

**FALMOUTH OIL SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2002**

**Company Registration Number 2856486**



**FALMOUTH OIL SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2002**

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**FALMOUTH OIL SERVICES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**The Director**

C J Walters

**Company Secretary**

D K Hines-Randle

**Registered Office**

The Docks  
Falmouth  
Cornwall

**Auditors**

Target-DNP  
Chartered Accountants  
& Registered Auditors  
Lawrence House  
Lower Bristol Road  
Bath

**Bankers**

National Westminster  
15 High Street  
Bath

## FALMOUTH OIL SERVICES LIMITED

## THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2002

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2002.

## PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be the provision of bunkering services to marine vessels through the operation of a bonded oil terminal at Falmouth. The company also operates a maritime agency and a fully licensed slop reception facility, as part of an all inclusive service to vessels calling at Falmouth and is a supplier of marine and engineering maintenance services.

## BUSINESS REVIEW

The balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £2,285,506.

## RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has recommended the following dividends:

	2002 £	2001 £
Dividends paid on ordinary shares	<u>200,000</u>	<u>—</u>

## THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

C J Walters  
P Baines (resigned 23 August 2002)

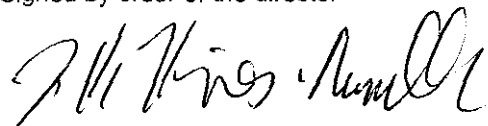
## TANGIBLE FIXED ASSETS

In the opinion of the director, there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts (note 10).

## AUDITORS

A resolution to re-appoint Target-DNP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the director



D K Hines-Randle  
Company Secretary

Approved by the director on 27/6/03

**FALMOUTH OIL SERVICES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**YEAR ENDED 31 DECEMBER 2002**

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to:

- select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

**FALMOUTH OIL SERVICES LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER**  
**YEAR ENDED 31 DECEMBER 2002**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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 director 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.

**FUNDAMENTAL UNCERTAINTY**

In forming our opinion, we have considered the disclosures made in note 1 of these financial statements concerning the depreciation rate used for the companies major fixed assets - leasehold property and plant and machinery.

The nature of the company's operations is such that the determination of the appropriate useful lives of a number of the company's fixed assets is subjective and the reasonableness of the directors assumptions will only be apparent at some time in the future. Should the remaining useful lives be significantly different then the depreciation charge would be incorrect. Our report is not qualified in this respect.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

.....*Target - dnp*.....  
Target-DNP  
Chartered Accountants & Registered Auditors  
Bath

Dated: *4 June 2003*

**FALMOUTH OIL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2002**

	Note	2002 £	2001 <i>restated</i> £
<b>TURNOVER</b>	3	5,463,374	6,526,979
Cost of sales		(4,274,366)	(5,379,405)
<b>GROSS PROFIT</b>		<u>1,189,008</u>	<u>1,147,574</u>
Administrative expenses		(958,035)	(890,574)
Other operating income	4	9,323	6,488
<b>OPERATING PROFIT</b>	5	<u>240,296</u>	<u>263,488</u>
Interest receivable		66	456
Interest payable	7	(127,664)	(97,003)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>112,698</u>	<u>166,941</u>
Tax on profit on ordinary activities		—	—
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>112,698</u>	<u>166,941</u>
Dividends	9	(200,000)	—
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>(87,302)</u>	<u>166,941</u>
Balance brought forward		1,372,808	1,205,867
Balance carried forward		<u>1,285,506</u>	<u>1,372,808</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

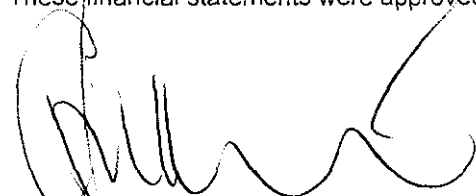
## FALMOUTH OIL SERVICES LIMITED

## BALANCE SHEET

31 DECEMBER 2002

		2002	2001 <i>restated</i>
	Note	£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	4,130,188	3,960,457
Investments	11	10,105	10,105
		<u>4,140,293</u>	<u>3,970,562</u>
<b>CURRENT ASSETS</b>			
Stocks	12	100,182	90,845
Debtors	13	759,743	907,088
Cash at bank		45,634	96,732
		<u>905,559</u>	<u>1,094,665</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(1,647,265)</u>	<u>(1,826,768)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(741,706)</u>	<u>(732,103)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,398,587</u>	<u>3,238,459</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	<u>(1,113,081)</u>	<u>(865,651)</u>
		<u>2,285,506</u>	<u>2,372,808</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	19	1,000,000	1,000,000
Profit and loss account		1,285,506	1,372,808
<b>SHAREHOLDER'S FUNDS</b>	20	<u>2,285,506</u>	<u>2,372,808</u>

