

**CAIRD ENVIRONMENTAL LIMITED**

**Registered Number 2206141**

**REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 2002**



# 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 2002.

### **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 2002 was £3,081,000 (2001: £1,366,000). The Directors recommended that no dividend be paid in respect of the year to 31 March 2002 (2001: £Nil). The profit transferred to the reserves for the year was £1,206,000 (2001: £1,178,000 - restated).

### **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  
A M Ryan  
C A Brown  
M J Clarke

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. Mr Clarke is a Director of Shanks Waste Services Limited and his interest in the shares of Shank Group plc are disclosed in that company's accounts. Messrs C A Brown and A M Ryan are Directors of Shanks & McEwan (Environmental Services) Limited and Shanks Chemical Services Limited respectively and their interest in the shares of Shanks Group plc are disclosed in those companies' 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:

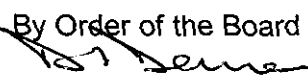
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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  
29 May 2002

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 18 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 to 9.

### **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.

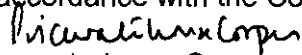
### **Basis of Audit Opinion**

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 2002 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  
29 May 2002

**CAIRD ENVIRONMENTAL LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

	Note	<u>2002</u>	<u>2001</u> <i>restated*</i>
		£'000	£'000
TURNOVER	2	15,881	14,242
		<hr/>	<hr/>
Recurring cost of sales		(11,496)	(11,360)
Exceptional cost of sales:			
Impairment of fixed assets	7	-	(700)
		<hr/>	<hr/>
Cost of sales		(11,496)	(12,060)
		<hr/>	<hr/>
GROSS PROFIT		4,385	2,182
Administrative expenses		(1,145)	(1,113)
Other operating exceptional income	7	-	400
		<hr/>	<hr/>
OPERATING PROFIT ON CONTINUING ACTIVITIES AND PROFIT BEFORE INTEREST		3,240	1,469
Finance charges: Unwinding of discount	6	(159)	(103)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,081	1,366
Taxation	8	(1,875)	(188)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR	17	1,206	1,178
		<hr/> <hr/>	<hr/> <hr/>

\* 2001 comparative figures have been restated. See Note 1 for details.

## CAIRD ENVIRONMENTAL LIMITED

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

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 2002


	<u>2002</u>	<u>2001</u>
	£'000	<i>restated</i> £'000
Profit on ordinary activities before taxation	3,081	1,366
Difference between historical cost depreciation and actual depreciation charge for the period on the revalued amount	-	7
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	3,081	1,373
	<hr/> <hr/>	<hr/> <hr/>
Historical cost profit on ordinary activities after taxation	1,206	1,185
	<hr/> <hr/>	<hr/> <hr/>

**CAIRD ENVIRONMENTAL LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2002**

	Note	<u>2002</u>	<u>2001</u> <i>restated*</i>
		£'000	£'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	24,860	12,650
Investments	10	4,564	4,564
		<hr/>	<hr/>
		29,424	17,214
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	11	71	7,038
<b>CREDITORS: amounts falling due within one year</b>	12	(3,365)	(1,012)
		<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(3,294)	6,026
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		26,130	23,240
<b>CREDITORS: amounts falling due after more than one year</b>	13	(14,196)	(14,196)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(4,314)	(2,630)
		<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>		7,620	6,414
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	45,000	45,000
Revaluation reserve	17	-	100
Profit and loss account	17	(37,380)	(38,686)
		<hr/>	<hr/>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	18	7,620	6,414
		<hr/> <hr/>	<hr/> <hr/>

\* 2001 comparative figures have been restated. See Note 1 for details.

Approved by the Board of Directors on 29 May 2002.

  
D J Downes  
Director



**CAIRD ENVIRONMENTAL LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**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**

FRS 17 - Retirement Benefits is applicable to the company for the first time this year. 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).

FRS 18 - Accounting Policies has been adopted in the current year but this did not require a change in any accounting policies.

FRS 19 - Deferred Taxation has been adopted for the first time in these financial statements. As required by the standard, deferred tax has been calculated using the full provision approach rather than the partial provision approach previously employed. This change has been dealt with as a prior year adjustment and previously reported figures have been restated accordingly. The reported profit for the year ended 31 March 2001 has been increased by £824,000 and shareholders' funds at 31 March 2001 have been increased by £543,000.

