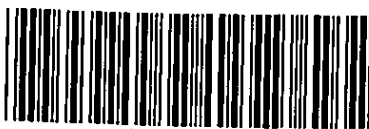




Financial Statements Casella Monitor Limited (formerly EMC Environment Engineering Limited)

For the year ended 31 December 2008

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COMPANIES HOUSE

Company No. 2720870

Company information

Company registration number: 2720870

Registered office: Regent House
Wolseley Road
KEMPSTON
Bedfordshire
MK42 7JY

Directors: P A Rubens
D Billington
A Myles

Secretary: Thomas Eggar Secretaries Limited

Auditor: Grant Thornton UK LLP
Grant Thornton House
Kettering Parkway
Kettering Venture Park
KETTERING
Northants
NN15 6XR

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Report of the directors

The directors present their report together with the financial statements for the year ended 31 December 2008.

Principal activities

The company's principal activity is the sale, installation and servicing of emissions and environmental monitoring equipment. The company changed its name on 22 January 2009 to Casella Monitor Limited.

Financial overview

There was a loss for the year after taxation amounting to £143,119 (2007 - profit of £62,781). The directors do not recommend the payment of a dividend (2007 - £nil). The loss for the year was transferred from reserves.

Financial performance and post balance sheet event

The figures below represent turnover, cost of sales and gross margin compared to the previously reported accounts.

	2008 £'000	2007 £'000	% Growth
Turnover	1,952	1,953	(0.1)%
Cost of sales	(1,422)	(1,247)	14.0%
Gross profit	530	706	(25.0)%
Gross profit %	27.2%	36.1%	

The turnover has remained stable compared to 2007.

The directors believe that EMC Environment Engineering Limited is in a position to retain its core business in 2009. EMC Environmental Engineering Limited acquired on 1 January 2009 the operating assets of Monitor Europe Limited for the sum of £144,177. Improvements in gross profit percentage are expected due to ongoing drive to improve cost efficiencies. The company also acquired the meteorological and the Spectrascan businesses from Casella CEL Limited for £170,082. The company changed its name and is now incorporated under the name of Casella Monitor Limited.

The company acquired the IPR to the range of gas analysers manufactured by the company in February 2009 and is therefore no longer restricted to the geographic restrictions of its contract with Teledyne Monitor Labs

Principal risks of the business

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks of the business. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to mitigate such risks.

Competition

The market in which the company operates is highly competitive. There has been some increased competition from US dollar based competitors due to the weakness in that currency in the first half of the year. The company maintained its revenues but saw some margin erosion its systems business due to the increased competition. The more recent weakening of sterling its expected to improve margins during 2009.

Cash flow

A large number of the company's service contracts are long term and paid cash in advance. The company is therefore reliant on continually winning new contracts in order to maintain positive cash flow. The service business for the period ending December 2008 was at the same level as the previous period and therefore the directors do not anticipate any problems in this area.

Going concern

The company is reliant on the support of its parent, Casella Measurement Limited.

Directors

The present membership of the Board consists of Mr P A Rubens, Mr D Billington and Mr A Myles. No director holds an interest in the company or its parent undertaking.

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial period 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

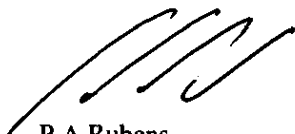
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, consisting of several stylized, overlapping loops and strokes, likely representing the initials 'P A Rubens'.

P A Rubens
Director

29 May 2009



Report of the independent auditor to the members of Casella Monitor Limited (formerly EMC Environment Engineering Limited)

We have audited the financial statements of Casella Monitor Limited (formerly EMC Environment Engineering Limited) for the year ended 31 December 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.



Report of the independent auditor to the members of Casella Monitor Limited (formerly EMC Environment Engineering Limited)

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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 December 2008.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Kettering

11 June 2009

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, under the historical cost convention and on a going concern basis.

The principal accounting policies have remained unchanged from the previous year and are set out below. The directors have reviewed the adopted accounting policies and consider them to be appropriate to the activities of the company.

The company is exempt from preparing consolidated financial statements under Section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its Group.