These financial statements were approved and signed by the director on 2/6/03



C J Walters  
Director



## FALMOUTH OIL SERVICES LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2002

		2002		2001 <i>restated</i>	
	Note	£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	21		543,790		499,792
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		66		456	
Interest paid		(127,664)		(94,728)	
Interest element of hire purchase		<u>-</u>		<u>(2,275)</u>	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			(127,598)		(96,547)
<b>CAPITAL EXPENDITURE</b>					
Payments to acquire tangible fixed assets		(432,497)		(624,377)	
Receipts from sale of fixed assets		<u>1,379</u>		<u>37,166</u>	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>			(431,118)		(587,211)
<b>EQUITY DIVIDENDS PAID</b>			(200,000)		-
<b>CASH OUTFLOW BEFORE FINANCING</b>			(214,926)		(183,966)
<b>FINANCING</b>					
Repayment of bank loans		(19,386)		12,433	
Capital element of hire purchase		164,564		(7,183)	
Net (outflow)/inflow from other long-term creditors		<u>(27,823)</u>		<u>18,000</u>	
<b>NET CASH INFLOW FROM FINANCING</b>			117,355		23,250
<b>DECREASE IN CASH</b>	22		<u>(97,571)</u>		<u>(160,716)</u>

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

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

The company is exempt under s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- 50 years
Plant & Machinery	- between 4 and 50 years
Barges	- 10 years

Capital expenditure funded from grants received is capitalised. The amount capitalised is then reduced by the amount of the grant received. The director considers that this treatment, although not in accordance with Financial Reporting Standard 15, reflects a more true and fair disclosure of the transaction.

The director has carefully considered the remaining useful lives of the assets and concluded that it is appropriate to write off assets over the periods disclosed above. The director acknowledges that the company's operations are of such a nature that the reasonableness of the director's assumptions will only be apparent at some time in the future.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

**Pension costs**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**1. ACCOUNTING POLICIES** *(continued)*

**Deferred taxation**

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;

\* 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.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account.

**2. PRIOR YEAR ADJUSTMENT**

The comparative figures for turnover and cost of sales have both been increased by £245,969 to gross up certain reimbursed expenses of the company. No profit or loss arose on these reimbursements therefore no adjustment is required to the company's opening reserves.

**3. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	2001 <i>restated</i>
	£	£
United Kingdom	<u>5,463,374</u>	<u>6,526,979</u>

**4. OTHER OPERATING INCOME**

	2002	2001
	£	£
Rent receivable	<u>9,323</u>	<u>6,488</u>

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**5. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Director's emoluments	—	—
Depreciation	262,621	249,171
Profit on disposal of fixed assets	(1,234)	(1,928)
Auditors' remuneration	12,000	12,000
Professional fees on refinancing	24,220	—

**6. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of distribution staff	39	30
Number of administrative staff	8	8
Number of sales staff	3	2
	<u>50</u>	<u>40</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	<i>restated</i> £
Wages and salaries	905,542	858,121
Social security costs	106,697	80,336
Other pension costs	19,656	10,623
	<u>1,031,895</u>	<u>949,080</u>

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,656 (2001 £10,623) including contributions in respect of employees.

Contributions totalling £3,301 (2001 £3,434) were payable to the fund at 31 December 2002 and are included in creditors.

