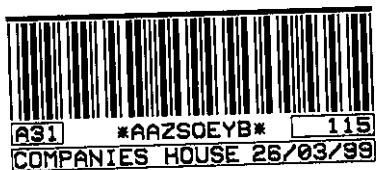


SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED
(Registered Number 988844)

REPORT AND ACCOUNTS

YEAR ENDED 28 MARCH 1998



SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1 - 3
AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE ACCOUNTS	7 - 19

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended 28 March 1998.

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.

TRADING RESULTS AND DIVIDEND

The profit on ordinary activities before taxation for the year ended 28 March 1998 was £16,375,000 (1997: £14,935,000).

The Directors recommended that a Dividend of £4,658,000 be paid in respect of the year ended 29 March 1998 (1997 : £4,613,000) The profit transferred to the reserves for the year was £5,455,000 (1997 : £4,750,000).

YEAR 2000 AND INTRODUCTION OF THE EURO

In conjunction with the other companies in the Shanks & McEwan group, the company has a programme designed to address the business risk arising from the year 2000. As part of this programme, software and hardware are being audited and renewed or amended where appropriate. It is not possible to distinguish between replacements due to year 2000 and other technical obsolescences. The overall cost of IT upgrades is not material. As the company does not trade outside the UK, the impact of the introduction of the Euro is not significant.

DIRECTORS

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

M C E Averill
D J Downes
J R Meredith

DIRECTORS' INTERESTS

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

Directors who are also Directors of Shanks and McEwan Group PLC have their interests in that Company's share capital 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 28 March 1998</u>			<u>As at 29 March 1997</u>		
	<u>Ordinary</u> <u>Shares of 10p</u>	<u>Share</u> <u>Save</u>	<u>Executive</u> <u>Options</u>	<u>Ordinary</u> <u>Shares of 10p</u>	<u>Share</u> <u>Save</u>	<u>Executive</u> <u>Options</u>
J R Meredith	-	-	280,000	-	-	280,000

At 28 March 1998, Mrs J V Meredith, who is not a Director of the company of Shanks & McEwan Group PLC, held 3,000 ordinary shares (1997: 3,000) in Shanks and McEwan Group PLC

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

The share options held at the beginning of the year had the following exercise prices:

	Share Save		Executive	
	Number of Shares	Exercise Price	Number of Shares	Exercise Price
J R Meredith			10,000	205p
			75,000	88p
			75,000	99p
			60,000	110p
			60,000	135p

During the year ended 28 March 1998 no share options were granted to Directors.

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

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 £33,000 (1997: £18,000) 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
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.

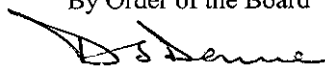
PAYMENT OF SUPPLIERS

It is the Company's payment policy for the year ending 27 March 1999, 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 32 days (1997 29 days)

AUDITORS

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

By Order of the Board



D J Downes
Director

23 July 1998

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

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

We have audited the financial statements on pages 5 to 19 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 report our opinion to you.

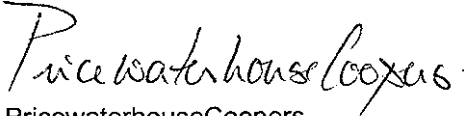
Basis of Opinion

We conducted our audits in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates and judgements made by the directors in preparing the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and prepared 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 company's affairs as at 28 March 1998 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

23 July 1998

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 MARCH 1998**

	<u>1998</u> £'000	<u>1997</u> £'000
TURNOVER (Notes 1.2 & 2)	101,015	79,211
Cost of sales	<u>(72,783)</u>	<u>(54,811)</u>
GROSS PROFIT	28,232	24,400
Administrative expenses	<u>(10,286)</u>	<u>(8,918)</u>
PROFIT BEFORE INTEREST	17,946	15,482
Net interest payable (Note 6)	<u>(1,571)</u>	<u>(547)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	16,375	14,935
Taxation (Note 7)	<u>(6,262)</u>	<u>(5,572)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 17)	10,113	9,363
Dividends (Note 8)	<u>(4,658)</u>	<u>(4,613)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	<u>5,455</u>	<u>4,750</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
28 MARCH 1998**

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 28 MARCH 1998

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 19 form part of these financial statements.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