Going concern

The company is reliant on the support of its parent, Casella Measurement Limited.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific terms.

Revenue from services provided by the group is recognised when the group has performed its obligations and in exchange obtained the right to consideration.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Fixtures, fittings and office equipment	15% - 25% per annum
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Investments

Investments are included at cost less amounts written off.

Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis.

Cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis.

Cost of work in progress and finished goods is based on the cost of direct materials and labour plus attributable overheads based on a normal level of activity, on a first-in, first-out basis.

Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

Retirement benefits

Defined Contribution Scheme

The pension costs charged against operating profits are the amount of the contributions payable to the scheme in respect of the accounting period. During 2006, the company scheme was closed. The company now contributes to the individual personal pension plans and stakeholder plans of employees.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Profit and loss account

	Note	2008 £	2007 £
Turnover	1	1,951,713	1,952,980
Cost of sales		<u>(1,422,213)</u>	<u>(1,246,768)</u>
Gross profit		529,500	706,212
Administrative expenses		<u>(532,378)</u>	<u>(491,103)</u>
Operating (loss)/profit		(2,878)	215,109
Net interest	2	<u>(140,241)</u>	<u>(152,328)</u>
(Loss)/profit on ordinary activities before taxation	1	(143,119)	62,781
Tax on (loss)/profit on ordinary activities	4	<u>-</u>	<u>-</u>
(Loss)/profit transferred (from)/to reserves	12	<u>(143,119)</u>	<u>62,781</u>

All operations are classed as continuing.

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

		2008	2007
		£	£
Fixed assets			
Tangible fixed assets	5	36,532	32,073
Investments	6	<u>250,000</u>	<u>250,000</u>
		286,532	282,073
Current assets			
Stocks	7	28,620	199,580
Debtors	8	345,252	221,945
Cash at bank and in hand		<u>-</u>	<u>42,780</u>
		373,872	464,305
Creditors: amounts falling due within one year	9	<u>(3,203,777)</u>	<u>(3,146,632)</u>
Net current liabilities		<u>(2,829,905)</u>	<u>(2,682,327)</u>
		<u>(2,543,373)</u>	<u>(2,400,254)</u>
Capital and reserves			
Called up share capital	10	1,342,004	1,342,004
Profit and loss account	11	<u>(3,885,377)</u>	<u>(3,742,258)</u>
Equity shareholders' funds	12	<u>(2,543,373)</u>	<u>(2,400,254)</u>

The financial statements were approved by the Board and authorised for issue on 25 May 2009 and signed on its behalf by:



P A Rubens
Director

Notes to the financial statements

1 Turnover and (loss)/profit on ordinary activities before taxation

Turnover and (loss)/profit on ordinary activities before taxation are attributable to the activity as stated in the Report of the Directors.

The (loss)/profit on ordinary activities before taxation is stated after:

	2008 £	2007 £
Auditor's remuneration		
Audit services	17,869	16,524
Non-audit services	3,355	3,000
Depreciation:		
Tangible fixed assets owned	18,091	17,675
Foreign exchange losses	3,736	3,371

2 Net interest

	2008 £	2007 £
On bank loans and overdraft	140,241	152,425
Interest receivable	-	(97)
	<u>140,241</u>	<u>152,328</u>

3 Directors and employees

Staff costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	513,716	487,718
Social security costs	54,889	53,537
Other pension costs	36,577	41,121
	<u>605,182</u>	<u>582,376</u>

The average number of employees of the company during the year was 22 (2007 - 21).

No director received remuneration from the company during the year (2007 - £nil).

