

SHANKS WASTE SERVICES LIMITED
(Registered Number 988844)

REPORT AND ACCOUNTS

YEAR ENDED 4 APRIL 2000



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COMPANIES HOUSE 31/01/01

SHANKS WASTE SERVICES LIMITED

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SHANKS WASTE SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended 4 April 2000.

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 4 April 2000 was £12,584,000 (1999: £19,133,000).

The Directors recommended that a dividend of £3,256,000 be paid in respect of the year ended 4 April 2000 (1999: £6,062,000). The profit transferred to the reserves for the year was £5,125,000 (1999: £7,601,000).

DIRECTORS

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

M C E Averill	A Cordiner
D J Downes	R D Lucas
J R Meredith	R C Reid
M J Clarke	D Hill (appointed 13 October 1999)
A M Ryan	J Potter (appointed 1 December 1999)
C W Basson (ceased to be a Director 15 March 2000)	C Ibbetson (appointed 15 March 2000)

DIRECTORS' INTERESTS

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

Messrs Averill and Downes 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 the other Directors in the share capital of Shanks Group plc are as follows:

	Shares in Shanks Group plc (under save as you earn scheme)			Share Options in Shanks Group plc (under Executive share scheme)		
	27 March 1999 *	4 April 2000	27 March 1999 *	Granted	Exercised	4 April 2000
C W Basson	-	-	62,500	20,000	37,500	45,000
M J Clarke	14,995	14,995	20,000	20,000	-	40,000
A Cordiner	-	8,881	47,500	20,000	12,500	55,000
D Hill	7,247	11,687	8,000	4,000	-	12,000
C Ibbetson	-	-	-	-	-	-
R D Lucas	-	-	8,000	20,000	-	28,000
J R Meredith	-	-	205,000	75,000	-	280,000
J Potter	4,348	4,348	8,000	4,000	-	12,000
R Reid	16,666	16,666	55,000	20,000	15,000	60,000
A M Ryan	19,392	14,319	47,500	20,000	-	67,500

* or date of appointment if later.

SHANKS WASTE SERVICES LIMITED

DIRECTORS' REPORT (Continued)

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.

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 Group Plc.

SHANKS WASTE SERVICES 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.

PAYMENT OF SUPPLIERS

It is the Company's payment policy for the year ending 4 April 2000, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders. The Company will abide by these terms of payment. The amount owed by the Company to trade creditors at year end in proportion to the amounts invoiced by suppliers during the year expressed by the number of days, was 31 days (1999: 31 days)

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office. A resolution concerning the reappointment of PricewaterhouseCoopers will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



D J Downes
DIRECTOR

31 May 2000

Registered Office:
Dunedin House
Auckland Park
Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU

AUDITORS' REPORT TO THE MEMBERS OF SHANKS WASTE SERVICES LIMITED

We have audited the financial statements on pages 5 to 20 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

The Directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

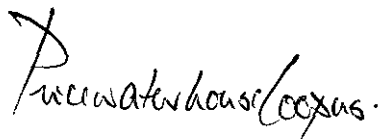
Basis of opinion

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 4 April 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



31 May 2000

PRICEWATERHOUSECOOPERS
Chartered Accountants
and Registered Auditors
London

SHANKS WASTE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 4 APRIL 2000

	<u>2000</u> £'000	<u>1999</u> £'000
TURNOVER (Note 2)	140,372	114,327
Cost of sales	<u>(112,611)</u>	<u>(81,693)</u>
GROSS PROFIT	27,761	32,634
Administrative expenses	<u>(11,961)</u>	<u>(10,926)</u>
PROFIT BEFORE INTEREST	15,800	21,708
Finance charges - net interest payable (Note 6)	(2,436)	(1,875)
Finance charges - unwinding of discount (Note 7)	<u>(780)</u>	<u>(700)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	12,584	19,133
Taxation (Note 8)	<u>(4,203)</u>	<u>(5,470)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 19)	8,381	13,663
Dividends (Note 9)	<u>(3,256)</u>	<u>(6,062)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	<u>5,125</u>	<u>7,601</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 4 APRIL 2000

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 4 APRIL 2000

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

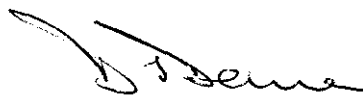
The notes on pages 7 to 20 form part of these financial statements.