BALANCE SHEET - 28 MARCH 1998

	<u>1998</u> £'000	<u>1997</u> £'000
FIXED ASSETS		
Tangible assets (Note 9)	75,661	69,893
Investments (Note 10)	8,086	3,347
	<u>83,747</u>	<u>73,240</u>
CURRENT ASSETS		
Stocks (Note 11)	268	299
Debtors (Note 12)	22,316	21,137
Cash at bank and in hand	3	8,011
	<u>22,587</u>	<u>29,447</u>
CREDITORS - Amounts falling due within one year (Note 13)	<u>(55,111)</u>	<u>(28,963)</u>
NET CURRENT LIABILITIES	<u>(31,611)</u>	<u>484</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	52,136	73,724
CREDITORS - Amounts falling due after more than one year (Note 14)	(23,303)	(52,612)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 15)	<u>(11,235)</u>	<u>(9,251)</u>
	<u>17,598</u>	<u>11,861</u>
CAPITAL AND RESERVES		
Called up share capital (Note 16)		-
Profit and loss account (Note 17)	17,598	11,861
	<u>17,598</u>	<u>11,861</u>

APPROVED BY THE BOARD ON
23 July 1998



D J Downes
DIRECTOR

The notes on pages 7 to 19 form part of these financial statements.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998

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 & McEwan 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

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 reductions 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

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (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) Environmental provisions

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 it is thought reasonably probable that a 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 schemes 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

NOTES TO THE ACCOUNTS 28 MARCH 1998 (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 business turnover and operating profit relates to continuing operations.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1998</u> £'000	<u>1997</u> £'000
The profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- owned	7,024	6,038
- held under finance lease or hire purchase	40	20
Hire of plant and machinery		
- operating leases	5,580	4,514
Research and development	33	18
Auditors' remuneration	38	28
Property rents payable	268	98
Gain on disposal of fixed assets	<u>(149)</u>	<u>(135)</u>

£[] was paid to auditors in respect of non-audit services (1997: £15,000).

4. DIRECTORS' EMOLUMENTS

	<u>1998</u> £'000	<u>1997</u> £'000
Aggregate emoluments	<u>147</u>	<u>121</u>
	<u>147</u>	<u>121</u>

Retirement benefits are accruing to three (1997: three directors under a defined benefit scheme).

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

5. EMPLOYEES

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

	<u>1998</u> Number	<u>1997</u> Number
Waste Management	<u>385</u>	<u>345</u>
Staff costs comprise:	£'000	£'000
Wages and salaries	11,419	10,503
Social security costs	1035	912
Other pension costs	<u>706</u>	<u>640</u>
	<u>13,160</u>	<u>12,055</u>

6. NET INTEREST PAYABLE

	<u>1998</u> £,000	<u>1997</u> £,000
Bank overdraft	1560	
Interest payable to Group undertakings	-	536
Interest payable on finance leases and hire purchase contracts	<u>11</u>	<u>11</u>
	<u>1571</u>	<u>547</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

7. TAXATION

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

	<u>1998</u> £'000	<u>1997</u> £'000
Corporation tax at 31% (1997: 33%)	6,119	5,242
Corporation tax prior year adjustment	93	-
Deferred taxation	<u>(327)</u>	<u>330</u>
	<u>5,885</u>	<u>5,572</u>

8. DIVIDENDS

	<u>1998</u> £'000	<u>1997</u> £'000
Interim paid	1,553	1,525
Final proposed	<u>3,105</u>	<u>3,088</u>
	<u>4,658</u>	<u>4,613</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

9. 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	Motor vehicles £'000	Total £'000
Cost							
At 29 March 1997	47,925	1,773	12,816	2,079	38,231	5,314	108,138
Reclassifications	(41)		0	0	41		-
Additions	115		3,367	0	8,624	1,806	13,912
Disposals			(3,576)	0	(794)	(131)	(4,501)
Transfers from group undertakings	(67)				(2)	(307)	(376)
At 28 March 1998	47,932	1,773	12,607	2,079	46,100	6,682	117,173
Depreciation							
At 29 March 1997	4,859	728	6,790	1,779	20,724	3,365	38,245
Reclassifications			(2,632)		(727)	(130)	(3,489)
Charge for year	2,104	63	683	125	3,507	582	7,064
Transfers from group undertakings					(1)	(307)	(308)
At 28 March 1998	6,963	791	4,841	1,904	23,503	3,510	41,512

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

9. 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 and machinery £'000	Motor vehicles £'000	Total £'000
Net book amount								
At 28 March 1998	40,969	982		7,766	175	22,597	3,172	75,661
At 29 March 1997	43,066	1,045	-	6,026	300	17,507	1,949	69,893

Included in plant and machinery are assets held under finance leases with a cost of £98,250(1997: £98,250) and net book value of £58,390 (1997 : £79412).

