

SHANKS & McEWAN (EAST MIDLANDS) LIMITED
(Formerly Shanks & McEwan (England) Limited)

REPORT AND ACCOUNTS

Year ended 28th March 1987

15

MOORES & ROWLAND
Chartered Accountants, Glasgow

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SHANKS & MCEWAN (EAST MIDLANDS) LIMITED
(Formerly Shanks & McEwan (England) Limited)

REPORT AND ACCOUNTS

Year ended 28th March 1987

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SHANKS & McEWAN (EAST MIDLANDS) LIMITED

Directors

M R Hewitt
H L I Runciman
J A MacDuff
T S Howitt

REPORT OF THE DIRECTORS

The directors submit their report and statement of accounts for the year ended 28th March 1987.

1. Principal activities and business review

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

Waste handling operations continued to make progress. Scrap processing suffered from lack of volume despite better prices. Industrial services results showed an improvement on the previous years and group transport turned the previous year's loss into a small profit.

On 26th March 1987 all the share capital of Easidispose Limited, a company engaged in waste disposal, was acquired from a fellow subsidiary company.

2. Trading results and dividend	£000
The profit before taxation was	659
After taxation charge of	101

Profit for year was	558
Proposed dividend	413

Leaving a sum retained of	145
	===

3. Directors and their interests

All the directors served on the board throughout the year. Mr A G Shanks resigned from the board on 2nd June 1987.

The director retiring by rotation is Mr H L I Runciman who, being eligible, offers himself for re-election.

The interests at the beginning and end of the year of Mr H L I Runciman, Mr M R Hewitt and Mr A G Shanks in the shares of the ultimate holding company and other companies in the group are disclosed in the accounts of the ultimate holding company, Shanks & McEwan Group plc.

The /

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

REPORT OF THE DIRECTORS

3. Directors (Continued)

The interests of Mr J A MacDuff and Mr T S Howitt in the shares of Shanks & McEwan Group PLC, including ordinary shares over which options have been granted were as follows:

	Ordinary Shares of 50p each At 30.3.86 and 28.3.87	Share options			
		Executive scheme		Savings -related scheme	
		At 30.3.86	At 28.3.87	At 30.3.86	At 28.3.87
J A MacDuff	28,000	12,000	24,000	7,400	7,400
T S Howitt	12,000	12,000	24,000	4,440	5,536

Mr J A MacDuff and Mr T S Howitt had no interest in the shares of any other company in the group.

4. Changes in fixed assets

Changes in fixed assets are detailed in note 8 to the accounts.

5. Future prospects

Waste handling operations continue to offer best prospects for the expansion of the business and several opportunities are being evaluated.

6. Auditors

The auditors, Mann Judd Gordon, have merged with Moores & Rowland with effect from 1st May 1987 and now practise under that name. A resolution concerning the appointment of Moores & Rowland as auditors will be submitted at the forthcoming annual general meeting.

By order of the board

P D MATHER

Secretary

Registered office:

22 Woodside Place
Glasgow
G3 7QY

21st July 1987

SHANKS & McEWAN (EAST MIDLANDS) LIMITED
REPORT OF THE AUDITORS

TO THE MEMBERS OF SHANKS & McEWAN (EAST MIDLANDS) LIMITED

We have audited the accounts on pages 4 to 13 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention as modified by the revaluation of certain assets, give a true and fair view of the company's state of affairs at 28th March 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

MOORES & ROWLAND

Chartered Accountants

142 St Vincent Street
Glasgow G2 5LD

21st July 1987

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 28TH MARCH 1987

		1987	1986
	Note	£000	£000
TURNOVER	3	3,048	2,629
Cost of sales		2,496	2,277
		<u>552</u>	<u>352</u>
GROSS PROFIT			
Administrative expenses		215	174
		<u>337</u>	<u>178</u>
OPERATING PROFIT			
Income from investments	5	322	100
		<u>659</u>	<u>278</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3		
Tax on profit on ordinary activities	6	101	119
		<u>558</u>	<u>159</u>
PROFIT FOR YEAR			
Dividend	7	413	50
		<u>145</u>	<u>109</u>
RETAINED PROFIT FOR YEAR	17	<u>==</u>	<u>==</u>

The notes on pages 7 to 13 form part of these accounts.