Expenditure incurred on long term engineering works at United Kingdom landfill sites has been classified as tangible fixed assets in 2002. Previously this expenditure has been classed as a intercompany debtor. A prior year adjustment has been made to increase the cost of tangible fixed assets by £1,345,000 and accumulated depreciation by £2,097,000 as at 31 March 2001 with a corresponding adjustment to intercompany debtors of £752,000. The depreciation charge for 2001 has been increased by £1,255,000 with a corresponding reduction to other cost of sales. There was no net impact on the reported profits for 2001. The Directors' believe that the revised classification more appropriately reflects the nature of the expenditure which is then amortised over the relevant usage at the landfill site.

**(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.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**1 ACCOUNTING POLICIES - continued**

**(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 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.

**(e) Research and development**

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

**(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.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**1 ACCOUNTING POLICIES - continued**

**(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.

**(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.

**(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>2002</u>	<u>2001</u> <i>restated</i>
	£'000	£'000
Depreciation of tangible fixed assets:		
- owned	3,054	2,460
Auditors' remuneration for audit services	-	-
Operating lease rentals on plant and machinery	146	330
Gain on disposal of fixed assets	(8)	(26)
	<u>          </u>	<u>          </u>

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

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**4 DIRECTORS' EMOLUMENTS**

	<u>2002</u> £'000	<u>2001</u> £'000
Aggregate emoluments and emoluments of the highest paid Director	-	-
	<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.

**5 EMPLOYEES**

The average number of employees employed by the Company in waste management during the year was 42 (2001: 100). The total remuneration of employees comprised:

	<u>2002</u> £'000	<u>2001</u> £'000
Wages and salaries	715	1,508
Social security costs	63	101
Other pension costs	29	79
	<u>          </u>	<u>          </u>
	807	1,688
	<u>          </u>	<u>          </u>

**6 UNWINDING OF DISCOUNT**

The unwinding of discount of £159,000 (2001: £103,000) relating to long term landfill liabilities (see Note 14) is separately disclosed on the face of the profit and loss account, as required by FRS 12.

**7 EXCEPTIONAL ITEMS**

*Impairment of fixed assets*

In the year ended 31 March 2001 the Directors performed an impairment review on the Company's fixed assets. Based on the Directors' valuations, the carrying value of certain landfill sites has been written down by a total of £Nil (2001: £700,000).

*Other operating exceptional income*

Profit on disposal of property £Nil (2001: £400,000).

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**8 TAXATION**

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

	<u>2002</u>	<u>2001</u> <i>restated*</i>
	£'000	£'000
Corporation tax at 30% (2001: 30%)		
- current year	1,486	1,012
- prior year	(83)	-
Deferred tax		
- current year	389	(824)
- prior year	83	-
	<u>1,875</u>	<u>188</u>

*\* 2001 comparative figures have been restated. See Note 1 for details.*

The tax assessed for the period is higher than the United Kingdom standard rate of corporation tax of 30% (2001: 30%). The differences are explained below:

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Profit on ordinary activities before tax	3,081	1,366
Tax charge based on UK tax rate	924	410
Tax effect of the following items:		
Expenses not deductible for tax purposes	147	113
Adjustment to tax charge in respect of prior periods	(83)	-
Other timing differences	416	489
Corporation tax charge for the period	<u>1,404</u>	<u>1,012</u>

**CAIRD ENVIRONMENTAL LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**9 TANGIBLE FIXED ASSETS**

	<u>Land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Total</u> £'000
Cost:			
At 31 March 2001 - as previously reported	26,118	1,465	27,583
Prior year adjustment (see Note 1)	1,345	-	1,345
	-----	-----	-----
At 31 March 2001 - restated	27,463	1,465	28,928
Additions	4,339	325	4,664
Disposals	(401)	(120)	(521)
Transfers with fellow group companies	7,330	1,681	9,011
Reassessment of restoration costs	1,450	-	1,450
	-----	-----	-----
At 31 March 2002	40,181	3,351	43,532
	-----	-----	-----
Depreciation:			
At 31 March 2001 - as previously reported	13,212	969	14,181
Prior year adjustment (see Note 1)	2,097	-	2,097
	-----	-----	-----
At 31 March 2001 - restated	15,309	969	16,278
Charge for the year	3,003	51	3,054
Disposals	-	(5)	(5)
Transfers with fellow group companies	(700)	45	(655)
	-----	-----	-----
At 31 March 2002	17,612	1,060	18,672
	-----	-----	-----
Net book value:			
At 31 March 2002	22,569	2,291	24,860
	=====	=====	=====
At 31 March 2001 - restated	12,154	496	12,650
	=====	=====	=====

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**9 TANGIBLE FIXED ASSETS - continued**

The historical cost of land and buildings at 31 March 2002 was £40,181,000 (2001 restated: £27,363,000). 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>2002</u>	<u>2001</u> <i>restated</i>
	£'000	£'000
Freehold	21,809	10,993
Short leasehold	760	1,161
	<hr/>	<hr/>
	22,569	12,154
	<hr/> <hr/>	<hr/> <hr/>

The prior year adjustment arises in respect of expenditure incurred on long term engineering works at United Kingdom landfill sites. Previously this expenditure had been classified as an intercompany debtor. The Directors' believe that the revised classification more appropriately reflects the nature of the expenditure which is then amortised over the relevant usage at the landfill site.

