

SHANKS WASTE SERVICES LIMITED

Registered Number 988844

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2001



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COMPANIES HOUSE 24/10/01

SHANKS WASTE SERVICES LIMITED

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SHANKS WASTE SERVICES LIMITED DIRECTORS' REPORT

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

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 £11,529,000 (2000: £12,584,000). The Directors recommended that a dividend of £3,733,000 be paid in respect of the year ended 31 March 2001 (2000: £3,256,000). The profit transferred to the reserves for the year was £2,876,000 (2000: £5,125,000).

DIRECTORS AND DIRECTORS' INTERESTS

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

M C E Averill	A Cordiner
D J Downes	R D Lucas
J R Meredith	R C Reid
M J Clarke	D Hill
A M Ryan (resigned 1 October 2000)	J Potter
C Ibbetson	

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. The interests of the other Directors in the share capital of Shanks Group plc are as follows:

	Shares held		SAYE Share Scheme Options			Executive Share Scheme Options		
	5 April 2000	31 March 2001	5 April 2000	Exercised	31 March 2001	5 April 2000	Granted	31 March 2001
M J Clarke	-	-	14,495	-	14,495	40,000	20,000	60,000
A Cordiner	-	-	8,881	-	8,881	55,000	20,000	75,000
D Hill	-	-	11,687	-	11,687	12,000	20,000	32,000
C Ibbetson	-	-	-	-	-	-	20,000	20,000
R D Lucas	-	-	-	-	-	28,000	20,000	48,000
J Potter	6,850	6,850	4,348	-	4,348	12,000	20,000	32,000
R C Reid	7,679	12,697	16,666	5,018	11,648	60,000	20,000	80,000

The Directors had no interest in the shares of any other company in the Group.

SHANKS WASTE SERVICES LIMITED
DIRECTORS' REPORT - continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

SHANKS WASTE SERVICES LIMITED
DIRECTORS' REPORT - continued

PAYMENT OF SUPPLIERS

It is the Company's payment policy for the year ending 31 March 2001, 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 33 days (2000: 31 days).

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
Buckinghamshire
MK1 1BU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHANKS WASTE SERVICES LIMITED

We have audited the financial statements on pages 5 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 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.

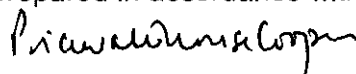
Basis of Audit Opinion

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

**SHANKS WASTE SERVICES LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2001**

	Note	<u>2001</u> £'000	<u>2000</u> £'000
TURNOVER	2	163,529	140,372
Cost of sales		(133,750)	(112,611)
GROSS PROFIT		<u>29,779</u>	<u>27,761</u>
Administrative expenses		(13,781)	(11,961)
OPERATING PROFIT ON CONTINUING ACTIVITIES		<u>15,998</u>	<u>15,800</u>
Finance charges:			
Net interest payable	6	(3,671)	(2,436)
Other	7	(798)	(780)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>11,529</u>	<u>12,584</u>
Taxation	8	(4,920)	(4,203)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>6,609</u>	<u>8,381</u>
Dividends	9	(3,733)	(3,256)
RETAINED PROFIT FOR THE FINANCIAL YEAR	19	<u><u>2,876</u></u>	<u><u>5,125</u></u>

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

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 2001**

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

SHANKS WASTE SERVICES LIMITED
BALANCE SHEET
AS AT 31 MARCH 2001

	Note	31 March 2001 £'000	4 April 2000 £'000
FIXED ASSETS			
Intangible fixed assets	10	4,453	4,572
Tangible fixed assets	11	82,831	86,528
Investments	12	18,073	17,866
		<hr/>	<hr/>
		105,357	108,966
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	13	1,193	593
Debtors	14	57,814	47,406
		<hr/>	<hr/>
		59,007	47,999
CREDITORS: amounts falling due within one year	15	(89,434)	(78,652)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(30,427)	(30,653)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		74,930	78,313
CREDITORS: amounts falling due after more than one year	16	(18,026)	(26,085)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(23,704)	(21,901)
		<hr/>	<hr/>
TOTAL NET ASSETS		33,200	30,324
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	18	-	-
Profit and loss account	19	33,200	30,324
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS		33,200	30,324
		<hr/>	<hr/>

Approved by the Board on 30 May 2001.



D J Downes
 Director

SHANKS WASTE SERVICES 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) Goodwill

Goodwill arises when the cost of acquiring subsidiaries and businesses exceeds the fair value attributed to the net assets acquired. Goodwill is written off its useful life in accordance with FRS 10. The useful life of goodwill is not expected to exceed 20 years. Prior to 28 March 1998, goodwill was written off to reserves. This goodwill has not been reinstated in the balance sheet as permitted by FRS 10. The profit or loss on disposal or closure of a business is calculated after taking into account any goodwill previously written off to reserves.

(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:

Buildings	50 years
Plant & machinery	3 to 10 years

(ii) Landfill

Acquisition costs, commissioning costs and the discounted cost of final site restoration 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.

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

1 ACCOUNTING POLICIES - continued

(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 site 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

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.

