

CAIRD ENVIRONMENTAL LIMITED

Registered Number 2206141

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003



CAIRD ENVIRONMENTAL LIMITED

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CAIRD ENVIRONMENTAL LIMITED DIRECTORS' REPORT

The Directors present their Report and financial statements for the year ended 31 March 2003.

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 31 March 2003 was £495,000 (2002: £3,081,000). The Directors recommended that no dividend be paid in respect of the year to 31 March 2003 (2002: £Nil). The profit transferred to reserves for the year was £1,870,000 (2002: £1,206,000).

DIRECTORS AND DIRECTORS' INTERESTS

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

M C E Averill
D J Downes
C A Brown
M J Clarke
A M Ryan
J R Meredith (resigned 31 March 2003)

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. Mr J R Meredith was also a Director of Shanks Group plc until his resignation on 1 April 2003. His interests in that company's share capital are also disclosed in that company's report and accounts. Messrs Clarke and Brown are Directors of Shanks Waste Services Limited and Shanks & McEwan (Environmental Services) Limited respectively and their interests in the shares of Shank Group plc are disclosed in those company's accounts. The interests of the other Director in the share capital of Shanks Group plc are as follows:

Name of Director	As at 31 March 2002			Granted	Exercised/ lapsed	Market price at exercise date (p)	As at 31 March 2003	
	Granted Price (p)	SAYE Share Save Options	Executive Options				SAYE Share Save Options	Executive Options
A M Ryan	199.0	1,739	-	-	(1,739)	lapsed	-	-
	144.0	958	-	-	-	-	958	-
	190.0	3,522	-	-	(3,522)	lapsed	-	-
	144.5	4,671	-	-	-	-	4,671	-
	116.0	-	-	7,632	-	-	7,632	-
	135.0	-	15,000	-	-	-	-	15,000
	199.0	-	20,000	-	-	-	-	20,000
	233.5	-	20,000	-	-	-	-	20,000
	180.0	-	20,000	-	-	-	-	20,000
	176.5	-	20,000	-	-	-	-	20,000
	145.0	-	-	20,000	-	-	-	20,000

In addition, Mr A Ryan has a beneficial interest in 10,795 ordinary shares of Shanks Group plc at 31 March 2003 (2002: 10,795 ordinary shares). The Directors had no interest in the shares of any other company in the Group.

CAIRD ENVIRONMENTAL 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.

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.

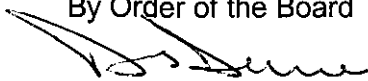
**CAIRD ENVIRONMENTAL LIMITED
DIRECTORS' REPORT - continued**

AUDITORS

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as auditors on 30 January 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

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

By Order of the Board



D J Downes
DIRECTOR

9 January 2004

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 which comprise the profit and loss account, the balance sheet, and the related notes and the accounting policies set out in the statement of accounting policies.

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. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

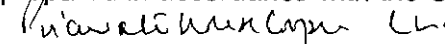
Basis of audit opinion

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 affairs of the Company at 31 March 2003 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
9 January 2004

**CAIRD ENVIRONMENTAL LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2003**

	Note	<u>2003</u> £'000	<u>2002</u> £'000
TURNOVER - CONTINUING ACTIVITIES	2	13,407	15,881
Cost of sales		(11,138)	(11,496)
		-----	-----
GROSS PROFIT		2,269	4,385
Administrative expenses		(1,610)	(1,145)
		-----	-----
OPERATING PROFIT ON CONTINUING ACTIVITIES AND PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES AND TAXATION		659	3,240
Finance charges: Unwinding of discount	6	(164)	(159)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	495	3,081
Taxation	7	1,375	(1,875)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR	16	<u>1,870</u>	<u>1,206</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
 FOR THE YEAR ENDED 31 MARCH 2003**

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 31 MARCH 2003**

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

CAIRD ENVIRONMENTAL LIMITED
BALANCE SHEET
AS AT 31 MARCH 2003

	Note	<u>2003</u> £'000	<u>2002</u> £'000
FIXED ASSETS			
Tangible fixed assets	8	22,254	24,860
Investments	9	4,000	4,564
		<hr/>	<hr/>
		26,254	29,424
CURRENT ASSETS			
Debtors	10	227	71
CREDITORS: amounts falling due within one year			
	11	(1,283)	(3,365)
		<hr/>	<hr/>
NET CURRENT LIABILITIES			
		(1,056)	(3,294)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		25,198	26,130
CREDITORS: amounts falling due after more than one year			
	12	(11,458)	(14,196)
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	(4,250)	(4,314)
		<hr/>	<hr/>
TOTAL NET ASSETS			
		9,490	7,620
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	15	45,000	45,000
Profit and loss account	16	(35,510)	(37,380)
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS			
	17	9,490	7,620
		<hr/>	<hr/>

Approved by the Board of Directors on 9 January 2004.


