

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

REPORT AND ACCOUNTS

YEAR ENDED 30 MARCH 1996



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COMPANIES HOUSE 31/01/97

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

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SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and financial statements for the year ended 30 March 1996.

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 level of trading in the year and the value of assets and liabilities at the end of the year have increased due to the transfers of business activities described in note 23.

TRADING RESULTS AND DIVIDEND

The profit on ordinary activities before taxation for the year ended 30 March 1996 was £11,464,000 (1995: £10,763,000).

The Directors recommended that a Dividend of £4,354,000 be paid in respect of the year ended 30 March 1996. (1995 : £3,837,000) The profit transferred to the reserves for the year was £3,138,000 (1995 : £4,099,000).

DIRECTORS

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

M C E Averill
D J Downes
J R Meredith
G J Newman (resigned 30/08/96)
M J Philpott (resigned 30/11/95)

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 30 March 1996</u>			<u>As at 1 April 1995</u>		
	<u>Ordinary Shares of 10p</u>	<u>Share Save</u>	<u>Executive Options</u>	<u>Ordinary Shares of 10p</u>	<u>Share Save</u>	<u>Executive Options</u>
J R Meredith	-	1,370	160,000	-	1,370	85,000
M J Philpott	N/a	N/a	N/a	-	2,929	35,000

At 30 March 1996, Mrs J V Meredith, who is not a Director of the company of Shanks & McEwan Group PLC, held 3,000 ordinary shares (1995: 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	1,370	765p	10,000	205p
			75,000	88p
M J Philpott			35,000	205p

During the year ended 30 March 1996 the Directors were granted the following share options:

	<u>Granted</u>	<u>Exercise Price</u>
J R Meredith	75,000	99p

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

FIXED ASSETS

The movement in fixed assets are shown in note 9 to the financial statements.

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 £148,000 (1995: £137,000) 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.

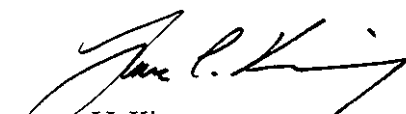
PAYMENT OF SUPPLIERS

It is the Company's payment policy for the year ending 29 March 1997, 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

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



J L King
Secretary

22 November 1996

Registered Office:
Woodside House
Church Street
Woburn Sands
Milton Keynes
Buckinghamshire
MK17 8TA

Price Waterhouse



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

We have audited the financial statements on pages 5 to 18 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 to report our opinion to you.

Basis of 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 accounts, 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 accounts 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 affairs of the Company as at 30 March 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

22 November 1996

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 MARCH 1996

	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER (Note 2)	60,395	47,987
Cost of sales	<u>(40,099)</u>	<u>(26,537)</u>
GROSS PROFIT	20,296	21,450
Administrative expenses	<u>(8,810)</u>	<u>(10,947)</u>
OPERATING PROFIT	11,486	10,503
Gain on sale of operation	<u>-</u>	<u>572</u>
PROFIT BEFORE INTEREST	11,486	11,075
Net interest payable (note 6)	<u>(22)</u>	<u>(312)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	11,464	10,763
Taxation (Note 7)	<u>(3,972)</u>	<u>(2,827)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7,492	7,936
Dividends (Note 8)	<u>(4,354)</u>	<u>(3,837)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR (Note 17)	<u>3,138</u>	<u>4,099</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 MARCH 1996

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 30 MARCH 1996

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 18 form part of these financial statements.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

BALANCE SHEET - 30 MARCH 1996

	<u>1996</u> £'000	<u>1995</u> £'000
FIXED ASSETS		
Tangible assets (Note 9)	41,012	30,682
Investments (Note 10)	<u>4,062</u>	<u>1,908</u>
	45,074	32,590
CURRENT ASSETS		
Stocks (Note 11)	50	62
Debtors (Note 12)	13,720	21,220
Cash at bank and in hand	<u>2,866</u>	<u>2,526</u>
	16,636	23,808
CREDITORS - Amounts falling due within one year (Note 13)	<u>(18,672)</u>	<u>(16,995)</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(2,036)</u>	<u>6,813</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	43,038	39,403
CREDITORS - Amounts falling due after more than one year (Note 14)	(27,226)	(29,388)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 15)	<u>(7,633)</u>	<u>(4,866)</u>
	<u>8,179</u>	<u>5,149</u>
CAPITAL AND RESERVES		
Called up share capital (Note 16)	-	-
Profit and loss account (Note 17)	<u>8,179</u>	<u>5,149</u>
	<u>8,179</u>	<u>5,149</u>