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

BALANCE SHEET

28TH MARCH 1987

		1987	1986
	Note	£000	£000
FIXED ASSETS			
	8	1,556	1,304
Tangible assets	9	5	10
Investments		<u>1,561</u>	<u>1,314</u>
CURRENT ASSETS			
	10	43	39
Stocks	11	2,442	1,966
Debtors		28	100
Cash at bank and in hand		<u>2,513</u>	<u>2,105</u>
CREDITORS: amounts falling due within one year	12	1,138	518
NET CURRENT ASSETS		<u>1,375</u>	<u>1,587</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,936</u>	<u>2,901</u>
CREDITORS: amounts falling due after more than one year	13	113	110
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	113
Deferred taxation		113	223
		<u>2,823</u>	<u>2,678</u>
		=====	=====
CAPITAL AND RESERVES			
	15	100	100
Called up share capital	16	133	133
Revaluation reserve	17	2,590	2,445
Profit and loss account		<u>2,823</u>	<u>2,678</u>
		=====	=====

Director

Director

21st July 1987

The notes on pages 7 to 13 form part of these accounts.

SHANKS & McEWAN (EAST MIDLANDS) LIMITED
 STATEMENT OF SOURCE AND APPLICATION OF FUNDS
 YEAR ENDED 28TH MARCH 1987

	1987	1986
	£000	£000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	659	278
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	373	307
Gain on disposal of tangible fixed assets	(24)	(8)
	<u>1,008</u>	<u>577</u>
Total generated from operations		
Funds from other sources:		
Increase in creditors falling due after more than one year	3	34
Disposal of tangible fixed assets	39	38
Pre acquisition dividend from subsidiary	9	-
	<u>1,059</u>	<u>649</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	640	396
Purchase of investments	4	-
Tax paid	139	84
Dividend paid	50	-
	<u>833</u>	<u>480</u>
INCREASE IN WORKING CAPITAL	<u>226</u>	<u>169</u>
	===	=====
COMPONENTS OF INCREASE IN WORKING CAPITAL		
Stocks	4	3
Debtors	273	46
Creditors	(147)	(1)
Amounts owing by group companies	168	78
Net liquid funds	(72)	43
	<u>226</u>	<u>169</u>
	===	=====

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies

(i) Turnover

Turnover is computed as the invoice value of work executed and services provided during the period excluding, where applicable, value added tax.

(ii) Tangible fixed assets

Depreciation is provided on tangible fixed assets in equal annual instalments over the estimated useful life of the assets and is calculated on the cost or valuation of the assets.

The following rates are used:

Buildings	:	4%
Plant and machinery	:	12.5% to 33 $\frac{1}{3}$ %
Motor vehicles	:	25%
Furniture and fittings	:	14%

(iii) Stock

Stock and work in progress is 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.

(iv) Deferred taxation

Provision is made, under the liability method, for taxation deferred in respect of accelerated capital allowances and other timing differences but only where it is thought reasonably probable that an actual liability will arise in the foreseeable future. There are deducted from this provision the tax losses which are available to set against profits arising in future years.

(v) Leasing

The rentals payable on all leases are charged to the profit and loss account as incurred.

	1987	1986
	£000	£000
2. Profit on ordinary activities before taxation		

Profit is stated after charging:

Depreciation of tangible fixed assets (note 8)	349	299
Hire of plant and machinery	411	362
Hire purchase interest	31	26
Auditors' remuneration	7	6
Emoluments of the directors (note 4)	27	25
	===	===

SHANYS & McEWAN (EAST MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

3. Turnover and profit

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

	1987 Profit(loss) before taxation	1986 Profit(loss) before taxation
Turnover	Turnover	
£000	£000	£000
Principal activities		
Waste handling	2,054	1,720
Group transport	994	909
	-----	-----
	3,048	2,629
	=====	=====

4. Directors and other employees

The average weekly number of persons employed by the company during the year was as follows:

	1987	1986
	Number	Number
Waste handling	71	69
Group transport	3	3
	--	--
	74	72
	==	==

Staff costs comprise:

	£000	£000
Wages and salaries	660	600
Social security costs	60	55
Other pension costs	33	28
	---	---
	753	683
	===	===

The remuneration of the directors was as follows:

Fees	27	25
Other emoluments	---	---
	27	25
	==	==

Excluding contributions to pension schemes the emoluments of the individual directors were as follows:

	Nil	Nil
Chairman	23	22
Highest paid director	==	==

Other /

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

	1987	1986
	Number	Number
4. Directors and other employees (continued)		
Other directors		
£0 - £5,000	3 ===	3 ===
5. Income from investments	£000	£000
Dividends from unlisted investment	236	-
Interest on short-term deposits	86 ---	100 ---
	322 ===	100 ===
6. Tax on profit on ordinary activities		
The taxation charge based on the profit for the year is made up as follows:		
UK corporation tax at 35% (1986: 40%)	214	129
Transfer from deferred tax	(113) ---	(10) ---
	101 ===	119 ===
The charge for the year reflects the benefit of deferred taxation not provided of £59,000 (1986: nil).		
	1987	1986
	£000	£000
7. Dividend		
Proposed dividend of 413p per share (1986: 50p)	413 ===	50 ==
8. /		