Included in plant and machinery and freehold land and buildings are assets under construction with a value of £1,650,000 (1997 : £2,309,000)

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

10. FIXED ASSETS - INVESTMENTS

	Shares in Subsidiary <u>Undertakings</u>	Other investments other than <u>loans</u>	<u>Total</u>
	£'000	£'000	£'000
At 29 March 1997	581	2,766	3,347
Aquisitions in the year	4,739	-	4,739
At 28 March 1998	5,320	2,766	8,086

All investments are stated at cost.

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	61%
Safewaste Ltd	England	Ordinary	Waste Services	100%
Robinsons Brothers (Environmental Ltd)	England	Ordinary	Waste Services	100%
Pembrokeshire Environmental Ltd	England	Ordinary	Waste Services	100%

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

10. FIXED ASSETS - INVESTMENTS (Continued)

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.

11. STOCK

	<u>1998</u> £'000	<u>1997</u> £'000
Raw materials and consumables	<u>268</u>	<u>299</u>

12. DEBTORS

	<u>1998</u> £'000	<u>1997</u> £'000
Trade debtors	20,061	17,826
Amounts owed by group undertakings	913	1,757
Prepayments and accrued income	<u>2,255</u>	<u>1,554</u>
	<u>23,229</u>	<u>21,137</u>

13. CREDITORS

	<u>1998</u> £'000	<u>1997</u> £'000
Bank Overdraft	18,853	-
Trade creditors	6,571	4,231
Amounts owed to group undertakings	1,753	3,735
Hire Purchase creditors	19	28
Corporation tax payable	7,287	4,243
Other taxation and social security	9,779	9,589
Proposed dividend	3,476	3,088
Accruals	6,596	3,964
Deferred purchase consideration	<u>777</u>	<u>85</u>
	<u>55,111</u>	<u>28,963</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

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

	<u>1998</u> £'000	<u>1997</u> £'000
Finance Leases	0	30
Amounts owed to group undertakings	23,263	52,265
Deferred purchase consideration	40	317
	<u>23,303</u>	<u>52,612</u>
Finance Leases repayable as follows:		
Between one and two years	19	4
Between two and five years		26
	<u>19</u>	<u>30</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u> £'000	<u>Environmental Provisions</u> £'000	<u>Total</u> £'000
At 29 March 1997	1,087	8,164	9,251
Utilised in year	(327)		(327)
Transferred from group undertakings	(270)		-270
Provided in year		2581	2581
At 28 March 1998	<u>490</u>	<u>10,745</u>	<u>11,235</u>

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

	<u>1998</u>		<u>1997</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	1,723	2,704	1,087	2,233
Other timing differences	(1,233)	(1,233)	-	(60)
	<u>490</u>	<u>1,471</u>	<u>1,087</u>	<u>2,173</u>

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SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998

16. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
100 ordinary shares of £1 each Authorised, allotted and fully paid	<u>100</u>	<u>100</u>

17. RESERVES

	<u>Profit and loss</u>
	£'000
At 29 March 1997	11,861
Profit for the year	10,113
Goodwill written off	(95)
Dividends	<u>(4,658)</u>
At 28 March 1998	<u>17221</u>

The cumulative goodwill written off reserves from continuing businesses since January 1986, when the company was acquired by Shanks & McEwan PLC is £6,920,000 (1997: £6,825,000).

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Total recognised gains and losses for the year	10,490	9,363
Dividends	(4,658)	(4,613)
Goodwill	<u>(95)</u>	<u>(1,068)</u>
Net addition to shareholders' funds	5,737	3,682
Opening shareholders' funds	<u>11,861</u>	<u>8,179</u>
Closing shareholders' funds	<u>17,598</u>	<u>11,861</u>

19. 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>1998</u>	<u>1997</u>
	£'000	£'000
Expenditure contracted for	<u>5307</u>	<u>8,190</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

20. COMMITMENTS UNDER OPERATING LEASES

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

	<u>1998</u> £'000	<u>1997</u> £'000
Lease expiring		
Within 1 year	-	-
Between 2 and 5 years	205	27
Over 5 years	<u>337</u>	<u>126</u>
	<u>542</u>	<u>153</u>

21. 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 a triennial valuation using the Projected Unit Method.

The pension charge for the year was £706,000 (1997: £640,000).

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

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, 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.

24. 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.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 28 MARCH 1998 (Continued)

26. IMMEDIATE & ULTIMATE PARENT COMPANY

The immediate 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, Astor House, Station Road, Bourne End, Buckinghamshire, SL8 5YP.