SHANKS WASTE SERVICES 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 ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging:

	<u>2001</u> £'000	<u>2000</u> £'000
Depreciation of tangible fixed assets:		
- owned	10,159	9,751
- held under finance lease or hire purchase	16	21
Amortisation of goodwill	244	208
Hire of plant and machinery held under operating leases	5,949	4,448
Research and development costs	-	68
Auditors' remuneration for audit services	90	53
Property rents payable	1,216	655
Gain on disposal of fixed assets	(29)	(12)
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS

	<u>2001</u> £'000	<u>2000</u> £'000
Aggregate emoluments	647	742
Emoluments of the highest paid director	147	167
	<u> </u>	<u> </u>

Retirement benefits are accruing to three (2000: three) Directors under a defined benefit scheme.

SHANKS WASTE SERVICES 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 1,155 (2000: 898). The total remuneration of employees comprised:

	<u>2001</u> £'000	<u>2000</u> £'000
Wages and salaries	24,266	18,771
Social security costs	2,352	1,878
Other pension costs	1,152	907
	<hr/>	<hr/>
	27,770	21,556
	<hr/> <hr/>	<hr/> <hr/>

6 NET INTEREST PAYABLE

	<u>2001</u> £'000	<u>2000</u> £'000
Bank overdrafts	3,671	2,404
Interest payable on finance leases and hire purchase contracts	-	21
	<hr/>	<hr/>
	3,671	2,425
	<hr/> <hr/>	<hr/> <hr/>

7 FINANCE CHARGES - OTHER

Other finance charges relate to the unwinding of discount of £798,000 (2000: £780,000) on long term landfill liabilities (see note 17).

8 TAXATION

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

	<u>2001</u> £'000	<u>2000</u> £'000
Corporation tax at 30% (2000: 30%)	4,397	4,184
Deferred taxation (see note 17)	523	19
	<hr/>	<hr/>
	4,920	4,203
	<hr/> <hr/>	<hr/> <hr/>

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

9 DIVIDENDS

	<u>2001</u> £'000	<u>2000</u> £'000
Interim dividend paid	1,072	1,991
Final dividend proposed	2,661	1,265
	<hr/>	<hr/>
	3,733	3,256
	<hr/> <hr/>	<hr/> <hr/>

10 INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £'000
Cost:	
At 5 April 2000	4,780
Additions relating to prior year acquisitions	125
	<hr/>
At 31 March 2001	4,905
	<hr/> <hr/>
Amortisation:	
At 5 April 2000	208
Charge for the year	244
	<hr/>
At 31 March 2001	452
	<hr/> <hr/>
Net book value:	
At 31 March 2001	4,453
	<hr/> <hr/>
At 4 April 2000	4,572
	<hr/> <hr/>

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

11 TANGIBLE FIXED ASSETS

	Freehold landfill £'000	Long leasehold landfill £'000	Freehold land and buildings £'000	Short lease land and buildings £'000	Plant and machinery £'000	Total £'000
Cost:						
At 5 April 2000	53,749	1,773	15,059	2,079	71,684	144,344
Additions	-	-	657	-	8,776	9,433
Disposals	(210)	-	-	(116)	(665)	(991)
Transfers with fellow group companies	341	-	(4,497)	(1,457)	(204)	(5,817)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	53,880	1,773	11,219	506	79,591	146,969
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:						
At 5 April 2000	12,097	917	5,613	2,079	37,110	57,816
Charge for the year	2,579	83	556	23	6,934	10,175
Disposals	-	-	-	(8)	(440)	(448)
Transfers with fellow group companies	(447)	-	(3,800)	(1,921)	2,763	(3,405)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	14,229	1,000	2,369	173	46,367	64,138
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:						
At 31 March 2001	39,651	773	8,850	333	33,224	82,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 4 April 2000	41,652	856	9,446	-	34,574	86,528
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in plant and machinery are assets held under finance leases with a cost of £Nil (2000: £98,250) and net book value of £Nil (2000: £16,390).

Included in plant and machinery and freehold land and buildings are assets under construction with a value of £10,152,694 (2000: £10,004,551)

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

12 INVESTMENTS

	<u>Shares in subsidiary undertakings</u> £'000	<u>Shares in joint ventures</u> £'000	<u>Loans to joint ventures</u> £'000	<u>Total</u> £'000
Cost:				
As at 4 April 2000	15,091	625	2,150	17,866
Additions in respect of prior year acquisitions	207	-	-	207
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2001	<u>15,298</u>	<u>625</u>	<u>2,150</u>	<u>18,073</u>

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>
Bio-logic Remediation Limited	England	Ordinary	Waste Management	100%
Capital Waste Management Limited	England	Ordinary	Dormant	100%
Goodwin's Mini-Skips Limited	England	Ordinary	Dormant	100%
Greenacre Waste Management Limited	England	Ordinary	Dormant	100%
Pembrokeshire Environmental Limited	England	Ordinary	Dormant	100%
Robinson Bros. (Environmental) Limited	England	Ordinary	Dormant	100%
Safewaste Limited	England	Ordinary	Waste Management	100%
Shanks & McEwan (Camden) Limited	England	Ordinary	Dormant	100%
Shanks & McEwan (Technical Services) Limited	England	Ordinary	Dormant	100%
Vale Collections and Recycling Limited	England	Ordinary	Dormant	100%

and the Company had the following investments in joint ventures:

Geohess (UK) Limited	England	Ordinary	Waste Management	50%
Shanks Avondale Limited	England	Ordinary	Waste Management	50%

The Directors are of the opinion that the value of investments in subsidiary undertakings and other investments are not less than the amounts at which they are recorded in the balance sheet.