**7. INTEREST PAYABLE**

	2002	2001
	£	£
Interest payable on bank borrowing	62,533	62,724
Finance charges	—	2,275
Other similar charges payable	65,131	32,004
	<u>127,664</u>	<u>97,003</u>

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**8. FACTORS AFFECTING CURRENT TAX CHARGE**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	2002 £	2001 £
Profit on ordinary activities before taxation	112,698	166,941
Profit/(loss) on ordinary activities by rate of tax	33,809	50,082
Fixed assets ineligible depreciation	412	420
Expenses not deductible for tax purposes	10,735	7,551
Unprovided deferred tax	(44,956)	(58,053)
Total current tax	-	-

**9. DIVIDENDS**

The following dividends have been paid in respect of the year:

	2002 £	2001 £
Dividend paid on ordinary shares	200,000	-

**10. TANGIBLE FIXED ASSETS**

	Leasehold Property	Plant & Machinery	Barges	Total
	£	£	£	£
<b>COST</b>				
At 1 January 2002	537,690	4,350,576	127,772	5,016,038
Additions	-	432,497	-	432,497
Disposals	-	(8,700)	-	(8,700)
<b>At 31 December 2002</b>	<b>537,690</b>	<b>4,774,373</b>	<b>127,772</b>	<b>5,439,835</b>
<b>DEPRECIATION</b>				
At 1 January 2002	10,691	969,167	75,723	1,055,581
Charge for the year	1,374	255,241	6,006	262,621
On disposals	-	(8,555)	-	(8,555)
<b>At 31 December 2002</b>	<b>12,065</b>	<b>1,215,853</b>	<b>81,729</b>	<b>1,309,647</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2002</b>	<b>525,625</b>	<b>3,558,520</b>	<b>46,043</b>	<b>4,130,188</b>
At 31 December 2001	526,999	3,381,409	52,049	3,960,457

**Hire purchase agreements**

Included within the net book value of £4,130,188 is £462,832 (2001 - £210,422) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £79,654 (2001 - £36,214).

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**11. INVESTMENTS**

	Shares in group undertakings £
<b>COST:</b>	
At 1 January 2002 and 31 December 2002	<u>15,000</u>
<b>AMOUNTS WRITTEN OFF:</b>	
At 1 January 2002 and 31 December 2002	<u>4,895</u>
<b>NET BOOK VALUE:</b>	
At 31 December 2002	<u>10,105</u>
At 31 December 2001	<u>10,105</u>

Subsidiary undertaking	Country of incorporation	Principle activity	Class and percentage of shares held
Tamlyn Shipping Limited	England and Wales	Dormant	100% ordinary
Falcon Oil Services Limited	England and Wales	Dormant	100% ordinary

Financial information in respect of the above companies is as follows:

	Aggregate capital and reserves	Result for the year
Tamlyn Shipping Limited	10,105	-
Falcon Oil Services Limited	(24,532)	-

In the director's opinion the investments in, and amounts due from, the company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet.

**12. STOCKS**

	2002 £	2001 £
Raw materials	<u>100,182</u>	<u>90,845</u>

Stock consists of fuel oil, lubricating oil and waste oil.

**13. DEBTORS**

	2002 £	2001 £
Trade debtors	500,081	559,051
Other debtors	12,944	109,937
Prepayments and accrued income	<u>246,718</u>	<u>238,100</u>
	<u>759,743</u>	<u>907,088</u>

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**14. CREDITORS: Amounts falling due within one year**

	2002	2001
	£	£
Bank loans and overdrafts	250,694	207,783
Trade creditors	672,879	745,153
Amounts owed to group undertakings	347,391	292,677
Hire purchase agreements	128,698	64,642
Other creditors	71,186	76,974
Accruals and deferred income	176,417	439,539
	<u>1,647,265</u>	<u>1,826,768</u>

**15. CREDITORS: Amounts falling due after more than one year**

	2002	2001
	£	£
Bank loans and overdrafts	910,971	736,226
Hire purchase agreements	166,110	65,602
Other creditors	36,000	63,823
	<u>1,113,081</u>	<u>865,651</u>

The bank borrowings are secured by way of fixed and floating charges over the company's assets in favour of National Westminster Bank plc.

**16. CREDITORS - CAPITAL INSTRUMENTS**

Creditors include finance capital which is due for repayment as follows:

	2002	2001
	£	£
In one year or less, or on demand	250,694	207,783
Between one and two years	—	18,754
In five years or more	910,971	753,295
	<u>1,161,665</u>	<u>979,832</u>

**17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	2002	2001
	£	£
Amounts payable within 1 year	128,698	64,642
Amounts payable between 1 and 2 years	166,110	65,602
	<u>294,808</u>	<u>130,244</u>
Hire purchase agreements are analysed as follows:		
Current obligations	128,698	64,642
Non-current obligations	166,110	65,602
	<u>294,808</u>	<u>130,244</u>

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**18. RELATED PARTY TRANSACTIONS**

During the year the company paid management fees of £100,001 (2001 £103,000) to its parent company Garraf Limited. At the year end the company owed £440,239 (2001 £299,604) to Garraf Limited. The company also owed £7,151 (2001 £7,151) to its dormant subsidiary Tamlyn Shipping Limited.

