

**CAIRD ENVIRONMENTAL LIMITED**

**Registered Number 2206141**

**REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 2001**



# CAIRD ENVIRONMENTAL LIMITED

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## **CAIRD ENVIRONMENTAL LIMITED DIRECTORS' REPORT**

The Directors present their Annual Report and financial statements for the year ended 31 March 2001.

### **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.

During the year the Company issued 45,000,000 Ordinary Shares of £1 each. The proceeds from this share issue were used to repay debt.

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 31 March 2001 was £1,366,000 (2000: £4,275,000 loss). The Directors recommended that no dividend be paid in respect of the year to 31 March 2001 (2000: £Nil). The profit transferred to the reserves for the year was £354,000 (2000: £4,629,000 loss).

### **DIRECTORS AND DIRECTORS' INTERESTS**

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

M C E Averill  
D J Downes  
J R Meredith  
D Lusher  
A M Ryan  
C A Brown  
M J Clarke (appointed 4 May 2000)

None of the Directors had a direct interest in the share capital of the Company. Messrs Averill, Downes and Meredith are also Directors of Shanks Group plc and accordingly their interests in the share capital of that company are disclosed in its accounts. Messrs Lusher, Ryan and Clarke are Directors of Shanks Waste Services Limited and their interest in the shares of Shank Group plc are disclosed in that company's accounts. Mr C A Brown is a Director of Shanks & McEwan (Environmental Services) Limited and his interest in the shares of Shank Group plc are disclosed in that company's accounts. The Directors had no interests in the shares of any other Company in the Group.

### **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.

**CAIRD ENVIRONMENTAL LIMITED  
DIRECTORS' REPORT - continued**

**EMPLOYMENT POLICIES - continued**

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.

**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:

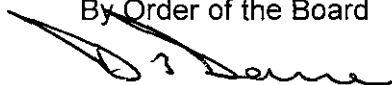
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



D J Downes  
DIRECTOR  
30 May 2001

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAIRD ENVIRONMENTAL LIMITED**

We have audited the financial statements on pages 4 to 17 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### **Respective Responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 1985. 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. The other information comprises only the Directors' Report.

### **Basis of Audit 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 financial statements, 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 financial statements 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 Company's affairs at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors  
London

30 May 2001

**CAIRD ENVIRONMENTAL LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001**

	Note	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
TURNOVER	2	14,242	16,260
Recurring cost of sales		(11,360)	(10,285)
Exceptional cost of sales:			
Increase in landfill provisions	7	-	(1,427)
Impairment of fixed assets	7	(700)	(5,034)
Cost of sales		(12,060)	(16,746)
GROSS PROFIT/(LOSS)		2,182	(486)
Administrative expenses		(1,113)	(4,589)
Other operating exceptional income	7	400	800
OPERATING PROFIT/(LOSS) ON CONTINUING ACTIVITIES AND PROFIT/(LOSS) BEFORE INTEREST		1,469	(4,275)
Finance charges: Unwinding of discount	6	(103)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,366	(4,275)
Taxation	8	(1,012)	(354)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	354	(4,629)

**CAIRD ENVIRONMENTAL LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2001**

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Retained profit/(loss) for the period	354	(4,629)
Revaluation in the period	-	100
	<hr/>	<hr/>
Total recognised gains/(losses) relating to the period	<u>354</u>	<u>(4,529)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2001**

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Profit/(loss) on ordinary activities before taxation	1,366	(4,275)
Difference between historical cost depreciation and actual depreciation charge for the period on the revalued amount	7	7
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities before taxation	<u>1,373</u>	<u>(4,268)</u>
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities after taxation	<u>361</u>	<u>(4,622)</u>

**CAIRD ENVIRONMENTAL LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2001**

	Note	31 March 2001 £'000	4 April 2000 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	13,402	17,028
Investments	10	4,564	1,373
		<hr/>	<hr/>
		17,966	18,401
<b>CURRENT ASSETS</b>			
Stocks	11	-	271
Debtors	12	5,743	2,179
Cash at bank and in hand		-	21
		<hr/>	<hr/>
		5,743	2,471
CREDITORS: amounts falling due within one year	13	(1,012)	(2,893)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		4,731	(422)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,697	17,979
CREDITORS: amounts falling due after more than one year	14	(14,196)	(55,193)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(2,630)	(2,269)
		<hr/>	<hr/>
TOTAL NET ASSETS/(LIABILITIES)		5,871	(39,483)
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	45,000	-
Revaluation reserve	18	100	100
Profit and loss account	18	(39,229)	(39,583)
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	5,871	(39,483)
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board on 30 May 2001.

  
D J Downes  
Director



**CAIRD ENVIRONMENTAL LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2001**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. As the Company is a wholly owned subsidiary of Shanks Group plc, group financial statements have not been prepared as permitted by s228 of the Companies Act 1985 and the financial statements contain information about the Company as an individual undertaking.

**(b) Turnover**

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

**(c) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation, except for freehold land which is not depreciated, and less any provision for impairment.