4 Tax on (loss)/profit on ordinary activities

The tax charge represents:

	2008 £	2007 £
Total current tax and tax on (loss)/profit on ordinary activities	-	-

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are explained as follows:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(143,119)	62,781
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	(40,789)	18,834
Effect of:		
Expenses not deductible for tax purposes	2,942	2,307
Capital allowances for the period in excess of depreciation	(2,859)	(5,292)
Trading losses unutilised/(utilised) in the year	7,126	(6,289)
Group relief	43,250	-
Other timing differences	(9,670)	(9,560)
Current tax charge for the year	-	-

5 Tangible fixed assets

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2008	453,939	453,939
Additions	22,550	22,550
At 31 December 2008	476,489	476,489
Depreciation		
At 1 January 2008	421,866	421,866
Provided in the year	18,091	18,091
At 31 December 2008	439,957	439,957
Net book amount at 31 December 2008	36,532	36,532
Net book amount at 31 December 2007	32,073	32,073

There were no assets held under finance leases and hire purchase contracts.

6 Fixed asset investments

Shares in group undertakings

£

Cost

At 1 January 2008 and at 31 December 2008

250,000

The company is entitled under section 228 of the Companies Act 1985 not to prepare group financial statements since its parent undertaking, Casella Measurement Limited, prepares full statements which include this company.

At 31 December 2008 the company held more than 20% of the allotted share capital of the following:

Subsidiary undertaking	Class of share capital held	Proportion held by the company	Nature of business	Aggregate of capital and reserves		(Loss)/profit for financial year	
				2008 £	2007 £	2008 £	2007 £
Monitor (Europe) Limited	Ordinary	100%	Manufacture of environmental instrumentation	<u>144,177</u>	<u>159,562</u>	<u>(15,385)</u>	<u>2,177</u>

7 Stocks

	2008 £	2007 £
Work in progress	28,084	88,545
Finished goods and goods for resale	<u>536</u>	<u>111,035</u>
	<u>28,620</u>	<u>199,580</u>

8 Debtors

	2008 £	2007 £
Trade debtors	324,684	173,154
Other debtors	-	3,241
Prepayments and accrued income	<u>20,568</u>	<u>45,550</u>
	<u>345,252</u>	<u>221,945</u>

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	1,846,881	1,787,515
Trade creditors	123,251	40,864
Amounts owed to group undertakings	241,841	174,294
Social security and other taxes	73,126	57,817
Other creditors	3,221	10,281
Accruals and deferred income	915,457	1,075,861
	<u>3,203,777</u>	<u>3,146,632</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

10 Share capital

	2008 £	2007 £
Authorised		
A ordinary shares of £1 each	51,002	51,002
B ordinary shares of £1 each	51,002	51,002
C ordinary shares of £1 each	1,240,000	1,240,000
	<u>1,342,004</u>	<u>1,342,004</u>
Allotted, called up and fully paid		
A ordinary shares of £1 each	51,002	51,002
B ordinary shares of £1 each	51,002	51,002
C ordinary shares of £1 each	1,240,000	1,240,000
	<u>1,342,004</u>	<u>1,342,004</u>

All shares rank pari passu in all respects other than the C shares conferring no voting rights at any general meeting of the company.

11 Reserves

	Profit and loss account £
At 1 January 2008	(3,742,258)
Loss for the year	<u>(143,119)</u>
At 31 December 2008	<u>(3,885,377)</u>

12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
(Loss)/profit for the financial year and net (decrease)/increase in shareholders' funds	(143,119)	62,781
Shareholders' funds at 1 January 2008	<u>(2,400,254)</u>	<u>(2,463,035)</u>
Shareholders' funds at 31 December 2008	<u><u>(2,543,373)</u></u>	<u><u>(2,400,254)</u></u>

13 Capital commitments

The company had no capital commitments at 31 December 2008 or at 31 December 2007.

14 Contingent liabilities

The company had no capital commitments at 31 December 2008 or at 31 December 2007.

15 Retirement benefits

Individual Personal Pension

The company contributes to the individual personal pension plans and stakeholder plans of employees.

16 Related party transactions

As a wholly owned subsidiary of Casella Measurement Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by that company.

17 Ultimate parent undertaking and controlling related party

The director considers that the ultimate parent undertaking and controlling related party of this company is Ideal Industries Inc., USA.

Casella Measurement Limited, a company registered in England and Wales, is the company's controlling related party by virtue of shareholding. Casella Measurement Limited is the smallest and largest entity for which consolidated financial statements are prepared. Copies of these financial statements are available from Companies House.