13 STOCK

	<u>2001</u> £'000	<u>2000</u> £'000
Raw materials and consumables	1,193	593
	<hr/>	<hr/>

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

14 DEBTORS

	<u>2001</u> £'000	<u>2000</u> £'000
Trade debtors	48,684	44,318
Prepayments and accrued income	9,130	3,088
	<hr/>	<hr/>
	57,814	47,406
	<hr/> <hr/>	<hr/> <hr/>

15 CREDITORS: Amounts falling due within one year

	<u>2001</u> £'000	<u>2000</u> £'000
Bank overdraft	35,347	36,529
Loan notes as deferred purchase consideration	8,880	-
Trade creditors	17,935	9,827
Amounts owed to group undertakings	1,458	7,591
Corporation tax payable	4,397	3,137
Other taxation and social security	12,288	13,776
Proposed dividend	2,661	1,265
Accruals	4,654	6,285
Other creditors	1,814	242
	<hr/>	<hr/>
	89,434	78,652
	<hr/> <hr/>	<hr/> <hr/>

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.

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

16 CREDITORS: Amounts falling due after more than one year

	<u>2001</u> £'000	<u>2000</u> £'000
Loan notes as deferred purchase consideration	-	8,880
Amounts owed to group undertakings	18,026	17,205
	<hr/>	<hr/>
	<u>18,026</u>	<u>26,085</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u> £'000	<u>Site restoration</u> £'000	<u>Aftercare</u> £'000	<u>Total</u> £'000
At 4 April 2000	465	10,216	11,220	21,901
Provided in the year	523	579	1,391	2,493
Utilised in the year	-	(690)	-	(690)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	<u>988</u>	<u>10,105</u>	<u>12,611</u>	<u>23,704</u>

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

	<u>Amount provided</u> £'000	<u>2001 Full potential liability</u> £'000	<u>Amount provided</u> £'000	<u>2000 Full potential liability</u> £'000
Accelerated capital allowances	1,406	4,218	3,680	4,610
Other timing differences	(418)	(1,255)	(3,215)	(3,215)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>988</u>	<u>2,963</u>	<u>465</u>	<u>1,395</u>

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

17 PROVISIONS FOR LIABILITIES AND CHARGES - continued

Site Restoration

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

18 SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
	£	£
Authorised, allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

19 RESERVES

	<u>Profit and loss account</u>
	£'000
At 5 April 2000	30,324
Retained profit for the year	2,876
	<u> </u>
At 31 March 2001	33,200
	<u> </u>

The cumulative goodwill written off reserves from continuing businesses since January 1986, when the Company was acquired by Shanks Group plc, is £6,920,000 (2000: £6,920,000).

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2001</u> £'000	<u>2000</u> £'000
Profit for the financial year	6,609	8,381
Dividends	(3,733)	(3,256)
	-----	-----
Net addition to shareholders' funds	2,876	5,125
Opening shareholders' funds	30,324	25,199
	-----	-----
Closing shareholders' funds	<u>33,200</u>	<u>30,324</u>

21 CAPITAL COMMITMENTS

The approximate amount of capital expenditure authorised by the Directors for which no provision has been made in the financial statements is:

	<u>2001</u> £'000	<u>2000</u> £'000
Expenditure contracted for	2,684	7,326
	=====	=====

22 COMMITMENTS UNDER OPERATING LEASES

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

	<u>2001</u> £'000	<u>2000</u> £'000
Leases expiring:		
Within one year	10	100
Between two and five years	100	190
Over five years	1,062	596
	-----	-----
	<u>1,172</u>	<u>886</u>

SHANKS WASTE SERVICES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001 - continued

23 PENSION COMMITMENTS

The Company along with other companies in the Shanks Group, participates in funded pension arrangements providing benefits based on final salary. The assets are held separately from those of the group companies and are invested by professional investment managers. The contributions are determined by a qualified actuary on the basis of a triennial valuation using the Projected Unit Method. The pension charge for the year was £1,152,000 (2000: £907,000). Details of the latest actuarial value of the scheme on 5 April 2000 are given in the accounts of Shanks Group plc.

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.

25 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.

26 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.

27 IMMEDIATE & ULTIMATE PARENT COMPANY

The immediate holding company is Shanks & McEwan (Waste Services) Limited. The ultimate parent company is Shanks Group plc, a company registered in Scotland. Copies of the group accounts may be obtained from the Company Secretary, Shanks Group plc, Astor House, Station Road, Bourne End, Buckinghamshire, SL8 5YP.