APPROVED BY THE BOARD ON
22 November 1996



D J Downes
DIRECTOR

The notes on pages 7 to 18 form part of these financial statements.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996

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 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 - 30 MARCH 1996 (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 that the 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 of 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 30 MARCH 1996 (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>1996</u> £'000	<u>1995</u> £'000
The profit is stated after charging		
Depreciation of tangible fixed assets		
- owned	5,961	2,801
Hire of plant and machinery		
- operating leases	3,551	3,638
Research and development	148	137
Auditors remuneration	51	50
Property rents payable	98	587
Gain on disposal of fixed assets	<u>157</u>	<u>138</u>

£15,000 was paid to auditors in respect of non-audit services (1995: £Nil).

4. EMOLUMENTS OF DIRECTORS

The remuneration of the Directors was as follows:

	<u>1996</u> £'000	<u>1995</u> £'000
Fees	-	-
Other emoluments	<u>155</u>	<u>160</u>
	<u>155</u>	<u>160</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

4. EMOLUMENTS OF DIRECTORS (Continued)

The emoluments of the Chairman amounted to £NIL excluding pension contributions (1995: £NIL).
The total emoluments of the highest paid Director were £96,000 excluding benefits (1995 : £90,000)
One Director received £54,299 as compensation for loss of office during the year (1995: £Nil).

For all Directors:	Number	Number
£0 - £5,000	3	3
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£60,001 - £65,000	-	1
£85,001 - £90,000	-	1
£105,001 - £110,000	1	1

5. EMPLOYEES

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

	<u>1996</u> Number	<u>1995</u> Number
Waste Management	<u>477</u>	<u>325</u>
Staff costs comprise:	£'000	£'000
Wages and salaries	9,851	6,621
Social security costs	925	601
Other pension costs	<u>521</u>	<u>363</u>
	<u>11,297</u>	<u>7,585</u>

6. NET INTEREST PAYABLE

	<u>1996</u> £,000	1995 £'000
Interest payable to Group undertakings	22	230
Interest payable on finance leases and hire purchase contracts	<u>-</u>	<u>82</u>
	<u>22</u>	<u>312</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

7. TAXATION

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

	<u>1996</u> £'000	<u>1995</u> £'000
Corporation tax at 33% (1995: 33%)	3,310	3,907
Corporation tax prior year adjustment	1,067	(385)
Deferred taxation	<u>(405)</u>	<u>(695)</u>
	<u>3,972</u>	<u>2,827</u>

8. DIVIDENDS

	<u>1996</u> £'000	<u>1995</u> £'000
Interim paid	1,451	1,279
Final proposed	<u>2,903</u>	<u>2,558</u>
	<u>4,354</u>	<u>3,837</u>

SHANKS & MCEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

9. TANGIBLE FIXED ASSETS

	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
Cost								
At 1 April 1995	582	7,155	15,243	4,483	3,364	17,339	2,795	50,961
Reclassifications	(104)			97	(116)	110	13	-
Additions	349			59	50	5,020	409	5,887
Disposals					(23)	(780)	(331)	(1,134)
Transfers (to)/from group undertakings			(864)	1,083	1,498	12,679	1,586	15,982
At 30 March 1996	827	7,155	14,379	5,722	4,773	34,368	4,472	71,696
Depreciation								
At April 1995	-	-	2,061	2,878	1,668	11,821	1,851	20,279
Reclassifications								
Eliminated in respect of disposals	7		1,836	175	(2)	(739)	(328)	(1,069)
Charge for year					387	3,149	407	5,961
Transfers (to)/from group undertakings				24	504	3,853	1,132	5,513
At 30 March 1996	7	-	3,897	3,077	2,557	18,084	3,062	30,684

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (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 30 March 1996	820	7,155	10,482	2,645	2,216	16,284	1,410	41,012
At 1 April 1995	582	7,155	13,182	1,605	1,696	5,518	944	30,682

The net book amounts of assets held under finance leases and hire purchase contracts included above is Nil (1 April 1995 : Nil).

Included in plant and machinery and freehold land and buildings are assets under construction with a value of £2,042,000 (1995 : £1,112,845)

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

10. FIXED ASSETS - INVESTMENTS

	Shares in Subsidiary <u>Undertakings</u>	Other investments <u>other than</u> <u>loans</u>	<u>Total</u>
	£'000	£'000	£'000
At 1 April 1995	119	1,789	1,908
Transfers from other group companies	-	2,154	2,154
	<hr/>	<hr/>	<hr/>
At 30 March 1996	<u>119</u>	<u>3,943</u>	<u>4,062</u>

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%

During the year, the company paid consideration for all assets, liabilities and contractual arrangements of Shanks & McEwan (Camden) Limited. The assets and liabilities were not contractually transferred until after year end. The balance is held as an investment at cost at the year end.