The company made no waste oil sales during the year (2001 £233,296) to Docolon Holdings Limited, a company of which Garraf Limited owns 24% (2001 24%) of the issued share capital.

During the year the company paid consultancy fees of £5,000 (2001 £12,000) to Strickland Clarke Limited, a company of which P Baines is a director. P Baines was a director of Falmouth Oil Services Ltd at the time these transactions occurred. At the year end Falmouth Oil Services Limited owed £Nil (2001 £4,117) to Strickland Clarke Limited. These transactions were entered into on normal commercial terms.

During the year the company repaid £38,059 and £76,118 to C J Walters and to the former ultimate parent company Zilva Corporation respectively, being repayments of assigned bank borrowings within Falmouth Oil Services Limited. As part of a change in ownership of Garraf Limited during the year, the director C J Walters acquired Zilva Corporation's share of this assigned debt. At the year end the debt, which is disclosed within creditors due after more than one year, was £593,295 (2001 £707,472) and is owed to the director C J Walters under the assignment.

As a result of the change in ownership, C J Walters became the company's ultimate controlling party on 23 August 2002 (note 24).

**19. SHARE CAPITAL****Authorised share capital:**

	2002 £	2001 £
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

**Allotted, called-up and fully paid:**

	2002 £	2001 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2002 £	2001 £
Profit for the financial year	112,698	166,941
Dividends	(200,000)	—
	(87,302)	166,941
Opening shareholder's equity funds	<u>2,372,808</u>	<u>2,205,867</u>
Closing shareholder's equity funds	<u>2,285,506</u>	<u>2,372,808</u>



**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2002**

**21. RECONCILIATION OF OPERATING PROFIT TO  
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002 £	2001 £
Operating profit	240,296	263,488
Depreciation	262,621	249,171
Profit on disposal of fixed assets	(1,234)	(1,928)
(Increase)/decrease in stocks	(9,337)	517
Decrease in debtors	147,345	168,938
Decrease in creditors	(95,901)	(180,394)
Net cash inflow from operating activities	<u>543,790</u>	<u>499,792</u>

**22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2002 £	2001 £
Decrease in cash in the period	(97,571)	(160,716)
Net cash outflow/inflow from bank loans	19,386	(12,433)
Cash outflow in respect of hire purchase	(164,564)	7,183
Net cash outflow/(inflow) from other long-term creditors	<u>27,823</u>	<u>(18,000)</u>
	(214,926)	(183,966)
	(214,926)	(183,966)
New loan in year	(190,569)	-
Change in net debt	(405,495)	(183,966)
Net debt at 1 January 2002	(1,041,344)	(857,378)
Net debt at 31 December 2002	<u>(1,446,839)</u>	<u>(1,041,344)</u>

**23. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jan 2002 £	Cash flows £	Non-cash movements	At 31 Dec 2002 £
Net cash:				
Cash in hand and at bank	96,732	(51,098)	-	45,634
Overdrafts	(147,898)	(46,473)	-	(194,371)
	<u>(51,166)</u>	<u>(97,571)</u>	<u>-</u>	<u>(148,737)</u>
Debt:				
Debt due within 1 year	(59,885)	3,562		(56,323)
Debt due after 1 year	(800,049)	43,647	(190,569)	(946,971)
Hire purchase agreements	(130,244)	(164,564)	-	(294,808)
	<u>(990,178)</u>	<u>(117,355)</u>	<u>(190,569)</u>	<u>(1,298,102)</u>
Net debt	<u>(1,041,344)</u>	<u>(214,926)</u>	<u>(190,569)</u>	<u>(1,446,839)</u>

**FALMOUTH OIL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**24. ULTIMATE PARENT COMPANY**

The parent company is Garraf Limited . The company is ultimately controlled by C J Walters.