

THOMAS GRAVESON LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1994

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Company Registration Number 151665



# THOMAS GRAVESON LIMITED

## REPORT OF THE DIRECTORS

Page 1

The directors present their report together with the audited financial statements for the year ended 31 December 1994.

### 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;
- 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.

### Principle Activity

The company is principally engaged in the marketing of Landfield Gas Extraction Plant and designing, installing and operating total schemes for utilisation and environmental purposes.

### Results and Dividends

The profit for the year, after taxation was £721,205 (1993 £716,152). The directors do not recommend the payment of a dividend and this amount has been transferred to reserves.

### Review of the Business

The directors are pleased to report significantly increased turnover for the year and another profitable year. During the ensuing year, the directors expect the profitable trend to continue.

REPORT OF THE DIRECTORS (Continued)

Directors

The directors in office at the end of the year are listed below. Both served on the Board throughout the year. Mrs. D.E. Graveson retires by rotation and being eligible offers herself for re-election.

The interests of the directors in the ordinary shares of the company at 1 January 1994 and 31 December 1994, as recorded in the register maintained by the company in accordance with the Companies Act 1985, were as follows:

	<u>1994 and 1993</u>
Mr. P Graveson	8,398
Mrs. D.E. Graveson	2


Fixed Assets

The principal items of capital expenditure are set out in note 5 of the Financial Statements.

Auditors

Lonsdale & Partners offer themselves for reappointment as auditors at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

On Behalf of the Board

  
.....  
PETER GRAVESON  
Director

Registered Office:  
KEER BRIDGE HOUSE,  
WARTON,  
CARNFORTH,  
LANCS.

Dated...20-3-95....

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

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THOMAS GRAVESON LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 1 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.

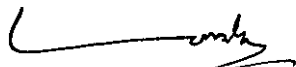
Basis of opinion

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 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 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LONSDALE & PARTNERS

Chartered Accountants &  
Registered Auditors

LANCASTER

20 March 1995

ACCOUNTING POLICIESFOR THE YEAR ENDED 31 DECEMBER 1994

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

(a) Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

(b) Depreciation

Except for Electrical Generating Scheme plant which is depreciated on a straight-line basis, depreciation is calculated on the reducing balance method and aims to write down the cost less estimated residual value of all tangible fixed assets other than freehold land and buildings over their expected useful lives.

The rates generally applicable are:

Plant and Machinery	15%
Electrical Generating Scheme Plant	7 to 10 years
Motor Vehicles	20%
Office Furniture and Equipment	15%
Radio Equipment	15%

No depreciation is provided on freehold buildings because a policy of full maintenance is operated and in the opinion of the directors the amounts involved are not material.

(c) Stock and Work in Progress

Stock and work in progress is stated at the lower of cost and net realisable value.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

(d) Deferred Taxation

Deferred tax is the tax attributable to timing differences between profits or losses computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability will crystallise and not provided to the extent that it is probable that a liability will not crystallise.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

(e) Pension Contributions

Pension costs comprise the amount of contributions payable to the pension scheme in respect of the accounting period.

THOMAS GRAVESON LIMITED

PROFIT AND LOSS ACCOUNT

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FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
Turnover	1	4,044,032	3,442,768
Cost of Sales		2,440,609	1,921,528
Gross Profit		1,603,423	1,521,240
Distribution Costs		190,967	201,556
Administration Costs		134,693	132,812
		325,660	334,368
Operating Profit		1,277,763	1,186,872
Rents Receivable		19,870	18,900
Interest Receivable		212	2,649
		20,082	21,549
Interest Payable and Similar Charges	2	1,297,845	1,208,421
		254,433	143,185
Profit on Ordinary Activities before Taxation	1	1,043,412	1,065,236
Tax on Profit on Ordinary Activities	4	322,207	349,084
Profit on Ordinary Activities after Taxation, transferred to Reserves	13	721,205	716,152
		=====	=====

The accounting policies and notes on pages 4 and 5 and 11 to 16 form part of these financial statements.

