are of the opinion that the value of the investment in the subsidiary undertaking is not less than the book value.

	1993 £000	1992 £000
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## 10. Stocks

Raw materials and consumables	<u>26</u>	<u>28</u>
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## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

	1993 £000	1992 £000
<b>11. Debtors</b>		
Trade debtors	2,110	2,017
Amounts owed by parent and fellow subsidiary undertakings	304	373
Other debtors	46	134
Prepayments and accrued income	193	141
	<u>2,653</u>	<u>2,665</u>
<b>12. Creditors: amounts falling due within one year</b>		
Bank overdraft	2,040	1,975
Trade creditors	224	802
Amounts owed to parent and fellow subsidiary undertakings	2,362	1,524
Taxation and social security	139	87
Other creditors	269	165
Hire purchase and finance lease obligations	92	106
Accruals	536	408
Corporation tax payable	1,384	1,209
Proposed dividend	704	1,792
	<u>7,750</u>	<u>8,068</u>
<b>13. Creditors: amounts falling due after more than one year</b>		
Hire purchase and finance lease obligations	59	157

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

## 14. Provision for liabilities and charges

	Deferred Taxation £000	Reclamation Provision £000	Total £000
At 29 March 1992	51	162	213
Utilised in year	—	(81)	(81)
Provided in year	90	319	409
Transferred from parent undertaking	—	79	79
At 27 March 1993	<u>141</u>	<u>479</u>	<u>620</u>

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

## 14. Provision for liabilities and charges (continued)

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

	19 93		19 92	
	Provision	Total	Provision	Total
	£000	Potential	£000	Potential
		Liability		Liability
		£000		£000
Accelerated capital allowances	62	196	–	326
Other timing differences	79	263	51	124
	<u>141</u>	<u>459</u>	<u>51</u>	<u>450</u>

1993  
£000

1992  
£000

## 15. Called up share capital

Authorised, allotted and fully paid  
100,000 ordinary shares of £1 each

100

100

£000

## 16. Revaluation reserve

At 29 March 1992 and 27 March 1993

37

## 17. Profit and loss account

At 29 March 1992  
Profit for the year

2,802  
458

At 27 March 1993

3,260

The cumulative goodwill written off reserves for continuing businesses is £1,354,000 (1992: £1,354,000).

## 18. Capital commitments

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

	1993	1992
	£000	£000
Expenditure contracted for	<u>78</u>	<u>437</u>
Expenditure not contracted for	<u>415</u>	<u>48</u>



## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## NOTES ON THE ACCOUNTS

	1993 Land and Buildings £000	1992 Land and Buildings £000
19. Financial commitments		
Annual commitments under operating leases expiring:		
Within 1 year	5	5
Between 2 and 5 years	5	10
	<u>10</u>	<u>15</u>

## 20. 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.

Pension costs 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 1992 are given in the accounts of Shanks & McEwan Group PLC.

## 21. Contingent liabilities

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.

## 22. Post balance sheet events

On 28 March 1993, the company sold the gas and energy operations of its waste management business to Shanks & McEwan (Gas) Limited for a consideration of £315,000 being the value of net assets transferred.

## 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.