

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)
(Registered Number 988844)

REPORT AND ACCOUNTS

YEAR ENDED 1 APRIL 1995



SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

CONTENTS

	Page
DIRECTORS' REPORT	1-3
AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE ACCOUNTS	7-18

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended 1 April 1995.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS

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

Immediately after year end, all the assets, liabilities and contractual arrangements of the following companies were transferred to Shanks & McEwan (Southern Waste Services) Limited. Shanks & McEwan (Technical Services) Limited, Shanks & McEwan (Teeside) Limited, Clearwaste Limited.

TRADING RESULTS AND DIVIDEND

The profit on ordinary activities before taxation but excluding exceptional items for the year ended 1 April 1995 was £10,191,000 (1994: £3,061,000). The distorting effects of exceptional items have been removed to give a better indication of comparability.

The Directors recommended that a dividend of £3,837,000 be paid in respect of the year ended 1 April 1995 (1994: £9,382,000). The profit transferred to reserves for the year was £6,437,000 (1994 : £10,201,000 was transferred from reserves).

CHANGE OF NAME

On 3 April 1995, the name of the company was changed from Shanks & McEwan (Southern) Limited to Shanks & McEwan (Southern Waste Services) Limited.

DIRECTORS

The following were Directors of the Company during the year:

M C E Averill
D J Downes
J R Meredith
G J Newman
M J Philpott

DIRECTORS INTERESTS

None of the Directors had a direct interest in the share capital of the Company.

Directors who are also Directors of Shanks & McEwan Group PLC have their interests in that Company disclosed in the Group accounts.

Those Directors who were not also Directors of Shanks & McEwan Group PLC had interests in that Company's share capital as follows:

	<u>As at 1 April 1995</u>			<u>As at 26 March 1994</u>		
	<u>Ordinary Shares of 10p</u>	<u>Share Save</u>	<u>Executive Options</u>	<u>Ordinary Shares of 10p</u>	<u>Share Save</u>	<u>Executive Options</u>
J R Meredith	-	1,370	85,000	-	1,370	10,000
M J Philpott	-	2,929	35,000	-	4,434	35,000

At 1 April 1995, Mrs JV Meredith, who is not a Director of the company or Shanks & McEwan Group PLC, held 3,000 ordinary shares (1994: 3,000) in Shanks & McEwan Group PLC.

The executive options held at the beginning of the year had an exercise price of 205p.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS INTERESTS

During the year ended 1 April 1995 the Directors were granted the following share options:

	<u>Granted</u>	<u>Exercise Price</u>
JR Meredith	75,000	88p

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

FIXED ASSETS

The movements in fixed assets are shown in note 10 to the financial statements.

The principal change is the transfer of landfill rights at year end from Shanks & McEwan Group PLC to the Company. These relate to landfill sites operated by the Company which were transferred at a net book value of £20,337,000.

RESEARCH AND DEVELOPMENT

The Company has continued its programme of development of landfill gas which involves research into the safety aspects of gas generation and the practical use of the energy within the gas, which is a natural by-product of modern landfilling techniques. Costs of £137,000 (1994: £106,000) were incurred in the year which have been written off to the profit and loss account.

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 & McEwan Savings-Related Share Option and Executive Share Options Schemes.

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.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover for the Directors' and officers' liability is maintained under a policy effected by the ultimate parent Company, Shanks & McEwan Group PLC.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

DIRECTORS' REPORT (CONTINUED)

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:

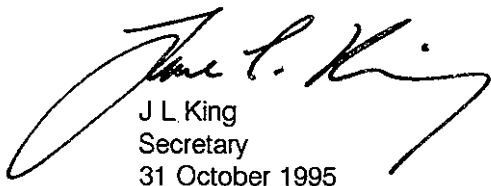
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



J L King
Secretary
31 October 1995

Registered Office:
Woodside House
Church Road
Woburn Sands
Milton Keynes
Buckinghamshire
MK17 8TA

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 9.