THOMAS GRAVESON LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1994

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	<u>1994</u> £	<u>1993</u> £
Profit for the financial year	721,205	716,152
Total gains and losses recognised since last annual report	<u>721,205</u>	<u>716,152</u>
	=====	=====

THOMAS GRAVESON LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u> £	<u>1993</u> £
Profit for the financial year	721,205	716,152
Net increase to shareholders' funds	<u>721,205</u>	<u>716,152</u>
Opening shareholders' funds	2,167,007	1,450,855
Closing shareholders' funds	<u>2,888,212</u>	<u>2,167,007</u>
	=====	=====

The accounting policies and notes on pages 4 and 5 and 11 to 16 form part of these financial statements.



THOMAS GRAVESON LIMITED

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BALANCE SHEET AT 31 DECEMBER 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
<u>Fixed Assets</u>			
Tangible Assets	5	7,664,546	5,474,894
<u>Current Assets</u>			
Stocks	6	628,298	378,771
Debtors	7	866,662	1,032,697
Cash in Hand and at Bank		436	421
		1,495,396	1,411,889
<u>Creditors: Amounts falling due</u> <u>within one year</u>	8	2,630,460	1,758,058
<u>Net Current Liabilities</u>		(1,135,064)	(346,169)
<u>Total Assets less Current Liabilities</u>		6,529,482	5,128,725
<u>Creditors: Amounts falling due after</u> <u>more than one year</u>	9	2,616,382	2,176,919
<u>Provisions for Liabilities and Charges</u>	10	1,024,888	784,799
		3,641,270	2,961,718
		2,888,212	2,167,007
		=====	=====
<u>Capital and Reserves</u>			
Called Up Share Capital	12	8,400	8,400
Profit and Loss Account	13	2,879,812	2,158,607
		2,888,212	2,167,007
		=====	=====

These financial statements were approved by the Board of Directors on 20.3.95

..... *P. Graveson* ..... P. GRAVESON )  
 ..... *D. E. Graveson* ..... D.E. GRAVESON ) DIRECTORS

The accounting policies and notes on pages 4 and 5 and 11 to 16 form part of these financial statements.

CASH FLOW STATEMENTFOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
Net Cash Inflow From Operating Activities	1	1,858,088	1,467,813
Returns on Investments and Servicing of Finance:			
Rent Received	20,700	18,900	
Interest Received	212	2,649	
Interest Paid	(234,408)	(130,353)	
		<hr/>	<hr/>
Net Cash Outflow from Returns on Investments and Servicing of Finance		(213,496)	(108,804)
Corporation Tax Paid		(35,291)	(67,000)
Investing Activities			
Payments to Acquire Tangible Fixed Assets	(2,542,221)	(1,305,188)	
Receipts from Sales of Tangible Fixed Assets	21,150	9,459	
		<hr/>	<hr/>
Net Cash Outflow from Investing Activities		(2,521,071)	(1,295,729)
Net Cash Outflow before Financing		<hr/> (911,770)	<hr/> (3,720)
Financing			
Cash Introduced by Director Capital Element of Finance	22,427	15,249	
Leases and Other Loans Repaid	(1,078,970)	(613,476)	
Other Loans Received	1,586,890	444,725	
		<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Financing		530,347	(153,502)
Decrease in Cash and Cash Equivalents	2 & 3	<hr/> (381,423)	<hr/> (157,222)
		=====	=====

NOTES TO THE CASH FLOW STATEMENTFOR THE YEAR ENDED 31 DECEMBER 19941. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	<u>1994</u> £	<u>1993</u> £
Operating Profit	1,277,763	1,186,872
Depreciation	545,800	357,453
Loss on Sale of Tangible Fixed Assets	5,519	8,119
(Increase) in Stocks	(249,527)	(51,222)
Decrease/(Increase) in Debtors	166,035	(113,218)
Increase in Creditors	112,498	79,809
Net Cash Inflow from Operating Activities	<u>1,858,088</u>	<u>1,467,813</u>
	=====	=====