D J Downes
Director

**CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

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) New accounting standards and changes in accounting policies

There were no changes in accounting policies in the current year.

FRS 17 - Retirement Benefits is applicable to the company. The company has applied the transitional arrangements for adoption of the FRS. Accordingly no change has been made to the accounting policy but included in these financial statements are the additional disclosures required by FRS 17 (see Note 20).

(c) 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.

(d) Tangible fixed assets

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

(e) Research and development

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

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

1 ACCOUNTING POLICIES - continued

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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. The real discount factor currently applied is 2%.

(k) Government grants

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

(l) Stocks

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

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

1 ACCOUNTING POLICIES - continued

(m) Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets in respect of trading tax losses are only recognised where the tax losses are expected to be recovered. Deferred taxation provisions have not been discounted.

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 ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging/(crediting):

	<u>2003</u> £'000	<u>2002</u> £'000
Depreciation of owned tangible fixed assets	2,994	3,054
Operating lease rentals on plant and machinery	555	146
Gain on disposal of fixed assets	(3)	(8)
Property rent payable	11	-
Provision against investments	564	-
	<u> </u>	<u> </u>

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

4 DIRECTORS' EMOLUMENTS

The Directors were not remunerated for their services to the Company. The salaries of the Directors were paid by other Shanks Group undertakings. None of this remuneration relates to their services to the Company.

5 EMPLOYEES

The average number of employees employed by the Company in waste management during the year was 44 (2002: 42). The total remuneration of employees comprised:

	<u>2003</u> £'000	<u>2002</u> £'000
Wages and salaries	773	715
Social security costs	69	63
Other pension costs	34	29
	<u> </u>	<u> </u>
	<u>876</u>	<u>807</u>

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

6 FINANCE COSTS

The unwinding of the discount of £164,000 (2002: £159,000) relates to long term landfill liabilities (see Note 13). It is treated as a finance cost in accordance with FRS 12.

7 TAXATION

Taxation (credit)/charge based on the profits of the year is made up as follows:

	<u>2003</u> £'000	<u>2002</u> £'000
Corporation tax at 30% (2002: 30%)		
- current year	467	1,486
- prior year	(1,686)	(83)
Deferred tax		
- current year	221	389
- prior year	(377)	83
	<u> </u>	<u> </u>
	<u>(1,375)</u>	<u>1,875</u>

The tax assessed for the period is lower than the United Kingdom standard rate of corporation tax of 30% (2002: 30%). The differences are explained below:

	<u>2003</u> £'000	<u>2002</u> £'000
Profit on ordinary activities before tax	495	3,081
	<u> </u>	<u> </u>
Tax charge based on UK tax rate	149	924
Tax effect of the following items:		
Expenses not deductible for tax purposes	88	147
Other timing differences	20	416
Capital allowances	41	-
Provision against investments	169	-
Adjustment to tax charge in respect of prior periods	(1,686)	(83)
	<u> </u>	<u> </u>
Corporation tax charge for the period	<u>(1,219)</u>	<u>1,404</u>

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

8 TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Total</u> £'000
Cost:			
At 31 March 2002	40,181	3,351	43,532
Additions	1,893	236	2,129
Disposals	-	(722)	(722)
Transfers	(70)	(512)	(582)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	42,004	2,353	44,357
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 31 March 2002	17,612	1,060	18,672
Charge for the year	2,948	46	2,994
Disposals	-	(719)	(719)
Transfers	(5)	1,161	1,156
	<hr/>	<hr/>	<hr/>
At 31 March 2003	20,555	1,548	22,103
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 March 2003	21,449	805	22,254
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2002	22,569	2,291	24,860
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the year the Company has reclassified fixed assets as a result of work undertaken as part of the introduction of a new accounting system.

Included in fixed assets are assets under construction with a value of £204,229 (2002: £97,932).