Respective responsibilities of Directors and auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 accounts, 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 accounts 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 affairs of the Company as at 1 April 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

31 October 1995

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 1 APRIL 1995

	<u>1995</u> £'000	<u>1994</u> £'000
TURNOVER (Note 2)	47,987	37,182
Cost of sales	(26,537)	(25,509)
Permanent diminution in property value	-	(1,330)
GROSS PROFIT	<u>21,450</u>	<u>10,343</u>
Administrative expenses	(10,947)	(7,679)
OPERATING PROFIT	10,503	2,664
Gain on sale of operation (Note 4)	572	-
Share of cost of group reorganisation	-	(853)
Gain on sale of investments	-	39
PROFIT BEFORE INTEREST	<u>11,075</u>	<u>1,850</u>
Net interest payable (Note 7)	(312)	(119)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	10,763	1,731
Taxation (Note 8)	(2,827)	(2,550)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	7,936	(819)
Dividends (Note 9)	(3,837)	(9,382)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR (Note 18)	<u><u>4,099</u></u>	<u><u>(10,201)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 1 APRIL 1995

The Company has no recognised gains or losses other than the profit/(loss) for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED

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

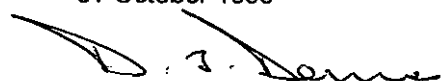
The notes on pages 7 to 18 form part of these financial statements.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

BALANCE SHEET - 1 APRIL 1995

	<u>1995</u> £'000	<u>1994</u> £'000
FIXED ASSETS		
Tangible assets (Note 10)	30,682	10,839
Investments (Note 11)	1,908	119
	<u>32,590</u>	<u>10,958</u>
CURRENT ASSETS		
Stocks (Note 12)	62	43
Debtors (Note 13)	21,220	12,309
Cash at bank and in hand	2,526	-
	<u>23,808</u>	<u>12,352</u>
CREDITORS - Amounts falling due within one year (Note 14)	<u>(16,995)</u>	<u>(18,116)</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>6,813</u>	<u>(5,764)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	39,403	5,194
CREDITORS - Amounts falling due after more than one year (Note 15)	(29,388)	(160)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 16)	(4,866)	(3,984)
	<u>5,149</u>	<u>1,050</u>
CAPITAL AND RESERVES		
Called up share capital (Note 17)	-	-
Profit and loss account (Note 18)	5,149	1,050
	<u>5,149</u>	<u>1,050</u>

APPROVED BY THE BOARD ON
31 October 1995



D J Downes
DIRECTOR

The notes on pages 7 to 18 form part of these financial statements.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995

1 ACCOUNTING POLICIES

(1) Basis of presentation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with applicable UK Accounting Standards.

As the Company is included in the consolidated accounts of Shanks & McEwan Group PLC, group accounts have not been prepared as permitted by the Companies Act 1985.

(2) 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.

(3) Goodwill

Purchased goodwill is written off against reserves in the year in which it arises. On disposal or closure, goodwill previously written off to reserves is written back and the profit or loss is adjusted accordingly.

(4) Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation, except for freehold land which is not depreciated, and less permanent resolutions in value.

(i) Land and buildings, plant and vehicles

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 and machinery	3 to 10 years
Motor vehicles	3 to 6 years

(ii) Landfill

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

(iii) Capitalisation of interest

The 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 assets.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(5) Leased assets

Where the Company has substantially all the risks and rewards of ownership of a leased asset, the lease 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 charge to the profit and loss account as incurred over the term of the lease.

(6) Environmental provision

Provision is made for closure and post closure costs over the operating life of disposal sites, based on the quantity of waste deposited in the year. The costs of final capping and covering are charged to the provision when incurred. All other costs such as monitoring and management of gas and leachate are written off directly and not charged to the provision unless incurred after site closure.

(7) Government grants

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

(8) Stocks

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

(9) Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements to the extent that the liability will crystallise in the foreseeable future.

(10) 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 scheme are treated as assets or liabilities in the balance sheet.