2. Analysis of Changes in Cash and Cash Equivalents during the Year

	<u>1994</u> £	<u>1993</u> £
Balance at 1 January 1994	(83,669)	73,553
Net Cash Outflow	<u>(381,423)</u>	<u>(157,222)</u>
Balance at 31 December 1994	(465,092)	(83,669)
	=====	=====

3. Analysis of Balances of Cash and Cash Equivalents as shown on the Balance Sheet

	<u>1994</u> £	<u>1993</u> £	<u>Change in Year</u> £
Cash at Bank and in Hand	436	421	15
Bank Overdraft	<u>(465,528)</u>	<u>(84,090)</u>	<u>(381,438)</u>
	(465,092)	(83,669)	(381,423)
	=====	=====	=====

THOMAS GRAVESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994

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1. Turnover and Profit on Ordinary Activities before Taxation

The turnover and profit before taxation is attributable to the marketing of landfill gas extraction plant and designing, installing and operating total schemes for utilisation and environment purposes.

Profit on ordinary activities is stated after:-

	<u>1994</u> £	<u>1993</u> £
Auditors' Remuneration	2,800	2,500
Depreciation	545,800	357,453
Hire of Plant and Machinery	3,996	5,506

2. Interest Payable and Similar Charges

	<u>1994</u> £	<u>1993</u> £
On bank loan, overdrafts and other loans:		
Repayable within 5 years, otherwise than by instalments	92,320	50,974
Repayable within 5 years by instalments	162,113	92,211
	<hr/>	<hr/>
	254,433	143,185
	=====	=====

The aggregate finance charges allocated in respect of Finance Leases was £135,226 (1993 £62,768).

THOMAS GRAVESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 1994

<u>3. Directors and Employees</u>	<u>1994</u>	<u>1993</u>
Staff Costs during the year:	£	£
Wages and Salaries	244,232	199,979
Social Security	27,440	23,092
Pension Costs	10,498	9,717
	<hr/>	<hr/>
	282,170	232,788
	=====	=====

The average number of employees of the company during the year was:

	<u>1994</u>	<u>1993</u>
Sales and Administration	3	3
Engineers	9	7
Other	4	4
Directors	2	2
	<hr/>	<hr/>
	18	16
	====	====

	<u>1994</u>	<u>1993</u>
	£	£
Directors Remuneration	31,663	20,131
Directors Pension Contributions	-	279
	<hr/>	<hr/>
	31,663	20,410
	=====	=====

4. Tax on Profit on Ordinary Activities

The taxation charge is based on the result for the year and is made up as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Corporation Tax @ 25% (1993 25%)	65,779	-
Deferred Tax	259,511	355,782
	<hr/>	<hr/>
	325,290	355,782
Adjustments in respect of prior years		
Deferred Tax	(19,422)	(10,789)
Corporation Tax	16,339	4,091
	<hr/>	<hr/>
	322,207	349,084
	=====	=====

THOMAS GRAVESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 1994

5. Tangible Fixed Assets

	<u>Total</u>	<u>Freehold</u>	<u>Refuse</u>	<u>Electrical</u>	<u>Plant</u>	<u>Motor</u>	<u>Office</u>
		<u>Land and</u>	<u>Tip</u>	<u>Generation</u>	<u>and</u>	<u>Vehicles</u>	<u>Equip-</u>
		<u>Buildings</u>		<u>Scheme</u>	<u>Machin-</u>		<u>ment</u>
	£	£	£	£	£	£	£
Cost							
At 1 January 1994	6,342,670	63,426	5	5,978,330	50,966	218,418	31,525
Additions at Cost	2,762,121	-	-	2,677,983	12,657	67,379	4,102
	9,104,791	63,426	5	8,656,313	63,623	285,797	35,627
Disposals	43,885	-	-	-	-	43,885	-
At 31 December 1994	9,060,906	63,426	5	8,656,313	63,623	241,912	35,627
=====							
Depreciation							
At 1 January 1994	867,776	-	-	730,850	24,007	95,047	17,872
Provided in the Year	545,800	-	-	508,607	5,942	28,588	2,663
	1,413,576	-	-	1,239,457	29,949	123,635	20,535
Disposals	17,216	-	-	-	-	17,216	-
At 31 December 1994	1,396,360	-	-	1,239,457	29,949	106,419	20,535
=====							
Net Book Amount at 31 December 1994	7,664,546	63,426	5	7,416,856	33,674	135,493	15,092
=====							
Net Book Amount at 31 December 1993	5,474,894	63,426	5	5,247,480	26,959	123,371	13,653
=====							

