

SHANKS & McEWAN (MIDLANDS) LIMITED

REPORT AND ACCOUNTS

Year ended 28 March 1992

SC 43286



SHANKS & McEWAN ( MIDLANDS ) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 28 MARCH 1992

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## Directors

H L I Runciman  
 M R Hewitt  
 A J N Fowler  
 G J Newman  
 K R Morin  
 R L Tasker

## 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 28 March 1992.

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

The principal activity of the company was waste management.

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

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. As part of a general reorganisation of the waste management companies financial administration has been centralised within Shanks & McEwan (Southern) Limited.

## 2. Trading results and dividend

£000

Profit for the year after taxation	1757
Proposed dividend	<u>1792</u>
Transfer from reserves	<u>(35)</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, P D Mather and A R Platts resigned on 9 July 1991 and K G Coulson resigned on 1 November 1991. L Steiner was appointed on 9 July 1991 and resigned on 23 March 1992. K R Morin and R L Tasker were appointed on 9 July 1991. The other directors all served throughout the year.

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, 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.

**4. Changes in fixed assets**

During the year the company spent £1,970,000 on plant and machinery and landfill sites.

**5. Charitable and political donations**

During the year donations made by the company for charitable purposes amounted to £236. No donations were made for political purposes as defined by the Companies Act 1985.

**6. Research and development**

During the year the company spent £43,000 on research and development (1991:£89,000).

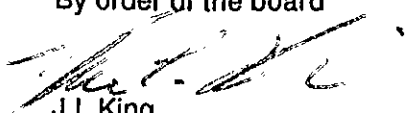
**7. Directors and officers liability insurance**

The company has maintained insurance to cover directors and officers liability.

**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

17 June 1992

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 28 March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants  
Registered Auditor  
25 Bothwell Street  
Glasgow G2 6NL

17 June 1992

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 28 MARCH 1992

		1992	1991
	Note	£000	£000
TURNOVER	3	9,599	9,648
Cost of sales		5,940	6,590
GROSS PROFIT		3,659	3,058
Administrative expenses		695	1,179
TRADING PROFIT		2,964	1,879
Interest payable	5	42	601
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2&3	2,922	1,278
Tax on profit on ordinary activities	6	1,165	561
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,757	717
Dividend	7	1,792	358
TRANSFERRED (FROM) TO RESERVES	17	(35)	359

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

## SHANKS &amp; McEWAN ( MIDLANDS ) LIMITED

## BALANCE SHEET

28 MARCH 1992

		1992	1991
	Note	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	8	8,677	10,273
Investments	9	<u>4</u>	<u>4</u>
		8,681	10,277
<b>CURRENT ASSETS</b>			
Stocks	10	28	73
Debtors	11	2,665	2,398
Cash at bank and in hand		3	7
		<u>2,696</u>	<u>2,478</u>
CREDITORS: amounts falling due within one year	12	8,068	8,753
<b>NET CURRENT LIABILITIES</b>		<u>(5,372)</u>	<u>(6,275)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,309	4,002
CREDITORS: amounts falling due after more than one year	13	157	953
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>213</u>	<u>75</u>
		<u>2,939</u>	<u>2,974</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	100	100
Revaluation reserve	16	37	37
Profit and loss account	17	<u>2,802</u>	<u>2,837</u>
		<u>2,939</u>	<u>2,974</u>

M R Hewitt

Director

A J N Fowler

Director

17 June 1992

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

# 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.



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 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.

## NOTES ON THE ACCOUNTS

	1992	1991
	£000	£000
2. Profit on ordinary activities before taxation		

The profit is stated after charging:

Depreciation of tangible fixed assets		
–owned	1133	1036
–held under finance lease and hire purchase contracts	59	1017
Hire of plant and machinery		
–operating leases	161	297
Research and development	43	89
Auditors' remuneration	16	15
Loss on disposal of fixed assets	10	–

and after crediting:

Gain on disposal of fixed assets	–	57
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## 3. Turnover and profit

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

	19 92	19 91
	Profit before taxation	Profit before taxation
	Turnover	Turnover
	£000	£000
Waste management	9,599	7,589
Group transport	–	2,059
	<u>9,599</u>	<u>9,648</u>
Interest	42	601
	<u>2,922</u>	<u>1,278</u>

## NOTES ON THE ACCOUNTS

	1992	1991
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	110	139
Group transport	<u>-</u>	<u>3</u>
	<u>110</u>	<u>142</u>
Staff costs comprise:	£000	£000
Wages and salaries	1,285	1,921
Social security costs	163	156
Other pension costs	<u>49</u>	<u>133</u>
	<u>1,497</u>	<u>2,210</u>
The remuneration of the directors was as follows:		
Fees	-	-
Other emoluments	36	164
Compensation for loss of office	<u>30</u>	<u>46</u>
	<u>66</u>	<u>210</u>
Excluding contributions to pension schemes the emoluments of the individual directors was as follows:		
Chairman	nil	nil
Highest paid director	<u>21</u>	<u>44</u>
Other directors	Number	Number
£0 to £5000	8	3
£ 5001 to £10000	1	-
£25001 to £30000	-	2
£35001 to £40000	<u>-</u>	<u>1</u>