SHANKS WASTE SERVICES LIMITED

BALANCE SHEET - 4 APRIL 2000

	<u>2000</u> £'000	<u>1999</u> £'000
FIXED ASSETS		
Tangible assets (Note 10)	86,528	87,255
Intangible assets (Note 11)	4,572	1,825
Investments (Note 12)	19,923	8,173
	<u>111,023</u>	<u>97,253</u>
CURRENT ASSETS		
Stocks (Note 13)	593	526
Debtors (Note 14)	47,406	25,372
	<u>47,999</u>	<u>25,898</u>
CREDITORS - Amounts falling due within one year (Note 15)	<u>(78,652)</u>	<u>(56,882)</u>
NET CURRENT LIABILITIES	<u>(30,653)</u>	<u>(30,984)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	80,370	66,269
CREDITORS - Amounts falling due after more than one year (Note 16)	(28,145)	(21,155)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 17)	<u>(21,901)</u>	<u>(19,915)</u>
TOTAL NET ASSETS	<u>30,324</u>	<u>25,199</u>
CAPITAL AND RESERVES		
Called up share capital (Note 18)	-	-
Profit and loss account (Note 19)	30,324	25,199
TOTAL EQUITY SHAREHOLDERS' FUNDS	<u>30,324</u>	<u>25,199</u>

APPROVED BY THE BOARD ON

 31 May 2000

D J Downes
DIRECTOR

The notes on pages 7 to 20 form part of these financial statements.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000

1. ACCOUNTING POLICIES

1) Basis of preparation

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 Group PLC, group accounts have not been prepared as permitted by s228 of the Companies Act 1985.

2) Turnover

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

3) Goodwill

Goodwill arises when the cost of acquiring subsidiaries and businesses exceeds the fair value attributed to the net assets acquired. Purchased goodwill is held as an intangible asset and amortised over its estimated useful life in accordance with FRS10. As permitted by FRS10 the goodwill previously written off to reserves has not been reinstated in the balance sheet. 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 reductions in value.

(i) Land and Buildings and plant and 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 and machinery	3 to 10 years

The Directors have reviewed the replacement cycle of certain heavy goods vehicles and have extended their economic lives by two years, leading to a £0.8m reduction in depreciation charge for the year.

(ii) Landfill

Acquisition, and 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.

(iii) Capitalisation of interest

The Company has not capitalised interest on any assets under construction or in the pre-trading phase since the year ended March 1994. Following the introduction of FRS15 'Tangible Fixed Assets', the Company has eliminated the capitalised interest in tangible fixed assets. The effect of the change is not material on the Company's balance sheet or profit and loss account. The effect of restatements on prior years have not been separately identified as a consequence.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

1. ACCOUNTING POLICIES (Continued)

5) 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.

6) Site restoration provision

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

7) 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.

8) 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.

9) Government grants

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

9) Stocks

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

10) 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 it is thought reasonably probable that a liability will crystallise in the foreseeable future.

11) 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.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (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 business turnover and operating profit relates to continuing operations.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2000</u> £'000	<u>1999</u> £'000
The profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- owned	9,751	8,244
- held under finance lease or hire purchase	21	21
Amortisation of goodwill	208	-
Hire of plant and machinery		
- operating leases	4,448	6,727
Research and development	68	48
Auditors' remuneration:		
- Audit	53	52
Property rents payable	655	564
Gain on disposal of fixed assets	<u>(12)</u>	<u>(42)</u>

4. DIRECTORS' EMOLUMENTS

	<u>2000</u> £'000	<u>1999</u> £'000
Aggregate emoluments	<u>742</u>	<u>159</u>
	<u>2000</u> £'000	<u>1999</u> £'000
Emoluments of highest paid Director	<u>167</u>	<u>159</u>

Retirement benefits are accruing to three (1999: three) Directors under a defined benefit scheme.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

5. EMPLOYEES

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

	<u>2000</u> Number	<u>1999</u> Number
Waste Management	898	724
Staff costs comprise:	£'000	£'000
Wages and salaries	18,771	15,470
Social security costs	1,878	1,345
Other pension costs	907	855
	<u>21,556</u>	<u>17,670</u>

6. NET INTEREST PAYABLE

	<u>2000</u> £'000	<u>1999</u> £'000
Bank overdraft	2,404	1,833
Interest payable on finance leases and hire purchase contracts	32	42
	<u>2,436</u>	<u>1,875</u>

7. UNWINDING OF DISCOUNT

The unwinding of discount of £780,000 (1999: £700,000) relating to long term landfill liabilities (see also note 17) is separately disclosed on the face of the profit and loss account, as required by FRS 12.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

8. TAXATION

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

	<u>2000</u> £'000	<u>1999</u> £'000
Corporation tax at 30% (1999: 31%)	4,184	5,514
Deferred taxation (Note 17)	19	(44)
	<u>4,203</u>	<u>5,470</u>

