

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & Co SC

33672

Tilghman Wheelabrator Limited
and subsidiary undertakings

Accounts 30 November 1993
together with directors' and auditors' reports

Registered number: 33672



Directors' report

For the year ended 30 November 1993

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 30 November 1993.

Principal activities and business review

The principal activities of the group continue to be the manufacture and supply of shot blast machinery and associated spare parts, and the servicing of shot blast machinery.

As at 1 December 1992 the following changes in the company's structure took place.

1. Tilghman Wheelabrator Limited transferred the trade and assets of its German division to Wheelabrator-Berger Maschinenfabriken GmbH (a sister company) at net book value in exchange for shares in that company.
2. The trade and net assets of Tilghman Wheelabrator Special Products Limited (a subsidiary undertaking) were transferred into Tilghman Wheelabrator Limited at net book value.

The fall in group turnover in 1993 is partly due to the transfer on 1 December 1992 of the German-based shot blasting machinery division to a sister company and partly due to the recession in our European markets.

Results and dividends

Group results and recommended transfers to reserves are as follows:

	£
Group retained loss at 30 November 1992	(1,484,829)
Retained profit for the year	733,138
Group retained loss at 30 November 1993	<u>(751,691)</u>

No dividend can be paid.

Directors and their interests

The directors who served during the year are as shown below.

J.D. Barnes	(appointed 21 April 1993)
F.J. Duffield	(resigned 21 April 1993)
J.J. Heeney (USA)	(appointed 2 December 1992)
R.L. Melroy (USA)	(appointed 2 December 1992)
R.L. Patel (USA)	(appointed 2 December 1992)
H.A. Rodder (Germany)	
J.M. Smith	
M.C.E. Sturt	
D.I. Tomsett	(resigned 20 April 1993)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

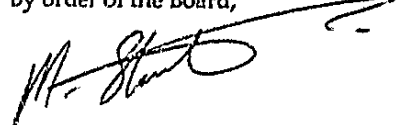
Employee consultation

The directors are responsible for communicating relevant information to all employees and for developing their involvement in group affairs as appropriate.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



M.C.E. Sturt
Secretary

P.O. Box 60
Craven Road
Broadheath
Altrincham
Cheshire

18 August 1994

Statement of directors' and auditors' responsibilities

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' responsibilities

Company law requires auditors to form an independent opinion on the accounts presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the companies in the group have maintained proper accounting records;
- that the accounts are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report on pages 1 to 2. However, the Companies Act 1985 requires auditors to report to the shareholders if the matters contained in the directors' report are inconsistent with the accounts.

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Shareholders of Tilghman Wheelabrator Limited:

We have audited the accounts on pages 5 to 26 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. 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 accounts. 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 circumstances of the company and of the group, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 30 November 1993 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

18 August 1994

Consolidated profit and loss account

For the year ended 30 November 1993

	Notes	1993 £	1992 £
Turnover	2	8,417,665	11,223,050
Cost of sales		(5,381,792)	(8,846,024)
Gross profit		3,035,873	2,377,026
Other operating expenses (net)	3	(2,034,896)	(2,796,963)
Operating profit (loss)		1,000,977	(419,937)
Exceptional items	4	-	(1,982,697)
Interest receivable		17,062	6,567
Interest payable and similar charges	5	(161,340)	(38,278)
Profit (loss) on ordinary activities before taxation	6	856,699	(2,434,345)
Tax on profit (loss) on ordinary activities	8	(123,561)	425,278
Retained profit (loss) for the year*		733,138	(2,009,067)
Accumulated deficit, 30 November 1992		(1,484,829)	524,238
Accumulated deficit, 30 November 1993		(751,691)	(1,484,829)
*Retained profit (loss) for the year			
The company		745,138	(1,839,207)
Group undertakings		-	(157,860)
Amortisation of goodwill		(12,000)	(12,000)
		733,138	(2,009,067)

All activity has arisen from continuing operations. The group has no recognised gains or losses other than the profit for the financial year.

A statement of movements on reserves is given in note 19.

The accompanying notes are an integral part of this profit and loss account.