(11) Exceptional items

Exceptional items are those items that need to be disclosed because of their size or incidence. Such items are included in operating profit unless they represent profits or losses on the sale or closure of an operation, costs of a fundamental reorganisation or restructuring, or profits or losses on the disposal of fixed assets. In these cases, the items are shown separately in the profit and loss account after operating profit.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(12) Research and development

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

2 SEGMENT 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 turnover and operating profit relates to continuing operations.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u>	<u>1994</u>
	£'000	£'000
The profit is stated after charging		
Depreciation of tangible fixed assets		
- owned	2,801	2,981
- held under finance lease and hire purchase contracts	-	178
Hire of plant and machinery		
- operating leases	3,638	2,728
Research and development	137	106
Auditors' remuneration	50	37
Property rents payable	587	607
Gain on disposal of fixed assets	138	-
	<u> </u>	<u> </u>

£15,000 was paid to auditors in respect of non-audit services.

4 EXCEPTIONAL ITEM

On 30 March 1995, Shanks & McEwan (Southern Waste Services) Limited sold all their interests in the non-hazardous Dry Waste Collection Business operating within the M25. Gains and losses are as follows:

	<u>1995</u>
	£'000
Proceeds of the sale of assets	340
Proceeds attributable to the goodwill of the business	<u>760</u>
	1,100
Net book value of assets transferred	(501)
Other costs associated with the sale	<u>(27)</u>
	572
	<u> </u>

During the year, the above collections business made an operating loss of £19,000.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

5 EMOLUMENTS OF DIRECTORS

The remuneration of the Directors was as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Fees	-	-
Other emoluments	160	176
Compensation for loss of office	<u>-</u>	<u>152</u>
	160	328
	<u>=====</u>	<u>=====</u>

The emoluments of the Chairman amounted to £Nil (1994: £Nil) excluding pension contributions, the total emoluments of the highest paid Director were £90,000 (excluding benefits) (1994: £56,000).

For all Directors:

	Number	Number
£0 - £5,000	3	7
£50,001 - £55,000	-	2
£60,001 - £65,000	1	-
£85,001 - £90,000	1	-
	<u>=====</u>	<u>=====</u>

6 EMPLOYEES

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

	<u>1995</u> Number	<u>1994</u> Number
Waste management	325	344
Staff costs comprise:	<u>=====</u>	<u>=====</u>
	£'000	£'000
Wages and salaries	6,621	6,995
Social security costs	601	682
Other pension costs	<u>363</u>	<u>288</u>
	7,585	7,965
	<u>=====</u>	<u>=====</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

7 NET INTEREST PAYABLE

	<u>1995</u> £'000	<u>1994</u> £'000
Interest payable to group undertakings	230	-
Interest payable on finance leases and hire purchase contracts	<u>82</u>	<u>137</u>
Interest receivable	312	137
	<u>-</u>	<u>(18)</u>
	<u>312</u>	<u>119</u>

8 TAXATION

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

	<u>1995</u> £'000	<u>1994</u> £'000
Corporation tax at 33% (1994: 33%)	1,569	1,768
Corporation tax prior year adjustment	(385)	120
Deferred taxation	<u>(695)</u>	<u>662</u>
	<u>489</u>	<u>2,550</u>

9 DIVIDENDS

	<u>1995</u> £'000	<u>1994</u> £'000
Interim paid	1,279	794
Final proposed	<u>2,558</u>	<u>8,588</u>
	<u>3,837</u>	<u>9,382</u>

SHANKS & MCEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & MCEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

10 TANGIBLE FIXED ASSETS

Cost	Freehold landfill £'000	Long leasehold landfill £'000	Short leasehold landfill £'000	Freehold land and buildings £'000	Short lease land and buildings £'000	Freehold Plant & machinery £'000	Motor vehicles £'000	Total £'000
At 26 March 1994	-	-	-	3,094	-	22,131	3,876	29,101
Reclassifications	-	-	-	1,391	3,364	(4,478)	(277)	-
Additions	582	-	-	428	-	420	435	1,865
Disposals	-	-	-	(430)	-	(3,231)	(1,123)	(4,784)
Transfers (to)/from group undertakings	-	7,155	15,243	-	-	2,497	(116)	24,779
At 1 April 1995	582	7,155	15,243	4,483	3,364	17,339	2,795	50,961
Depreciation								
At 26 March 1994	-	-	-	2,353	-	12,901	3,008	18,262
Reclassifications	-	-	-	518	1,668	(1,829)	(357)	-
Eliminated in respect of disposals	-	-	-	(427)	-	(2,677)	(1,110)	(4,214)
Charge for year	-	-	-	434	-	2,019	348	2,801
Transfers (to)/from group undertakings	-	-	2,061	-	-	1,407	(38)	3,430
At 1 April 1995	-	-	2,061	2,878	1,668	11,821	1,851	20,279