**(i) Land & Buildings and Plant & 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:

Freehold buildings	25 - 50 years
Leasehold land and buildings	Period of lease
Plant & machinery	3 to 15 years

**(ii) Landfill**

Acquisition, 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.

**(d) Research and development**

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

**(e) 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.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**1 ACCOUNTING POLICIES - continued**

**(f) 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.

**(g) Site restoration provision**

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

**(h) 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.

**(i) 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.

**(j) Government grants**

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

**(k) Stocks**

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

**(l) 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.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**2 SEGMENTAL 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/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit/(loss) is stated after charging/(crediting):

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Depreciation of tangible fixed assets:		
- owned	1,205	6,997
Auditors' remuneration for audit services	-	20
Operating lease rentals on plant and machinery	330	193
Gain on disposal of fixed assets	(26)	(4)
	<u>          </u>	<u>          </u>

The auditors' remuneration for the period has been borne by a fellow group subsidiary.

**4 DIRECTORS' EMOLUMENTS**

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Aggregate emoluments and emoluments of the highest paid Director	-	73
	<u>          </u>	<u>          </u>

The Directors were not remunerated for their services to the Company. The salaries of the Directors were paid by other Shanks Group undertakings and no remuneration is payable by Caird Environmental Limited for the current year.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**5 EMPLOYEES**

The average number of employees employed by the Company in waste management during the year was 100 (2000: 147). The total remuneration of employees comprised:

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Wages and salaries	1,508	3,412
Social security costs	101	324
Other pension costs	79	115
	<hr/>	<hr/>
	1,688	3,851
	<hr/> <hr/>	<hr/> <hr/>

**6 UNWINDING OF DISCOUNT**

The unwinding of discount of £103,000 (2000: £Nil) relating to long term landfill liabilities (see note 13) is separately disclosed on the face of the profit and loss account, as required by FRS 12.

**7 EXCEPTIONAL ITEMS**

Following the acquisition of the Company by Shanks Group plc in June 1999, the Directors completed a comprehensive fair value exercise on the carrying values of the Company's assets and liabilities. The following adjustments have been made:

*Landfill Provision*

The landfill provision was increased by £Nil (2000: £1,427,000) to provide against future aftercare and site restoration liabilities on the same basis as provided for by the Shanks Group (see note 17).

*Impairment of Fixed Assets*

The Directors performed an impairment review on the Company's fixed assets. Based on the Directors' valuations, the carrying value of certain landfill sites have been written down by a total of £700,000 (2000: £4,641,439). In addition plant and machinery with a net book value of £Nil (2000: £393,000) has been written off in the period.

*Other operating exceptional income*

The Directors' estimate of the amount recoverable from English Partnerships for the compulsory purchase order against the Company's site at Blackstock Street is £1,200,000 (2000: £800,000) greater than the amount previously recognised at 31 December 1998. Accordingly, an additional £400,000 has been recognised in the profit and loss account for the year.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**8 TAXATION**

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

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Corporation tax at 30% (2000: 30%)	1,012	519
Deferred tax	-	(165)
	<hr/>	<hr/>
	1,012	354
	<hr/> <hr/>	<hr/> <hr/>

**9 TANGIBLE FIXED ASSETS**

	<u>Land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Total</u> £'000
Cost or valuation:			
At 5 April 2000	37,855	10,595	48,450
Additions	11	127	138
Disposals	(14,240)	(572)	(14,812)
Transfers with fellow group companies	2,492	(8,685)	(6,193)
	<hr/>	<hr/>	<hr/>
At 31 March 2001	26,118	1,465	27,583
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 5 April 2000	25,897	5,525	31,422
Charge for the year	984	221	1,205
Disposals	(14,240)	(507)	(14,747)
Transfers with fellow group companies	571	(4,270)	(3,699)
	<hr/>	<hr/>	<hr/>
At 31 March 2001	13,212	969	14,181
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 March 2001	12,906	496	13,402
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 4 April 2000	11,958	5,070	17,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**9 TANGIBLE FIXED ASSETS - continued**

The historical cost of land and buildings at 31 March 2001 was £26,018,000 (2000: £37,755,000). Legal title to some of the Caird Group's properties is held by group companies other than those in which the beneficial interest is vested, pending transfer of registered ownership. The net book value of land and buildings comprise:

	<u>2001</u> £'000	<u>2000</u> £'000
Freehold	11,745	9,869
Short leasehold	1,161	2,089
	<hr/>	<hr/>
	12,906	11,958
	<hr/> <hr/>	<hr/> <hr/>

Fixed assets amounting to a net book value of £Nil (2000: £Nil) were held under finance leases. The depreciation charge for the year on those assets was £Nil (2000: £124,000).