**10 INVESTMENTS**

	<u>Shares in</u> <u>subsidiary</u> <u>undertakings</u> £'000
Cost:	
As at 31 March 2001 and 31 March 2002	6,220
	<hr/>
Provisions:	
As at 31 March 2001 and 31 March 2002	(1,656)
	<hr/>
Net book value:	
As at 31 March 2001 and 31 March 2002	4,564
	<hr/> <hr/>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**10 INVESTMENTS - continued**

At 31 March 2002 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	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 DEBTORS**

	<u>2002</u>	<u>2001</u>
	£'000	<i>restated*</i>
	£'000	£'000
Amounts owed by group undertakings	-	6,095
Other debtors	-	400
Deferred tax asset (see Note 15)	71	543
	<hr/>	<hr/>
	71	7,038
	<hr/> <hr/>	<hr/> <hr/>

\* 2001 comparative figures have been restated - see Note 1 for details.

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

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Amounts owed to group undertakings	1,961	-
Corporation tax payable	1,404	1,012
	<hr/>	<hr/>
	3,365	1,012
	<hr/> <hr/>	<hr/> <hr/>



**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002- continued**

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

	<u>2002</u> £'000	<u>2001</u> £'000
Amounts owed to holding company	14,196	14,196
	<u>          </u>	<u>          </u>

**14 PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Site</u> <u>restoration</u> £'000	<u>Aftercare</u> £'000	<u>Total</u> £'000
At 1 April 2001	890	1,740	2,630
Provided in the year:			
- cost of sales	370	(341)	29
- finance charges	-	159	159
Utilised in the year	46	-	46
Reassessment of restoration costs	1,450	-	1,450
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2002	2,756	1,558	4,314
	<u>          </u>	<u>          </u>	<u>          </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 ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**15 DEFERRED TAX ASSET**

The deferred tax asset is made up as follows:

	<u>2002</u> £'000	<u>2001</u> £'000
Accelerated capital allowances	(862)	44
Other timing differences	933	499
	<hr/>	<hr/>
	71	543
	<hr/> <hr/>	<hr/> <hr/>

**16 SHARE CAPITAL**

	<u>2002</u> £'000	<u>2001</u> £'000
Authorised:		
45,050,000 Ordinary Shares of £1 each	45,050	45,050
	<hr/>	<hr/>
Allotted, called up and fully paid:		
45,000,002 Ordinary Shares of £1 each	45,000	45,000
	<hr/> <hr/>	<hr/> <hr/>

**17 RESERVES**

	Revaluation <u>reserve</u> £'000	Profit and <u>loss account</u> <i>restated</i> £'000
At 1 April 2001 - as previously reported	100	(39,229)
Prior year adjustment (see Note 1)	-	543
	<hr/>	<hr/>
At 1 April 2001 - restated	100	(38,686)
Retained profit for the period	-	1,206
Realisation of revaluation reserve on disposal of asset	(100)	100
	<hr/>	<hr/>
At 31 March 2002	-	(37,380)
	<hr/> <hr/>	<hr/> <hr/>

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

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

	<u>2002</u> £'000	<u>2001</u> £'000
Profit for the financial year	1,206	1,178
Issue of share capital	-	45,000
	<hr/>	<hr/>
Net change in shareholders' funds	1,206	46,178
	<hr/>	<hr/>
Opening shareholders' funds - as previously reported	5,871	(39,483)
Prior year adjustment (see Note 1)	543	(281)
	<hr/>	<hr/>
Opening shareholders' funds - restated	6,414	(39,764)
	<hr/>	<hr/>
Closing shareholders' funds	<u>7,620</u>	<u>6,414</u>

**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 £29,000 (2001: £79,000). Details of the latest actuarial value of the scheme on 5 April 2000 are given in the accounts of Shanks Group plc.

**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.

**CAIRD ENVIRONMENTAL LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2002 - continued**

**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.