Net book value of tangible fixed assets includes an amount of £3,141,525. (1993 £2,753,126) in respect of assets held under financing arrangements. The depreciation charge on these assets was £226,662.

NOTES TO THE FINANCIAL STATEMENTS (Continued)FOR THE YEAR ENDED 31 DECEMBER 19946. Stocks

	<u>1994</u> £	<u>1993</u> £
Finished Goods	464,057	276,484
Consumable Stores	162,320	102,287
Work in Progress	1,921	-
	<hr/>	<hr/>
	628,298	378,771
	=====	=====

There were no significant differences between the replacement cost and the value disclosed for the above stock.

7. Debtors

	<u>1994</u> £	<u>1993</u> £
Trade Debtors	711,356	791,015
Prepayments	26,271	24,064
Other Debtors	129,035	217,618
	<hr/>	<hr/>
	866,662	1,032,697
	=====	=====

Other debtors includes £51,613 (1993 £129,035) falling due after more than one year.

8. Creditors - Amounts Falling Due Within One Year

	<u>1994</u> £	<u>1993</u> £
Bank Overdraft	465,528	84,090
Trade Creditors	497,235	411,919
Net Obligations under Finance Leases	779,133	768,212
Current Taxation	65,779	18,952
Social Security and Other Taxes	102,373	93,005
Accruals and Deferred Income	55,942	42,454
Director's Current Account	135,503	113,076
Other Loans	528,967	226,350
	<hr/>	<hr/>
	2,630,460	1,758,058
	=====	=====

THOMAS GRAVESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1994

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8. Creditors - Amounts Falling Due Within One Year (Continued)

The bank overdraft is secured by a fixed charge over the land and buildings of the company and a floating charge over the whole of the company's assets.

9. Creditors - Amounts Falling Due After More Than One Year

	<u>1994</u> £	<u>1993</u> £
Other Creditors	265,000	265,000
Net Obligations under Finance Leases	631,521	865,436
Other Loans	969,861	296,483
Director's Loan Account	750,000	750,000
	<hr/>	<hr/>
	2,616,382	2,176,919
	=====	=====

The net obligations under Finance Leases and Other Loans (excluding current instalments) are all payable between two and five years.

10. Provision for Liabilities and Charges

	<u>Deferred Taxation (Note 11) £</u>
At 1 January 1994	784,799
Provided during the Year	240,089
	<hr/>
At 31 December 1994	1,024,888
	=====

11. Deferred Taxation

Deferred tax has been provided in full in the financial statements at a rate of 33% (1993 33%) and is set out below.

	<u>1994</u> £	<u>1993</u> £
Accelerated Capital Allowances	1,061,244	780,838
Other Timing Differences	(36,356)	7,387
Less: Trading Losses	-	(3,426)
	<hr/>	<hr/>
	1,024,888	784,799
	=====	=====



THOMAS GRAVESON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 1994

12. Called Up Share Capital

1994 and 1993

Authorised

10,000 Ordinary Shares of £1 each	10,000
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=====

Allotted, Called Up and Fully Paid

8,400 Ordinary Shares of £1 each	8,400
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=====

13. Reserves

Profit and  
Loss  
Account  
£

At 1 January 1994	2,158,607
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Transfer from Profit and Loss Account	721,205
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At 31 December 1994	2,879,812
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14. Capital Commitments

There were no capital commitments at 31 December 1994 or 31 December 1993.

15. Contingent Liabilities

The company has provided a bond to Customs and Excise re deferred payment of duty (1994 £570,000 1993 £660,000).

16. Pension Scheme

The company operates defined contribution schemes on behalf of some employees.