Consolidated balance sheet

30 November 1993

	Notes	1993 £	1992 £
Fixed assets			
Intangible assets	9	25,655	47,255
Tangible assets	10	1,192,303	911,644
Investments	11	642,783	-
		<u>1,860,741</u>	<u>958,899</u>
Current assets			
Assets held for resale	12	210,066	-
Stocks	13	569,092	1,425,498
Debtors	14	2,991,260	3,204,064
Cash at bank and in hand		1,161,757	484,159
		<u>4,932,175</u>	<u>5,113,721</u>
Creditors: Amounts falling due within one year	15	(4,657,320)	(4,625,383)
Net current assets		<u>274,855</u>	<u>488,338</u>
Total assets less current liabilities		<u>2,135,596</u>	<u>1,447,237</u>
Creditors: Amounts falling due after more than one year	16	(41,620)	-
Provisions for liabilities and charges	17	(859,515)	(945,914)
Net assets		<u>1,234,461</u>	<u>501,323</u>
Capital and reserves			
Called-up share capital	18	1,336,201	1,336,201
Share premium account	19	313,269	313,269
Capital reserve	19	204,139	204,139
Foreign currency translation reserve	19	132,543	132,543
Profit and loss account	19	(751,691)	(1,484,829)
Total capital employed		<u>1,234,461</u>	<u>501,323</u>

Balance sheet

30 November 1993

	Notes	1993 £	1992 £
Fixed assets			
Intangible assets	9	7,655	17,255
Tangible assets	10	1,192,303	557,986
Investments	11	1,782,060	1,139,277
		<u>2,982,018</u>	<u>1,714,518</u>
Current assets			
Assets held for resale	12	210,066	-
Stocks	13	573,672	1,225,478
Debtors	14	2,991,260	3,210,289
Cash at bank and in hand		1,161,757	300,183
		<u>4,936,755</u>	<u>4,735,950</u>
Creditors: Amounts falling due within one year	15	(5,735,239)	(5,184,393)
Net current (liabilities)		<u>(798,484)</u>	<u>(448,443)</u>
Total assets less current liabilities		2,183,534	1,266,075
Creditors: Amounts falling due after more than one year	16	(41,620)	-
Provisions for liabilities and charges	17	(859,515)	(728,814)
Net assets		<u>1,282,399</u>	<u>537,261</u>
Capital and reserves			
Called-up share capital	18	1,336,201	1,336,201
Share premium account	19	313,269	313,269
Revaluation reserve	19	341,278	341,278
Foreign currency translation reserve	19	143,369	143,369
Profit and loss account	19	(851,718)	(1,596,856)
Total capital employed		<u>1,282,399</u>	<u>537,261</u>

Signed on behalf of the Board



M.C.E. Sturt

Director

18 August 1994

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 30 November 1993

	Notes	1993		1992	
		£	£	£	£
Net cash inflow (outflow) from operating activities	20a		2,091,425		(161,656)
Returns on investments and servicing of finance					
Interest received		17,062		6,567	
Interest paid		(159,167)		(27,386)	
Interest element of finance lease rentals		(2,173)		(10,892)	
Net cash outflow from returns on investments and servicing of finance			(144,278)		(31,711)
Taxation					
UK corporation tax received		36,154		85,399	
Overseas tax paid		-		(102,052)	
Tax received (paid)			36,154		(16,653)
Investing activities					
Purchase of tangible fixed assets		(838,977)		(295,111)	
Sale of tangible fixed assets		105,730		11,468	
Net cash outflow from investing activities			(733,247)		(283,643)
Net cash inflow (outflow) before financing			1,250,054		(493,663)
Financing					
Repayment of loans		-		(117,362)	
Capital element of finance lease rental payments		(7,291)		(15,485)	
Net cash outflow from financing	20b		(7,291)		(132,847)
Increase (decrease) in cash and cash equivalents	20c		1,242,763		(626,510)

The accompanying notes are an integral part of this statement.

Notes to accounts

30 November 1993

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of investments and in accordance with applicable accounting standards.

b) Basis of consolidation

The group accounts consolidate the accounts of Tilghman Wheelabrator Limited and all its subsidiary undertakings made up to 30 November 1993. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is amortised over a period of seven years. Purchased goodwill of subsidiary undertakings is amortised over a period of four years. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited directly to reserves.

