

Aztec Environmental Control Limited
Financial Statements
31st March 1999

Company No 1361365



AZTEC ENVIRONMENTAL CONTROL CONTROLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1999

The directors present their report together with the audited financial statements for the year ended 31st March 1999.

BUSINESS REVIEW

The company has not traded during the year under review.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year under review were:

IJ Hislop

RK Peace

According to the register required to be kept under Section 325 of the Companies Act 1985, no director held any shares in the company as at 31st March 1999.

The directors who held office during the year under review and their shareholdings in the ultimate parent undertaking Severn Trent Plc were as follows: -

	1.4.98		31.3.99	
	Ordinary Shares of 65 5/19 pence each	B Shares of 38 pence each	Ordinary Shares of 65 5/19 pence each	B Shares of 38 pence each
I J Hislop	5,993	118	10,000	118
R K Peace	270	118	316	62

	Share Options under approved schemes				
	1.4.98	Exercised during period	Lapsed during period	Granted during period	31.3.99
I J Hislop	15,541	(3,895)	Nil	Nil	11,646
R K Peace	700	Nil	Nil	Nil	700

Options were granted and exercised in accordance with the Severn Trent Executive Share Option Scheme and the Severn Trent Sharesave Scheme as appropriate. Details of prices and periods within which options are exercisable can be found in the accounts of Severn Trent Plc.

Messrs Hislop and Peace have further interests in Severn Trent Plc Ordinary Shares of 65 5/19 pence each by virtue of having received contingent awards of shares under the Severn Trent Plc Long Term Incentive Plan (the "Plan"). The Plan operates on a three year rolling basis. An Employee Benefit Trust is operated in conjunction with the Plan. Awards do not vest until they have been held in trust for three years and specific performance criteria have been satisfied. The initial performance target is based on the total shareholder return of Severn Trent Plc compared to the total shareholder return of 14 other privatised utility companies. The individual interests, which represent the maximum aggregate number of shares to which each individual could become entitled, are as follows: -

I J Hislop	8,707	(1998 - 4,630)
R K Peace	5,729	(1998 - 2,914)

AZTEC ENVIRONMENTAL CONTROL LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements.

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS

Following the merger of Price Waterhouse, the company's auditors, with Coopers and Lybrand, Price Waterhouse resigned as auditors and PricewaterhouseCoopers were appointed by the board to fill the casual vacancy arising. PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



I J Hislop
Director

2297 Coventry Road
Birmingham
B26 3PU
Date: 7th June 1999

AUDITORS' REPORT TO THE MEMBERS OF AZTEC ENVIRONMENTAL CONTROL LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

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 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PRICEWATERHOUSECOOPERS 

Chartered Accountants and Registered Auditors
Birmingham
7 June 1999

AZTEC ENVIRONMENTAL CONTROL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1999

	<u>Notes</u>	<u>Year ended</u> <u>31st March</u> <u>1999</u> <u>£ '000</u>	<u>Year ended</u> <u>31st March</u> <u>1998</u> <u>£ '000</u>
TURNOVER		-	701
Cost of sales		-	(258)
GROSS PROFIT		-	443
Distribution costs		-	(297)
Administrative expenses		-	(207)
OPERATING LOSS	2	-	(61)
Interest payable	3	-	(17)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(78)
Taxation on loss on ordinary activities		-	-
RETAINED LOSS FOR THE FINANCIAL YEAR		-	(78)
RETAINED LOSS BROUGHT FORWARD		(560)	(482)
RETAINED LOSS CARRIED FORWARD		(560)	(560)

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis. The results for the prior year arise solely from discontinued operations.