**10 INVESTMENTS**

	<u>Shares in subsidiary undertakings</u> £'000
Cost:	
As at 4 April 2000	3,029
Additions	3,191
	<hr/>
As at 31 March 2001	6,220
	<hr/>
Provisions:	
As at 4 April 2000 and 31 March 2001	(1,656)
	<hr/>
Net book value:	
As at 31 March 2001	4,564
	<hr/> <hr/>
As at 4 April 2000	1,373
	<hr/> <hr/>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**10 INVESTMENTS - continued**

On 15 May 2000, the Company acquired the share capital of Tawse Ellon (Haulage) Limited for £3,191,000. At 31 March 2001 the Company had the following investments in subsidiary undertakings:

	<u>Country of registration</u>	<u>Type of shares</u>	<u>Type of business</u>	<u>Proportion of shares held</u>
Atlas Ciensol Limited	England	Ordinary	Waste management	100%
Caird Commercial Vehicles Limited	England	Ordinary	Dormant	100%
Caird Industrial Services Limited	England	Ordinary	Waste management	100%
Hirt Combustion Engineers Limited	England	Ordinary	Waste management	100%
Norfolk Environmental Developments Limited	England	Ordinary	Dormant	100%
Tawse Ellon (Haulage) Limited	Scotland	Ordinary	Waste management	100%

**11 STOCKS**

	<u>2001</u> £'000	<u>2000</u> £'000
Raw materials and consumables	-	271
	<u>          </u>	<u>          </u>

**12 DEBTORS**

	<u>2001</u> £'000	<u>2000</u> £'000
Trade debtors	-	111
Amounts owed by group undertakings	5,343	-
Other debtors	400	1,972
Prepayments	-	96
	<u>          </u>	<u>          </u>
	<u>5,743</u>	<u>2,179</u>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**13 CREDITORS: Amounts falling due within one year**

	<u>2001</u> £'000	<u>2000</u> £'000
Trade creditors	-	8
Corporation tax payable	1,012	672
Other taxes and social security	-	38
Finance leases	-	6
Other creditors	-	1,173
Accruals	-	996
	<hr/>	<hr/>
	1,012	2,893
	<hr/> <hr/>	<hr/> <hr/>

**14 CREDITORS: Amounts falling due after more than one year**

	<u>2001</u> £'000	<u>2000</u> £'000
Amounts owed to holding company	14,196	55,193
	<hr/> <hr/>	<hr/> <hr/>

The holding company, Caird Group Limited, has confirmed that it will not require repayment of amounts due in the foreseeable future, and that it will continue to provide funding for acquisitions and for working capital requirements of the Company and its subsidiaries to the extent that these are not met by external borrowings. For this reason the balance due to the holding company has been shown separately and classified as long term. £45,000,000 of the loan was repaid following the issue of shares during the year.



**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Site restoration</u> £'000	<u>Aftercare</u> £'000	<u>Total</u> £'000
At 4 April 2000	842	1,427	2,269
Provided in the year	253	313	566
Utilised in the year	(205)	-	(205)
	<hr/>	<hr/>	<hr/>
At 31 March 2001	890	1,740	2,630
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Site Restoration*

Site Restoration provision relates to the cost of final capping and covering of the landfill sites. These costs 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 licensing, 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.

**16 DEFERRED TAX**

The full potential deferred tax asset, which has not been recognised, comprises:

	<u>2001</u> £'000	<u>2000</u> £'000
Accelerated capital allowances	44	(991)
Other timing differences	499	991
	<hr/>	<hr/>
	543	-
	<hr/> <hr/>	<hr/> <hr/>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**17 SHARE CAPITAL**

	<u>2001</u> £'000	<u>2000</u> £'000
Authorised:		
45,050,000 Ordinary Shares of £1 each (2000: 50,000)	45,050	50
	<u>          </u>	<u>          </u>
Allotted, called up and fully paid:		
45,000,002 Ordinary Shares of £1 each (2000: 2)	45,000	-
	<u>          </u>	<u>          </u>

During the year, the Company's authorised share capital was increased by 45,000,000 Ordinary shares of £1 each. These shares were allotted, called up and fully paid during the year.

**18 RESERVES**

	Revaluation <u>reserve</u> £'000	Profit and <u>loss account</u> £'000
At 5 April 2000	100	(39,583)
Retained profit for the period	-	354
	<u>          </u>	<u>          </u>
At 31 March 2001	100	(39,229)
	<u>          </u>	<u>          </u>

**19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	12 months to 31 March <u>2001</u> £'000	15 months to 4 April <u>2000</u> £'000
Profit/(loss) for the financial year	354	(4,629)
Revaluation during the year	-	100
Issue of share capital	45,000	-
	<u>          </u>	<u>          </u>
Net change in shareholders' funds	45,354	(4,529)
Opening shareholders' funds	(39,483)	(34,954)
	<u>          </u>	<u>          </u>
Closing shareholders' funds	5,871	(39,483)
	<u>          </u>	<u>          </u>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2001 - continued**

**20 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 £79,000 (2000: £115,000). Details of the latest actuarial value of the scheme on 5 April 2000 are given in the accounts of Shanks Group plc.

**21 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.

**22 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.

**23 CASH FLOW STATEMENT**

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

**24 IMMEDIATE & ULTIMATE PARENT COMPANY**

The immediate holding company is Caird Group 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.