In the company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off plus the company's share of post acquisition retained profits and reserves with a corresponding credit to a non-distributable revaluation reserve. Only dividends received and receivable are credited to the profit and loss account.

No profit and loss account is presented for Tilghman Wheelabrator Limited as permitted by section 230 of the Companies Act 1985.

c) Tangible fixed assets

Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	2.5% per annum
Short leasehold buildings	Period of lease
Plant and equipment	10% to 20% per annum
Computer equipment	15% to 25% per annum
Motor vehicles	25% per annum

Notes to accounts (continued)

1 Accounting policies (continued)

c) *Tangible fixed assets (continued)*

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating loss.

d) *Stocks*

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Long-term contract	-	cost of direct materials and labour, plus an appropriate proportion
balances and manufactured parts		of manufacturing overheads based on normal levels of activity.

Long-term contract balances are stated at actual cost less related advance payments and provision in full for anticipated losses. Advance payments in excess of costs on uncompleted contracts are included in creditors.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

e) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is recognised on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred taxation is not recognised on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred taxation, including that which will probably not reverse, is shown in note 8.

Notes to accounts (continued)

1 Accounting policies (continued)

f) Pension costs

The group provides pensions to substantially all employees through a defined benefit scheme.

The assets of the funded scheme are held independently of the group by trustees.

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is shown as a separately identified liability or asset in the balance sheet.

Further information on pension costs is provided in note 21c.

g) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

For the purpose of consolidating the results of overseas operations the closing rate method is used under which translation gains and losses are shown as a movement on reserves. The profit and loss accounts of overseas operations are translated at the average rate for the period.

h) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services in the normal course of business.

i) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the year and future commitments is given in note 21d.

Notes to accounts (continued)

2 Segment information

Contributions to turnover were as follows:

	1993 £	1992 £
By geographical area:		
United Kingdom	4,916,620	5,079,778
Overseas	3,501,045	6,143,272
	<u>8,417,665</u>	<u>11,223,050</u>

All turnover arises from the manufacture of shot blast equipment and the supply of related service and spares.

3 Other operating expenses (net)

	1993 £	1992 £
Selling and distribution costs	1,245,781	1,354,064
Administrative expenses	891,090	1,572,172
	<u>2,136,871</u>	<u>2,926,236</u>
Other operating income	(101,975)	(129,273)
	<u>2,034,896</u>	<u>2,796,963</u>

4 Exceptional items

Exceptional items in 1992 relate to reorganisation and redundancy costs.

5 Interest payable and similar charges

	1993 £	1992 £
On bank loans, overdrafts and other loans repayable within five years, not by instalments	159,167	27,386
On finance leases and hire purchase contracts	2,173	10,892
	<u>161,340</u>	<u>38,278</u>

Notes to accounts (continued)

6 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

	1993 £	1992 £
a) Rent receivable	(105,964)	(109,902)
b) Depreciation and amounts written off		
i. goodwill	21,600	21,600
ii. tangible fixed assets (including exceptional write down)		
- owned	155,038	613,414
- held under finance leases and hire purchase contracts	5,217	-
c) Hire of motor vehicles under operating leases	87,414	116,851
d) Auditors' remuneration - audit	37,500	41,780
- non-audit	22,791	8,000
e) Staff costs (see note 7)	<u>1,901,746</u>	<u>3,588,019</u>

7 Staff costs

Particulars of employees (including directors) are as shown below:

	1993 £	1992 £
Employee costs during the year amounted to:		
Wages and salaries	1,741,661	3,270,870
Social security costs	160,085	314,541
Other pension costs	-	2,608
	<u>1,901,746</u>	<u>3,588,019</u>

The average weekly number of persons employed by the group during the year was as follows:

	1993 Number employed	1992 Number employed
Production	86	200
Sales	13	26
Administration	12	31
	<u>111</u>	<u>257</u>

Notes to accounts (continued)

7 Staff costs (continued)

Directors' remuneration was paid in respect of directors of the company as follows:

	1993 £	1992 £
Remuneration for management services (including pension contributions)	163,959	228,077
Compensation for loss of office	76,576	-
	<u>240,535</u>	<u>228,077</u>

The directors' remuneration shown above (excluding pension contributions) included:

	1993 £	1992 £
Chairman	-	56,896
Highest paid director	<u>54,090</u>	<u>56,896</u>

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1993 Number	1992 Number
Up to £ 5,000	-	1
£ 15,001 - £ 20,000	2	-
£ 25,001 - £30,000	1	1
£ 35,001 - £40,000	-	1
£ 40,001 - £45,000	1	1
£ 50,001 - £ 55,000	1	-
£ 55,001 - £ 60,000	-	2

Notes to accounts (continued)

8 Tax on profit (loss) on ordinary activities

The tax charge (credit) is based on the profit (loss) for the year and comprises:

	1993 £	1992 £
Corporation tax at 33% (1992 - 33%)	244,000	(277,872)
Deferred taxation arising from		
- capital allowances	21,000	(130,298)
- other timing differences	(25,000)	(25,571)
Overseas taxation	-	76,354
Unrelieved ACT written off	-	13,542
	<u>240,000</u>	<u>(343,845)</u>
Adjustment of current taxation in respect of prior years	47,561	(93,433)
Relieved ACT previously written off	(166,000)	-
Adjustment of deferred taxation in respect of timing differences from prior years		
- capital allowances	-	6,000
- other timing differences	2,000	6,000
	<u>123,561</u>	<u>(425,278)</u>

Unrelieved ACT written off in prior years amounts to £214,745 (1992 - £503,099).

Deferred taxation

The deferred taxation asset has been recognised in full, as follows:

	1993 £	1992 £
Excess of book depreciation of tangible fixed assets over tax allowances	(2,000)	19,000
Other timing differences	300,000	277,000
	<u>298,000</u>	<u>296,000</u>

Notes to accounts (continued)

8 Tax on profit (loss) on ordinary activities (continued)

The movement on deferred taxation comprises:

	1993 £	1992 £
Beginning of year	296,000	152,131
Credited (charged) to profit and loss, in respect of		
- capital allowances	(21,000)	124,258
- other timing differences	23,000	19,571
End of year (see note 14)	<u>298,000</u>	<u>296,000</u>

9 Intangible fixed assets

The following are included in the net book value of intangible fixed assets:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Goodwill on consolidation	18,000	30,000	-	-
Purchased goodwill	<u>7,655</u>	<u>17,255</u>	<u>7,655</u>	<u>17,255</u>
	<u>25,655</u>	<u>47,255</u>	<u>7,655</u>	<u>17,255</u>

The movement in the year was as follows:

	Group		Company	
	Consolidation goodwill £	Purchased goodwill £	Total £	Purchased goodwill £
Cost				
Beginning and end of year	<u>77,000</u>	<u>36,455</u>	<u>113,455</u>	<u>36,455</u>
Amounts written off				
Beginning of year	47,000	19,200	66,200	19,200
Amortisation	<u>12,000</u>	<u>9,600</u>	<u>21,600</u>	<u>9,600</u>
End of year	<u>59,000</u>	<u>28,800</u>	<u>87,800</u>	<u>28,800</u>
Net book value	<u>18,000</u>	<u>7,655</u>	<u>25,655</u>	<u>7,655</u>

Notes to accounts (continued)

10 Tangible fixed assets

The movement in the year was as follows:

Group	Freehold buildings £	Short leasehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost					
Beginning of year	823,787	112,268	1,599,070	128,069	2,663,194
Additions	503,752	-	81,976	106,183	691,911
Disposals	-	-	(558,602)	(35,457)	(594,059)
Transfers out	-	-	(69,796)	(9,881)	(79,677)
Transfer to assets held for resale	(542,403)	-	-	-	(542,403)
End of year	<u>785,136</u>	<u>112,268</u>	<u>1,052,648</u>	<u>188,914</u>	<u>2,138,966</u>
Depreciation					
Beginning of year	332,337	90,172	1,245,762	83,279	1,751,550
Charge	12,951	2,762	112,934	31,608	160,255
Disposals	-	-	(537,895)	(31,530)	(569,425)
Transfers out	-	-	(58,587)	(4,793)	(63,380)
Transfer to assets held for resale	(332,337)	-	-	-	(332,337)
End of year	<u>12,951</u>	<u>92,934</u>	<u>762,214</u>	<u>78,564</u>	<u>946,663</u>
Net book value					
Beginning of year	<u>491,450</u>	<u>22,096</u>	<u>353,308</u>	<u>44,790</u>	<u>911,644</u>
End of year	<u>772,185</u>	<u>19,334</u>	<u>290,434</u>	<u>110,350</u>	<u>1,192,303</u>
Leased assets included in the above:					
Net book value					
Beginning of year	-	-	-	-	-
End of year	-	-	-	57,985	57,985