9. DIVIDENDS

	<u>2000</u> £'000	<u>1999</u> £'000
Interim paid	1,991	2,128
Final proposed	1,265	3,934
	<u>3,256</u>	<u>6,062</u>

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

10. TANGIBLE FIXED ASSETS

	Freehold landfill £'000	Long leasehold landfill £'000	Freehold land and buildings £'000	Short Lease land and buildings £'000	Plant and machinery £'000	Total £'000
Cost						
At 28 March 1999	53,739	1,773	14,914	2,079	63,889	136,394
Additions	10	-	233	-	9,443	9,686
Disposals	-	-	(88)	-	(1,648)	(1,736)
At 4 April 2000	<u>53,749</u>	<u>1,773</u>	<u>15,059</u>	<u>2,079</u>	<u>71,684</u>	<u>144,344</u>
Depreciation						
At 28 March 1999	9,353	854	5,163	2,029	31,740	49,139
Disposals	-	-	(49)	-	(1,046)	(1,095)
Charge for year	<u>2,744</u>	<u>63</u>	<u>499</u>	<u>50</u>	<u>6,416</u>	<u>9,772</u>
At 4 April 2000	<u>12,097</u>	<u>917</u>	<u>5,613</u>	<u>2,079</u>	<u>37,110</u>	<u>57,816</u>

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

10. TANGIBLE FIXED ASSETS (Continued)

	Freehold landfill £'000	Long leasehold landfill £'000	Freehold land and buildings £'000	Short Lease land and buildings £'000	Plant and machinery £'000	Total £'000
Net book amount At 4 April 2000	41,652	856	9,446	-	34,574	86,528
At 28 March 1999	44,386	919	9,751	50	32,149	87,255

Included in plant and machinery are assets held under finance leases with a cost of £98,250 (1999: £98,250) and net book value of £16,390 (1999: £37,390).

Included in plant and machinery and freehold land and buildings are assets under construction with a value of £10,004,551 (1999: £2,735,000)

The addition to landfill sites under FRS 12 comprises the net present value of the future restoration expenditure which the Company is obliged to undertake by the permissions under which it operates landfill sites (see note 17).

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

11. INTANGIBLE ASSETS

Goodwill	2000	1999
	<u>£'000</u>	<u>£'000</u>
As at 28 March 1999	1,825	-
Goodwill on purchase of businesses in year	2,955	1,825
	<u>4,780</u>	<u>1,825</u>
Amortisation for the year	(208)	-
As at 4 April 2000	<u>4,572</u>	<u>1,825</u>

During the year the Company acquired the following businesses:

<u>Date</u>	<u>Company</u>	<u>Activities & Geographical</u>
18.6.99	TG Bevan Skip Hire	Waste collection - South Wales
4.8.99	Muktubs	Waste collection and disposal - Northern England
2.9.99	Westhill Transport	Waste collection - Scotland

The net assets acquired at provisional fair values comprised:

	<u>£'000</u>
Tangible assets	2,700
Goodwill on purchase of businesses in year	2,955
Consideration	<u>5,655</u>

12. FIXED ASSETS - INVESTMENTS

	<u>Shares in Subsidiary Undertakings</u>	<u>Other investments other than loans</u>	<u>Loans to joint ventures</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
At 28 March 1999	5,407	2,766	-	8,173
Acquisitions in the year	9,500	-	-	9,500
Loans advanced	-	-	2,250	2,250
	<u>14,907</u>	<u>2,766</u>	<u>2,250</u>	<u>19,923</u>
At 4 April 2000	<u>14,907</u>	<u>2,766</u>	<u>2,250</u>	<u>19,923</u>

All investments are stated at cost. During the year the Company acquired the following subsidiaries:

7.2.00	Bio-Logic Remediation Limited	Waste treatment - United Kingdom
14.2.00	ASM Waste Services Limited	Waste collection, disposal and recycling - Southern England

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

12. FIXED ASSETS – INVESTMENTS CONT.

The Company had the following investments in subsidiary undertakings:

<u>Name of Company</u>	<u>Country of Registration</u>	<u>Type of shares</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%
Shanks & McEwan (Camden) Limited	England	Ordinary	Dormant	100%
Goodwin's Mini-Skips Limited	England	Ordinary	Dormant	100%
Capital Waste Management Limited	England	Ordinary	Dormant	100%
Shanks & McEwan (Technical Services) Limited	England	Ordinary	Dormant	100%
Greenacre Waste Management Limited	England	Ordinary	Waste Services	100%
Safewaste Ltd	England	Ordinary	Waste Services	100%
Robinsons Brothers (Environmental Ltd)	England	Ordinary	Waste Services	100%
Pembrokeshire Environmental Ltd	England	Ordinary	Waste Services	100%
Aylesbury Secondary Metals Ltd	England	Ordinary	Waste Services	100%
Bio-Logic Remediation Ltd	England	Ordinary	Waste Services	100%
The Company had the following investments in joint ventures:				
Shanks Avondale Ltd	England	Ordinary	Waste Services	50%

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.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000(Continued)

13. STOCK

	<u>2000</u> £'000	<u>1999</u> £'000
Raw materials and consumables	<u>593</u>	<u>526</u>

14. DEBTORS – Amounts falling due within one year

	<u>2000</u> £'000	<u>1999</u> £'000
Trade debtors	44,318	22,698
Prepayments and accrued income	<u>3,088</u>	<u>2,674</u>
	<u>47,406</u>	<u>25,372</u>

15. CREDITORS – Amounts falling due within one year

	<u>2000</u> £'000	<u>1999</u> £'000
Bank overdraft	36,529	20,427
Trade creditors	9,725	5,180
Amounts owed to group undertakings	7,591	4,094
Hire purchase creditors	102	283
Corporation tax payable	3,137	4,273
Other taxation and social security	13,776	8,518
Proposed dividend	1,265	3,934
Accruals	6,527	9,503
Deferred purchase consideration	-	670
	<u>78,652</u>	<u>56,882</u>

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.

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

16. CREDITORS - Amounts falling due after more than one year

	<u>2000</u> £'000	<u>1999</u> £'000
Amounts owed to group undertakings	19,265	21,155
Deferred purchase consideration	8,880	-
	<u>28,145</u>	<u>21,155</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u> £'000	<u>Site restoration</u> £'000	<u>Aftercare</u> £'000	<u>Total</u> £'000
At 28 March 1999	446	9,879	9,590	19,915
Provided	19	859	1,630	2,508
Utilised	-	(522)	-	(522)
At 4 April 2000	<u>465</u>	<u>10,216</u>	<u>11,220</u>	<u>21,901</u>

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

	<u>2000</u>		<u>1999</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	3,680	4,610	2,313	3,306
Other timing differences	(3,215)	(3,215)	(1,867)	(1,867)
	<u>465</u>	<u>1,395</u>	<u>446</u>	<u>1,439</u>

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000

Site Restoration

Site Restoration provision relates to the cost of final capping and covering of the landfill sites. An element of the year-end restoration provision (£4.0m) relates to costs that are expected to be paid over the next two to three years. The remaining element of the restoration provision relates to restoration costs that 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, including such items as monitoring, gas and leachate management and licencing, 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.

18. CALLED UP SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	£	£
100 ordinary shares of £1 each Authorised, allotted and fully paid	<u>100</u>	<u>100</u>

19. RESERVES

	<u>Profit and loss</u> £'000
At 27 March 1999	25,199
Profit for the year	8,381
Dividends	<u>(3,256)</u>
At 4 April 2000	<u>30,324</u>

The cumulative goodwill written off reserves from continuing businesses since January 1986, when the Company was acquired by Shanks Group plc is £6,920,000 (1999: £6,920,000).

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u> £'000	<u>1999</u> £'000
Profit for the financial year	8,381	13,663
Dividends	<u>(3,256)</u>	<u>(6,062)</u>
Net addition to shareholders' funds	5,125	7,601
Opening shareholders' funds	<u>25,199</u>	<u>17,598</u>
Closing shareholders' funds	<u>30,324</u>	<u>25,199</u>

21. 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>2000</u> £'000	<u>1999</u> £'000
Expenditure contracted for	<u>7,326</u>	<u>5,205</u>

22. COMMITMENTS UNDER OPERATING LEASES

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

	<u>2000</u> £'000	<u>1999</u> £'000
Leases expiring:		
Within 1 year	138	138
Between 2 and 5 years	7	145
Over 5 years	<u>-</u>	<u>-</u>
	<u>145</u>	<u>283</u>

SHANKS WASTE SERVICES LIMITED

NOTES TO THE ACCOUNTS - 4 APRIL 2000 (Continued)

23. PENSION COMMITMENTS

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 £907,000 (1999: £915,000).

Details of the latest actuarial value of the scheme on 5 April 1997 are given in the accounts of Shanks Group plc.

24. 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.

25. CASH FLOW STATEMENT

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

26. 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.

27. 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.