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

8. Tangible fixed assets

	Land & buildings Freehold	Plant & machinery	Motor vehicles	Office furniture & equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 30th March 1986	545	1,643	486	41	2,715
Additions	-	63	228	-	291
Intra-group transfers	-	750	101	3	854
Disposals	-	(46)	(110)	(34)	(190)
At 28th March 1987	545	2,410	705	10	3,670
Consisting of:					
Assets at 1980 valuation	545	-	-	-	545
Assets at cost	-	2,410	705	10	3,125
	545	2,410	705	10	3,670
Depreciation					
At 30th March 1986	89	1,079	207	36	1,411
Eliminated in respect of disposals	-	(45)	(91)	(34)	(175)
Intra-group transfers	-	472	31	2	505
Charge for year	15	176	181	1	373
At 28th March 1987	104	1,682	323	5	2,114
Net book amount					
At 28th March 1987	441	728	382	5	1,556
At 29th March 1986	456	564	279	5	1,304
				1987	1986
				£000	£000
Depreciation charge for the year				373	307
Net gain on disposal of fixed assets				24	8
Depreciation per profit and loss account				349	299

For /

SHANKS & McEWAN (EAST MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

8. Tangible fixed assets (continued)

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

	Cost	Aggregate depreciation	Net book amount
	£000	£000	£000
At 28th March 1987	516 ==	222 ==	294 ==
At 29th March 1986	516 ==	205 ==	311 ==
		1987	1986

9. Investments

	£000	£000
Shares in subsidiary companies at cost		
At 28th March 1987	10	10
Additions	4	-
Pre acquisition dividend from subsidiary	(9)	-
	==	==
At 28th March 1987	5 ==	10 ==

At 28th March 1987 the following companies were subsidiaries of the company:

	Country of Registration	Proportion of issued ordinary shares held	Nature of business
Fidelity Plant Hire Limited	England	100%	Plant hire
Easidispose Limited	England	100%	Non-trading

Group accounts are not required as the company is a wholly owned subsidiary of another company incorporated in Great Britain. The directors are of the opinion that the value of the investments in the subsidiary companies is not less than the book value.

	1987	1986
	£000	£000
10. Stocks		
Raw materials and consumables	32	31
Work in progress	11	8
	==	==
	43	39
	==	==
11. Debtors		
Trade debtors	646	375
Amounts owing by holding and fellow subsidiary companies	1,499	1,547
Amounts owing by subsidiary company	259	8
Other debtors	1	14
Prepayments	37	22
	==	==
	2,442	1,966
	=====	=====

SHAW & McEWAN (EAST MIDLANDS) LIMITED

NOTES ON THE ACCOUNTS

11. Debtors (continued)

Amounts owing by group companies includes a loan of £410,000 made to the holding company. This does not fall due for repayment within one year.

	1987	1986
	£000	£000
12. Creditors: amounts falling due within one year	187	133
Trade creditors		
Amounts owing to holding and fellow subsidiary companies	35	-
Current corporation tax	214	139
Other taxation and social security	72	43
Proposed dividend	413	50
Hire purchase creditors	157	133
Other creditors	24	2
Accruals	36	18
	-----	----
	1,138	518
	=====	=====
13 Creditors: amounts falling due after more than one year		
Hire purchase creditors	113	110
	====	====
14. Deferred taxation		
Accelerated capital allowances	-	114
Other timing differences	-	(1)
	----	----
	-	113
	====	====
The full potential deferred tax liability is as follows:		
Accelerated capital allowances	167	213
Rolled over gain	7	7
Other timing differences	(9)	(1)
	----	----
	165	219
	====	====
15. Called up share capital		
Authorised, allotted and fully paid 100,000 ordinary shares of £1 each	100	100
	====	====

16./

SHANKS & McEWAN (EAST MIDLANDS) LIMITED
NOTES ON THE ACCOUNTS

	1987	1986
	£000	£000
16. Revaluation reserve		
Balance at 28th March 1987 and 30th March 1986	133 ===	133 ===
17. Profit and loss account		
At 30th March 1986	2,445	2,336
Retained profit for year	145 -----	109 -----
At 28th March 1987	2,590 =====	2,445 =====
18. Financial commitments		
Net obligations at 28th March 1987 under finance leases comprise:		
Motor vehicles		
	£000	
Due within one year	306	
Due between two and five years	174 -----	
	480 =====	
19. Capital commitments		
There were no capital commitments unprovided for in the accounts.		
20. Ultimate holding company		
The company's ultimate holding company is Shanks & McEwan Group PLC which is incorporated in Great Britain.		

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