Notes to accounts (continued)

10 Tangible fixed assets (continued)

Company	Freehold buildings £	Short leasehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost					
Beginning of year	587,403	112,268	1,443,196	67,694	2,210,561
Transfers in	236,384	-	155,874	60,375	452,633
Additions	503,752	-	81,976	106,183	691,911
Disposals	-	-	(558,602)	(35,457)	(594,059)
Transfers out	-	-	(69,796)	(9,881)	(79,677)
Transfer to assets held for resale	(542,403)	-	-	-	(542,403)
End of year	<u>785,136</u>	<u>112,268</u>	<u>1,052,648</u>	<u>188,914</u>	<u>2,138,966</u>
Depreciation					
Beginning of year	332,337	90,172	1,179,171	50,895	1,652,575
Transfers in	-	-	66,591	32,384	98,975
Charge	12,951	2,762	112,934	31,608	160,255
Disposals	-	-	(537,895)	(31,530)	(569,425)
Transfers out	-	-	(58,587)	(4,793)	(63,380)
Transfer to assets held for resale	(332,337)	-	-	-	(332,337)
End of year	<u>12,951</u>	<u>92,934</u>	<u>762,214</u>	<u>78,564</u>	<u>946,663</u>
Net book value					
Beginning of year	<u>255,066</u>	<u>22,096</u>	<u>261,025</u>	<u>16,799</u>	<u>557,986</u>
End of year	<u>772,185</u>	<u>19,334</u>	<u>290,434</u>	<u>110,350</u>	<u>1,192,303</u>
Leased assets included in the above:					
Net book value					
Beginning of year	-	-	-	-	-
End of year	-	-	-	57,985	57,985

Notes to accounts (continued)

11 Fixed asset investments

The parent company and the group have investments in the following subsidiary undertakings and participating interest.

	Country of incorporation and operation	Principal activity	Proportion of ordinary shares held by the	
			Company	Group
Principal subsidiary undertakings:				
Tilghman Wheelabrator Special Products Limited	England	Dormant	100%	-
Tilghman (1988) Limited	England	Dormant	100%	-
Tilghman (Broadheath) Limited	England	Dormant	100%	-
Tilghman (Engineers) Limited	England	Dormant	100%	-
Blastrac Europe Limited	England	Dormant	100%	-
JFS (UK) Limited	England	Dormant	100%	-
Neptune Nichols Limited	England	Dormant	100%	-
Northedge Limited	England	Dormant	100%	-
RBS Pension Trustees Limited	England	Dormant	100%	-
St. George's Engineers Limited	England	Dormant	100%	-

Principal other participating interests:

Wheelabrator-Berger Maschinenfabriken GmbH	Germany	Engineering	26%	26%
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The movement in investments during the year was as follows:

	Group		Company	
	1993	1992	1993	1992
Valuation, beginning of year	-	-	1,139,277	1,297,137
Share of retained (loss)	-	-	-	(157,860)
Investment in Wheelabrator-Berger Maschinenfabriken GmbH	642,783	-	642,783	-
Valuation, end of year	642,783	-	1,782,060	1,139,277

Notes to accounts (continued)

11 Fixed asset investments (continued)

Investments in subsidiary undertakings are shown at cost plus the company's share of post-acquisition retained profits. If these investments had not been revalued they would have been included at the following amounts:

	1993 £	1992 £
Cost	<u>1,285,070</u>	<u>797,999</u>

12 Assets held for resale

The following is included in the net book value of assets held for resale:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Land and buildings	<u>210,066</u>	<u>-</u>	<u>210,066</u>	<u>-</u>