AZTEC ENVIRONMENTAL CONTROL LIMITED
BALANCE SHEET
AT 31ST MARCH 1999

	<u>Notes</u>	<u>31st March 1999</u>		<u>31st March 1998</u>	
		<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
CREDITORS: Amounts falling due within one year	7		(215)		(215)
			<hr/>		<hr/>
NET LIABILITIES			(215)		(215)
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up share capital	8		340		340
Share premium	8		5		5
Profit and loss account			(560)		(560)
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS	9		(215)		(215)
			<hr/>		<hr/>

Signed on behalf of the board who approved the accounts on 7th June 1999

.......... R K Peace
Director

AZTEC ENVIRONMENTAL CONTROL LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1999

1. ACCOUNTING POLICIES

- (a) Basis of accounting
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Turnover
Turnover, which excludes VAT and trade discounts, represent the invoiced value of goods and services supplied.
- (c) Deferred tax
Deferred taxation relating to capital allowances and other timing differences is provided for to the extent it is probable that a liability will crystallise.
- (d) Related party transactions
Advantage has been taken of the exemption under Financial Reporting Standard 8 to dispense with the need to disclose transactions and balances with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, consolidated in the group accounts of Severn Trent Plc.
- (e) Cash flow statement
The parent undertaking, Severn Trent Plc, has included a cash flow statement in its financial statements for the year ended 31st March 1999. In accordance with FRS 1 (Revised), no cash flow statement is required in the accounts of this company.
- (f) Going concern
The company's parent undertaking has confirmed its intention to provide financial support to the Company to enable it to meet its obligations as and when they fall due.

2. OPERATING (LOSS)

This is stated after charging:	<u>Year ended</u> <u>31st March 1999</u> <u>£ '000</u>	<u>Year ended 31st</u> <u>March 1998</u> <u>£'000</u>
Depreciation	-	13
Auditors' remuneration	-	-
Operating lease rentals-Land and buildings	-	22
Operating lease rentals-Vehicle hire	-	26
Staff costs	-	238

AZTEC ENVIRONMENTAL CONTROL LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1999

3. NET INTEREST PAYABLE

	<u>Year ended</u> <u>31st March 1999</u> <u>£ '000</u>	<u>Year ended</u> <u>31st March 1998</u> <u>£ '000</u>
Bank loans and overdrafts	-	17

4. STAFF COSTS

	<u>Year ended</u> <u>31st March 1999</u> <u>£ '000</u>	<u>Year ended</u> <u>31st March 1998</u> <u>£ '000</u>
Wages and salaries	-	209
Social Security costs	-	14
Other pension costs	-	15
	-	238

5. DIRECTORS EMOLUMENTS

The emoluments of the directors excluding pension contributions were £Nil (1998 - £Nil).

6. DEFERRED TAXATION

In accordance with the company's accounting policy there is no requirement for a provision for deferred taxation at 31st March 1999. The company's full potential deferred taxation liability, calculated under the liability method at a tax rate of 31% (1998:31%), is nil (1998 - nil).

7. CREDITORS: Amounts due within one year

	<u>31st March 1999</u> <u>£ '000</u>	<u>31st March 1998</u> <u>£ '000</u>
Amounts owed to group companies	215	215

AZTEC ENVIRONMENTAL CONTROL LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1999

8. CALLED UP SHARE CAPITAL

	<u>31st March 1999</u>	<u>31st March 1998</u>
Ordinary Shares	£	£
<u>Authorised:</u>		
Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>
<u>Allotted, called up and fully paid:</u>		
Ordinary shares of £1 each	<u>340,120</u>	<u>340,120</u>
	<u>31st March 1999</u>	<u>31st March 1998</u>
Share Premium	£	£
Balance at year end	<u>5,000</u>	<u>5,000</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>31st March 1999</u>	<u>31st March 1998</u>
	£ '000	£ '000
Opening shareholders' funds	(215)	(137)
Loss for the year	<u>-</u>	<u>(78)</u>
At 31st March 1999	<u>(215)</u>	<u>(215)</u>

10. ULTIMATE CONTROLLING PARTY

The ultimate holding company and controlling party is Severn Trent Plc, a company registered in England and Wales. Copies of the Severn Trent Plc annual report may be obtained from the Company Secretary, Severn Trent Plc, 2297 Coventry Road, Birmingham, B26 3PU.