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

10 TANGIBLE FIXED ASSETS (CONTINUED)

	Freehold landfill £'000	Long leasehold landfill £'000	Short leasehold landfill £'000	Freehold land and buildings £'000	Short lease land and buildings £'000	Freehold Plant & machinery £'000	Motor vehicles £'000	Total £'000
Net book amount								
At 1 April 1995	582	7,155	13,182	1,605	1,696	5,518	944	30,682
At 26 March 1994	-	-	-	741	-	9,230	868	10,839

The net book amounts of assets held under finance leases and hire purchase contracts included above is nil (26 March 1994: £211,000).

Included in plant and machinery and freehold land and buildings are assets under construction with a value of £1,112,845 (1994: £948,000).

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

11 FIXED ASSETS - INVESTMENTS

	<u>Shares in subsidiary undertakings</u> £'000	<u>Other investments other than loans</u> £'000	<u>Total</u> £'000
At 26 March 1994	119	-	119
Transfers from other group companies	-	<u>1,789</u>	<u>1,789</u>
At 1 April 1995	<u>119</u>	<u>1,789</u>	<u>1,908</u>

All investments are stated at cost.

The Company has the following investments in subsidiary undertakings:

<u>Name of Company</u>	<u>Country of registration</u>	<u>Type of share</u>	<u>Type of Business</u>	<u>Proportion of shares and voting rights held</u>
Shanks & McEwan (Bletchley Power Generation) Limited	England	Ordinary	Dormant	100%
Shanks & McEwan (L'field Power Generation) Limited	England	Ordinary	Dormant	100%
Shanks & McEwan (Calvert Power Generation) Limited	England	Ordinary	Dormant	100%
Shanks & McEwan (Arlesey Power Generation) Limited	England	Ordinary	Dormant	100%
Muck Away Limited	England	Ordinary	Dormant	100%

During the year, the company paid consideration for all the assets, liabilities and contractual arrangements of Shanks & McEwan (Technical Services) Limited and Shanks & McEwan (Teeside) Limited. The assets and liabilities were not contractually transferred until after year end. The balance is held as an investment at cost at the year end.

The Directors are of the opinion that the value of investments in subsidiary undertakings and other investments are not less than the amounts at which they are recorded in the balance sheet.

12 STOCKS

	<u>1995</u> £'000	<u>1994</u> £'000
Raw materials and consumables	62	43

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

13 DEBTORS

	<u>1995</u> £'000	<u>1994</u> £'000
Trade debtors	8,960	6,346
Amounts owed by group undertakings	11,659	4,982
Corporation tax recoverable	-	231
Prepayments and accrued income	<u>601</u>	<u>750</u>
	<u>21,220</u>	<u>12,309</u>

14 CREDITORS: Amounts falling due within one year

	<u>1995</u> £'000	<u>1994</u> £'000
Bank overdraft	-	1,245
Trade creditors	4,820	2,750
Amounts owed to group undertakings	1,277	1,135
Amounts owed to subsidiary undertakings	255	255
Other creditors	129	337
Corporation tax payable	3,375	2,420
Other taxation and social security	1,041	720
Hire purchase and finance lease obligations	-	131
Proposed dividend	2,558	8,588
Accruals	3,407	535
Deferred purchase consideration	<u>133</u>	<u>-</u>
	<u>16,995</u>	<u>18,116</u>

15 CREDITORS - Amounts falling due after more than one year

	<u>1995</u> £'000	<u>1994</u> £'000
Amounts owed to group undertakings	29,388	-
Deferred purchase consideration	<u>-</u>	<u>160</u>
	<u>29,388</u>	<u>160</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