The historical cost of land and buildings at 31 March 2003 was £42,004,000 (2002: £40,181,000). Legal title to some of the Company's properties is held by fellow 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>2003</u> £'000	<u>2002</u> £'000
Freehold	20,788	21,809
Short leasehold	661	760
	<hr/>	<hr/>
	21,449	22,569
	<hr/> <hr/>	<hr/> <hr/>

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

9 INVESTMENTS

	Shares in subsidiary <u>undertakings</u> £'000
Cost:	
As at 31 March 2002	6,220
Utilisation of provision	(930)
	<hr/>
As at 31 March 2003	5,290
	<hr/>
Provisions:	
As at 31 March 2002	(1,656)
Utilised in the year	930
Provided in the year	(564)
	<hr/>
As at 31 March 2003	(1,290)
	<hr/>
Net book value:	
As at 31 March 2003	4,000
	<hr/> <hr/>
As at 31 March 2002	4,564
	<hr/> <hr/>

At 31 March 2003 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 Clensol Limited	England	Ordinary	Waste management	100%
Caird Commercial Vehicles Limited	England	Ordinary	Dormant	100%
Caird Industrial Services Limited	England	Ordinary	Dormant	100%
Hirt Combustion Engineers Limited	England	Ordinary	Waste management	100%
Norfolk Environmental Developments Limited	England	Ordinary	Dormant	100%
Tawse Ellon (Haulage) Limited	Scotland	Ordinary	Dormant	100%

10 DEBTORS

	<u>2003</u> £'000	<u>2002</u> £'000
Deferred tax asset (see Note 14)	227	71
	<hr/> <hr/>	<hr/> <hr/>

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

11 CREDITORS: Amounts falling due within one year

	<u>2003</u> £'000	<u>2002</u> £'000
Amounts owed to group undertakings	1,283	1,961
Corporation tax payable	-	1,404
	<u>1,283</u>	<u>3,365</u>

12 CREDITORS: Amounts falling due after more than one year

	<u>2003</u> £'000	<u>2002</u> £'000
Amounts owed to holding company	<u>11,458</u>	<u>14,196</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Site restoration</u> £'000	<u>Aftercare</u> £'000	<u>Total</u> £'000
At 31 March 2002	2,756	1,558	4,314
Provided in the year:			
- cost of sales	613	156	769
- finance charges	86	78	164
Utilised in the year	(451)	(546)	(997)
	<u>3,004</u>	<u>1,246</u>	<u>4,250</u>
At 31 March 2003	<u>3,004</u>	<u>1,246</u>	<u>4,250</u>

Site Restoration

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

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

14 DEFERRED TAX ASSET

The deferred tax asset is made up as follows:

	<u>2003</u> £'000	<u>2002</u> £'000
Capital allowances	(578)	(647)
Other timing differences	805	718
	<u>227</u>	<u>71</u>

15 SHARE CAPITAL

	<u>2003</u> £'000	<u>2002</u> £'000
Authorised:		
45,050,000 Ordinary Shares of £1 each	45,050	45,050
	<u>45,050</u>	<u>45,050</u>
Allotted, called up and fully paid:		
45,000,002 Ordinary Shares of £1 each	45,000	45,000
	<u>45,000</u>	<u>45,000</u>

16 RESERVES

	<u>Profit and loss account</u> £'000
At 1 April 2002	(37,380)
Retained profit for the period	1,870
	<u>1,870</u>
At 31 March 2003	(35,510)
	<u>(35,510)</u>

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2003</u> £'000	<u>2002</u> £'000
Profit for the financial year	1,870	1,206
	<hr/>	<hr/>
Net movement in equity shareholders' funds	1,870	1,2060
Opening equity shareholders' funds	7,620	6,414
	<hr/>	<hr/>
Closing equity shareholders' funds	9,490	7,620
	<hr/> <hr/>	<hr/> <hr/>

18 COMMITMENTS UNDER OPERATING LEASES

The annual commitments under operating leases are as follows:-

	<u>2003</u> £'000	<u>2002</u> £'000
Leases expiring:		
Within one year	21	21
Between two and five years	51	48
Over five years	10	9
	<hr/>	<hr/>
	82	78
	<hr/> <hr/>	<hr/> <hr/>

19 PENSION COMMITMENTS - current SSAP 24 basis

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 £34,000 (2002: £29,000). Details of the latest actuarial value of the scheme on 5 April 2000 are given in the accounts of Shanks Group plc.

CAIRD ENVIRONMENTAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003 - continued

20 PENSION COMMITMENTS - FRS 17 basis

Whilst the Company continues to account for pension costs in accordance with SSAP 24 - Accounting for pension costs, under FRS 17 - Retirement Benefits the transitional disclosures set out below are required.

The employees of the Company participate in the Shanks Group Pension Scheme, which is a funded, managed, defined benefit scheme, the costs of which are fully provided in accordance with the regular recommendations of a professionally qualified independent actuary. The Company is unable to identify the share of the underlying assets and liabilities of the Group scheme that relates to its business and is permitted under FRS 17 to treat this scheme as a defined contribution scheme. Full disclosures relating to the Group's pension schemes are contained in the financial statements of Shanks Group plc.

21 CONTINGENT LIABILITIES

The Company has granted to its bankers an unlimited guarantee and a right of set off against amounts outstanding on advances to its parent and fellow subsidiary undertakings. 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 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.