13 Stocks

The following are included in the net book value of stocks:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Raw materials and manufactured parts	<u>497,637</u>	<u>977,588</u>	<u>502,217</u>	<u>969,276</u>
Long-term contract balances				
- net cost less foreseeable losses	72,548	533,767	72,548	256,202
- less applicable payments on account	(1,093)	(85,857)	(1,093)	-
	<u>71,455</u>	<u>447,910</u>	<u>71,455</u>	<u>256,202</u>
	<u>569,092</u>	<u>1,425,498</u>	<u>573,672</u>	<u>1,225,478</u>

Notes to accounts (continued)

14 Debtors

The following are included in the net book value of debtors:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Trade debtors	1,332,512	2,179,306	1,332,512	1,884,162
Amounts owed by other group undertakings	1,210,132	304,044	1,210,132	701,601
Other debtors				
- UK corporation tax recoverable	50,270	277,372	50,270	193,070
- foreign tax recoverable	-	99,034	-	99,034
Prepayments and accrued income	100,346	47,808	100,346	36,422
Deferred taxation (see note 8)	293,000	296,000	293,000	296,000
	<u>2,991,260</u>	<u>3,204,064</u>	<u>2,991,260</u>	<u>3,210,289</u>

15 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Obligations under finance leases and hire purchase contracts	14,291	-	14,291	-
Bank overdraft	344,261	609,243	344,261	609,243
Payments received on account	36,703	130,609	36,703	28,745
Trade creditors	790,298	1,156,459	790,298	714,248
Amounts owed to other group undertakings	2,645,513	1,574,902	3,723,432	2,724,327
Other creditors				
- VAT	3,965	5,518	3,965	43,333
- social security and PAYE	47,734	51,132	47,734	36,803
Accruals and deferred income	774,555	1,097,520	774,555	1,027,694
	<u>4,657,320</u>	<u>4,625,383</u>	<u>5,735,239</u>	<u>5,184,393</u>

Notes to accounts (continued)

16 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Obligations under finance leases and hire purchase contracts	41,620	-	41,620	-

Analysis of borrowings

Obligations under finance leases and hire purchase contracts are repayable as follows:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Due within 1 year	20,477	-	20,477	-
Due within 1-2 years	45,756	-	45,756	-
	66,233	-	66,233	-
Less: finance charges allocated to future periods	(10,322)	-	(10,322)	-
	55,911	-	55,911	-

17 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Provision for warranties	343,000	429,399	343,000	212,299
Provision for pensions	516,515	516,515	516,515	516,515
	859,515	945,914	859,515	728,814

Notes to accounts (continued)

17 Provisions for liabilities and charges (continued)

Provision for warranties

The movement in the provision for warranty costs is as follows:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Beginning of year	429,399	438,600	212,299	341,500
Excess of costs incurred over amounts provided in year	(86,399)	(9,201)	130,701	(129,201)
End of year	<u>343,000</u>	<u>429,399</u>	<u>343,000</u>	<u>212,299</u>

Provision for pensions

The pension provision represents the excess of amounts charged to the profit and loss account, in accordance with the provisions of Statement of Standard Accounting Practice Number 24, over amounts paid to the pension scheme (see note 21c).

18 Called-up share capital

	1993 £	1992 £
<i>Authorised, allotted and fully paid</i>		
16,201 ordinary shares of £1 each	16,201	16,201
1,320,000 deferred shares of £1 each	<u>1,320,000</u>	<u>1,320,000</u>
	<u>1,336,201</u>	<u>1,336,201</u>

19 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Distributable				
- profit and loss account	(751,691)	(1,484,829)	(851,718)	(1,596,856)
Non-distributable				
- share premium account	313,269	313,269	313,269	313,269
- revaluation reserve	-	-	341,278	341,278
- foreign currency translation reserve	132,543	132,543	143,369	143,369
- capital reserve	204,139	204,139	-	-
Total reserves	<u>(101,740)</u>	<u>(834,878)</u>	<u>(53,802)</u>	<u>(798,940)</u>

Notes to accounts (continued)