16 PROVISION FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u> £'000	<u>Environmental Provisions</u> £'000	<u>Reorganisation provision</u> £'000	<u>Total</u> £'000
At 26 March 1994	695	3,106	183	3,984
Utilised in year	-	-	(69)	(69)
Provided/(released) in year	<u>(695)</u>	<u>1,706</u>	<u>(60)</u>	<u>951</u>
At 1 April 1995	-	4,812	54	4,866
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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

	<u>1995</u>		<u>1994</u>	
	<u>Amount provided in the accounts</u> £'000	<u>Potential liability</u> £'000	<u>Amount provided in the accounts</u> £'000	<u>Potential liability</u> £'000
Accelerated capital allowances	-	1,199	753	1,459
Other timing differences	<u>-</u>	<u>(276)</u>	<u>(58)</u>	<u>(135)</u>
	-	923	695	1,324
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

17 CALLED UP SHARE CAPITAL

	<u>1995</u> £	<u>1994</u> £
100 ordinary shares of £1 each Authorised, allotted and fully paid	100	100
	<u>=====</u>	<u>=====</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

18 RESERVES

	Profit and loss £'000
At 26 March 1994	1,050
Profit for the year	7,936
Dividends	<u>(3,837)</u>
At 1 April 1995	<u>5,149</u>

The cumulative goodwill written off reserves from continuing businesses since January 1986, when the Company was acquired by Shanks & McEwan PLC, is £5,649,000 (1994: £5,649,000).

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Total recognised gains and losses for the year	7,936	(819)
Dividends	(3,837)	(9,382)
Goodwill written off	<u>-</u>	<u>(376)</u>
Net addition to/(reduction of) shareholders' funds	4,099	(10,577)
Opening shareholders' funds	<u>1,050</u>	<u>11,627</u>
Closing shareholders' funds	<u>5,149</u>	<u>1,050</u>

20 CAPITAL COMMITMENTS

The approximate amount of capital expenditure authorised by the Directors for which no provision has been made in the financial statements is:

	<u>1995</u> £'000	<u>1994</u> £'000
Expenditure contracted for	<u>572</u>	<u>263</u>
Expenditure not contracted for	<u>938</u>	<u>651</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

18 RESERVES

	Profit and loss £'000
At 26 March 1994	1,050
Profit for the year	7,936
Dividends	<u>(3,837)</u>
At 1 April 1995	<u>5,149</u>

The cumulative goodwill written off reserves from continuing businesses since January 1986, when the Company was acquired by Shanks & McEwan PLC, is £5,649,000 (1994: £5,649,000).

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Total recognised gains and losses for the year	7,936	(819)
Dividends	(3,837)	(9,382)
Goodwill written off	—	<u>(376)</u>
Net addition to/(reduction of) shareholders' funds	4,099	(10,577)
Opening shareholders' funds	<u>1,050</u>	<u>11,627</u>
Closing shareholders' funds	<u>5,149</u>	<u>1,050</u>

20 CAPITAL COMMITMENTS

The approximate amount of capital expenditure authorised by the Directors for which no provision has been made in the financial statements is:

	<u>1995</u> £'000	<u>1994</u> £'000
Expenditure contracted for	<u>572</u>	<u>263</u>
Expenditure not contracted for	<u>938</u>	<u>651</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Formerly SHANKS & McEWAN (SOUTHERN) LIMITED)

NOTES TO THE ACCOUNTS - 1 APRIL 1995 (CONTINUED)

21 COMMITMENTS UNDER OPERATING LEASES

The annual commitments under operating leases for buildings are as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Lease expiring:		
Within 1 year	38	-
Between 2 and 5 years	-	78
Over 5 years	<u>98</u>	<u>138</u>
	136	216
	<u> </u>	<u> </u>

22 PENSION COMMITMENTS

The Company, along with other companies in the Shanks & McEwan 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 triennial valuation using the Projected Unit Method.

The pension charge for the year was £363,000 (1994: £288,000).

Details of the latest actuarial value of the scheme on 6 April 1992 are given in the accounts of Shanks & McEwan Group PLC.

23 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. The Company has in the normal course of business given guarantees and performance bonds relating to the Company's own contracts.

24 ULTIMATE PARENT COMPANY

The 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.