## NOTES ON THE ACCOUNTS

	1992 £000	1991 £000
5. Interest payable		
Interest payable on loans and bank borrowings repayable within five years	237	560
Interest payable on finance leases and hire purchase contracts	<u>42</u>	<u>232</u>
Interest capitalised during year	<u>279</u> <u>(237)</u>	<u>792</u> <u>(191)</u>
	<u>42</u>	<u>601</u>
6. Taxation		
Taxation charge based on the profits of the year is made up as follows:		
UK Corporation tax at 33% (1991:34%)	1,114	529
Prior year under provided	-	32
Deferred tax	<u>51</u>	<u>-</u>
	<u>1,165</u>	<u>561</u>
7. Dividend		
Proposed dividend	<u>1,792</u>	<u>358</u>

## NOTES ON THE ACCOUNTS

## 8. Tangible fixed assets

Cost or valuation:	Freehold Land and Buildings £000	Landfill sites £000	Plant & Machinery £000	Motor vehicles £000	Total £000
At 31 March 1991	457	4,994	6,522	3,635	15,608
Additions	-	990	980	-	1,970
Disposals	-	-	(1,133)	-	(1,133)
Transfers from(to) group undertakings	-	-	188	(3,635)	(3,447)
At 28 March 1992	457	5,984	6,557	-	12,998
Depreciation:					
At 31 March 1991	85	813	2,978	1,459	5,335
Eliminated in respect of disposals	-	-	(1,016)	-	(1,016)
Charge for year	16	291	885	-	1,192
Transfers from(to) group undertakings	-	-	269	(1,459)	(1,190)
At 28 March 1992	101	1,104	3,116	-	4,321
Net book amount:					
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
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

Interest amounting to £702,000 (1991: £465,000) 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 £3,787,000 (1991: £1,973,000).

## NOTES ON THE ACCOUNTS

	1992 £000	1991 £000
8. Tangible fixed assets (continued)		

The net book amount of landfill sites comprises:

Freehold	4,817	4,118
Short leasehold	63	63
	<u>4,880</u>	<u>4,181</u>

Freehold land and buildings include assets at 1980 valuation of £242,000 (1991:£242,000)  
The comparable amounts determined under the historical cost convention were:

	Cost £000	Aggregate Deprec'n £000	Net book amount £000
At 28 March 1992	291	161	130
At 30 March 1991	291	150	141

## 9. Fixed Assets – Investments

Shares in subsidiary undertaking at cost: £000

At 31 March 1991 and 28 March 1992	<u>4</u>
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At 28 March 1992 the following company was a subsidiary undertaking of the company:

Easidispense 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.

	1992 £000	1991 £000
10. Stocks		
Raw materials and consumables	28	47
Work in progress	<u>–</u>	<u>26</u>
	<u>28</u>	<u>73</u>

## NOTES ON THE ACCOUNTS

	1992 £000	1991 £000
11. Debtors		
Trade debtors	2,017	1,846
Amounts owed by parent and fellow subsidiary undertakings	373	414
Other debtors	134	42
Prepayments and accrued income	141	96
	<u>2,665</u>	<u>2,398</u>

## 12. Creditors: amounts falling due within one year

Bank overdraft	1,975	5,409
Trade creditors	802	756
Amounts owed to parent and fellow subsidiary undertakings	1,524	144
Taxation and social security	87	90
Other creditors	165	17
Hire purchase and finance lease obligations	106	1,008
Accruals	408	59
Corporation tax payable	1,209	912
Proposed dividend	1,792	358
	<u>8,068</u>	<u>8,753</u>

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

Hire purchase and finance lease obligations

<u>157</u>	<u>953</u>
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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 31 March 1991	-	75	75
Provided in year	51	87	138
At 28 March 1992	<u>51</u>	<u>162</u>	<u>213</u>

## 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 92		19 91
	Provision £000	Total Potential Liability £000	Provision £000
			Total Potential Liability £000
Accelerated capital allowances	-	326	-
Other timing differences	51	124	-
	<u>51</u>	<u>450</u>	<u>-</u>
			<u>400</u>

## 15. Called up share capital

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

1992 £000	1991 £000
<u>100</u>	<u>100</u>

## 16. Revaluation reserve

At 28 March 1992 and 31 March 1991

<u>37</u>
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## 17. Profit and loss account

At 31 March 1991

Transfer for the year

2,837
<u>(35)</u>

At 28 March 1992

<u>2,802</u>
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The cumulative goodwill written off reserves for continuing businesses is £1,354,000 (1991: £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:

	1992 £000	1991 £000
Expenditure contracted for	<u>437</u>	<u>-</u>
Expenditure not contracted for	<u>48</u>	<u>-</u>



## NOTES ON THE ACCOUNTS

	1992 Land and Buildings £000	1991 Land and Buildings £000
19. Financial commitments		
Annual commitments under operating leases expiring:		
Within 1 year	5	5
Between 2 and 5 years	10	10
Over 5 years	-	-
	<u>15</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.

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 5 April 1989 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. 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.