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.

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

11. STOCK

	<u>1996</u> £'000	<u>1995</u> £'000
Raw materials and consumables	<u>50</u>	<u>62</u>

12. DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Trade debtors	10,889	8,960
Amounts owed by group undertakings	1,459	11,659
Prepayments and accrued income	<u>1,372</u>	<u>601</u>
	<u>13,720</u>	<u>21,220</u>

13. CREDITORS

	<u>1996</u> £'000	<u>1995</u> £'000
Trade creditors	3,268	4,820
Amounts owed to group undertakings	3,120	1,277
Amounts owed to subsidiary undertakings	365	255
Other creditors	-	129
Corporation tax payable	2,912	3,375
Other taxation and social security	1,195	1,041
Proposed dividend	2,902	2,558
Accruals	4,880	3,407
Deferred purchase consideration	<u>30</u>	<u>133</u>
	<u>18,672</u>	<u>16,995</u>

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

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed to group undertakings	27,116	29,388
Deferred purchase consideration	<u>110</u>	<u>-</u>
	<u>27,226</u>	<u>29,388</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u> £'000	<u>Environmental Provisions</u> £'000	<u>Reorganisation provision</u> £'000	<u>Total</u> £'000
At April 1995	-	4,812	54	4,866
Utilised in year	(405)	(619)	(54)	(1,078)
Transferred from group undertakings	1,084	-	-	1,084
Provided/(released) in year	-	2,761	-	2,761
At 30 March 1996	<u>679</u>	<u>6,954</u>	<u>-</u>	<u>7,633</u>

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

	<u>1996</u>		<u>1995</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	679	-	-	1,199
Other timing differences	-	-	-	(276)
	<u>679</u>	<u>-</u>	<u>-</u>	<u>923</u>

16. CALLED UP SHARE CAPITAL

	<u>1996</u> £	<u>1995</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 1 April 1995	5,149
Profit for the year	7,492
Goodwill written off	(108)
Dividends	<u>(4,354)</u>
At 30 March 1996	<u>8,179</u>

The cumulative goodwill written off reserves from continuing businesses since January 1986, when the company was acquired by Shanks & McEwan PLC is £5,757,000 (1995 £5,649,000).

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £'000	<u>1995</u> £'000
Total recognised gains and losses for the year	7,492	7,936
Dividends	(4,354)	(3,837)
Goodwill	(108)	-
Net addition to shareholders' funds	3,030	4,099
Opening shareholders' funds	<u>5,149</u>	<u>1,050</u>
Closing shareholders' funds	<u>8,179</u>	<u>5,149</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>1996</u> £'000	<u>1995</u> £'000
Expenditure contracted for	<u>1,619</u>	<u>572</u>
Expenditure not contracted for	<u>1,049</u>	<u>938</u>

20. COMMITMENTS UNDER OPERATING LEASES

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

	<u>1996</u> £'000	<u>1995</u> £'000
Lease expiring		
Within 1 year	-	38
Over 5 years	98	98
	<u>98</u>	<u>136</u>

SHANKS & McEWAN (SOUTHERN WASTE SERVICES) LIMITED

NOTES TO THE ACCOUNTS - 30 MARCH 1996 (Continued)

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 £520,839 (1995: £363,000).

Details of the latest actuarial value of the scheme on 6 April 1992 are given in the accounts of Shanks & McEwan Group PLC.

22. 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.

23. TRANSFER OF BUSINESS

With effect immediately after the close of business on 1 April 1995, all of the assets, liabilities and contractual arrangements of the following companies were transferred to Shanks & McEwan (Southern Waste Services) Limited. Shanks & McEwan (Technical Services) Limited, Shanks & McEwan (Teeside) Limited, Shanks & McEwan (Gas) Limited, Shanks & McEwan (Energy Services) Limited, Clearwaste Limited.

With effect immediately after the close of business on 30 March 1996, all of the assets, liabilities and contractual arrangements of Shanks & McEwan (Camden) Limited, were transferred to Shanks & McEwan (Southern Waste Services) Limited.

24. ULTIMATE PARENT COMPANY

The ultimate 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.