19 Reserves (continued)

	Share premium account £	Foreign currency translation reserve £	Capital reserve £	Profit and loss account £	Total £
Group					
Beginning of year	313,269	132,543	204,139	(1,484,829)	(834,878)
Retained profit for the year	-	-	-	733,138	733,138
End of year	<u>313,269</u>	<u>132,543</u>	<u>204,139</u>	<u>(751,691)</u>	<u>(101,740)</u>
	Share premium account £	Revaluation reserve £	Foreign currency translation reserve £	Profit and loss account £	Total £
Company					
Beginning of year	313,269	341,278	143,369	(1,596,856)	(798,940)
Retained profit for the year	-	-	-	745,138	745,138
End of year	<u>313,269</u>	<u>341,278</u>	<u>143,369</u>	<u>(851,718)</u>	<u>(53,802)</u>

20 Cash flow information

a) Reconciliation of operating profit (loss) to net cash inflow (outflow) from operating activities

	1993 £	1992 £
Operating profit (loss)	1,000,977	(419,937)
Depreciation charges	160,255	179,761
Profit on sale of tangible fixed assets	(81,096)	(4,339)
Amortisation of goodwill	21,600	21,600
Decrease in stocks	401,052	392,215
(Increase) decrease in debtors	(775,107)	218,619
Increase (decrease) in creditors and provisions	1,363,744	446,473
Foreign exchange movements on consolidation of overseas division	-	100,901
Net cash inflow from continuing operating activities	<u>2,091,425</u>	<u>935,293</u>
Net cash outflow in respect of reorganisation and redundancy costs	-	(1,096,949)
Net cash outflow from operating activities	<u>2,091,425</u>	<u>(161,656)</u>

Notes to accounts (continued)

20 Cash flow information (continued)

b) Analysis of changes in financing

	Share capital (including premium) £	Loans and finance lease obligations £
Balance at 30 November 1991	1,649,470	132,847
Net cash outflow from financing	-	(132,847)
Balance at 30 November 1992	1,649,470	-
Purchase of leased assets	-	63,202
Net cash outflow from financing	-	(7,291)
Balance at 30 November 1993	1,649,470	55,911

c) Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £	Bank overdrafts £	Net £
Balance at 30 November 1991	488,586	-	488,586
Net cash outflow before foreign exchange rate changes	(17,267)	(609,243)	(626,510)
Effect of foreign exchange rate changes	12,840	-	12,840
Balance at 30 November 1992	484,159	(609,243)	(125,084)
Net cash inflow	977,781	264,982	1,242,763
Disposal of German division	(300,183)	-	(300,183)
Balance at 30 November 1993	1,161,757	(344,261)	817,496

The German division was transferred to a fellow group company, Wheelabrator-Berger Maschinenfabriken GmbH, at net book value, in exchange for shares in that company.

21 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Authorised but not contracted for	31,000	450,000	31,000	450,000

Notes to accounts (continued)

21 Guarantees and other financial commitments (continued)

b) *Contingent liabilities*

- i) The group has given bank guarantees to customers in respect of advance payments and the performance of goods sold totalling £66,142.
- ii) The group has an unprovided contingent liability of £675,000 in respect of a legal claim for damages following the supply of goods to a customer which is a subsidiary of a former sister company. The directors consider the possibility that the liability will crystallise to be remote.

c) *Pension arrangements*

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was at 6 April 1993 and used the attained age method. The main actuarial assumption was that investment returns would exceed pensionable earnings by 1.5% in the long term. The market value of the assets of the scheme was £8,714,862 and the actuarial value of the assets was sufficient to cover 109% of the benefits that had accrued to members after allowing for expected future increases in earnings. The effect on the surplus will be assessed in the next actuarial valuation, as at 6 April 1996.

d) *Lease commitments*

The group has entered into non-cancellable operating leases in respect of motor vehicles, the payments for which extend over a period of up to 3 years. The total annual rental (including interest) for 1993 was £87,414 (1992 - £116,851).

The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	1993 £	1992 £
Operating leases which expire		
- within 1 year	2,921	30,218
- within 2-5 years	30,380	34,346
	<u>33,301</u>	<u>64,564</u>

22 Ultimate parent company

The company is a subsidiary undertaking of WMX Inc. (formerly Waste Management Inc.), incorporated in the USA.

The largest group of which Tilghman Wheelabrator Limited is a member and for which group accounts are drawn up is that headed by WMX Inc. The smallest such group is that headed by Wheelabrator Technologies (U.K.) Limited, registered in England.