

**CRE Group Limited**

**Directors' report and financial  
statements**

**Registered number 2924220**

**31 March 2001**



## **Financial statements**

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## **Company information**

**Chairman**

JB Lott

**Directors**

JB Lott  
AS Keane  
JE Mills  
Dr L Noordzij

**Company Secretary**

D Watson

**Registered office**

PO Box 18  
Common Road  
Huthwaite  
Sutton in Ashfield  
Nottinghamshire  
NG17 2NS

**Registered number**

2924220

**Auditors**

KPMG  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

**Bankers**

National Westminster Bank Plc  
PO Box 23  
Portland Square  
Sutton-in-Ashfield  
Nottinghamshire  
NG17 1AS

## **Directors' report**

### **Introduction**

The directors submit their annual report and the audited financial statements for the year ended 31 March 2001.

### **Results and dividend**

The loss on ordinary activities of the company after taxation amounted to £66,000 (2000: £375,000 loss). The directors do not recommend a dividend (2000: £nil) and accordingly £66,000 (1999: £375,000 loss) has been deducted from reserves.

### **Activities and business review**

The commercial activities of the company were focused on ambient and emissions monitoring services, primarily in the UK.

The company also acted as the operating agent for the International Energy Agency in respect of IEA Greenhouse Gas Programme and the IEA Coal Research, the latter through IEA Coal Research Limited. From 2 July 2001, IEA Environmental Projects Limited, a fellow subsidiary company of IMC Group Holdings Limited, took over the role of operating agent for the IEA Greenhouse Gas Programme, and acquired the entire share capital of IEA Coal Research Limited.

With effect from 1 May 2000 the ambient and emissions monitoring services business of the company was sold to CRE Energy Services Limited, a wholly owned subsidiary undertaking, for a consideration of 998 ordinary shares of £1 each in CRE Energy Services Limited. On 17 October 2000, the company sold its entire shareholding in CRE Energy Services Limited to ETI Group Limited (now known as EMC Environment Engineering Limited) for 50% of the issued share capital in that company.

The balance of activity within the company now leaves it acting as a property company, receiving rental income on the Stoke Orchard office block from its two joint venture undertakings, EMC Environment Engineering Limited and Gastec at CRE Limited.

### **Directors**

The directors, none of whom is beneficially interested in the shares of the company, or the parent company, who served during the year, were as follows:

#### *Executive directors:*

JB Lott

Dr JC Whitehead (resigned 7 January 2001)

AS Keane

#### *Non-executive directors:*

JE Mills (appointed 17 October 2000)

Dr L Noordzij (appointed 19 December 2000)

**Directors' report** *(continued)*

**Auditors**

The auditors, KPMG, have expressed their willingness to be re-appointed at the forthcoming Annual General Meeting.

By order of the board



**D Watson**  
*Company Secretary*

**Registered office**

PO Box 18  
Common Road  
Huthwaite  
Sutton in Ashfield  
Nottinghamshire  
NG17 2NS

17 December 2001

## **Statement of 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 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 a 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 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.



St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## **Report of the independent auditors to the members of CRE Group Limited**

We have audited the financial statements on pages 6 to 17.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 1985. 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 with the company is not disclosed.

### **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 as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

17 December 2001

*Chartered Accountants  
Registered Auditors*

**Profit and loss account**  
*for the year ended 31 March 2001*

	Notes	2001 Continuing £000	2001 Discontinued £000	2001 £000	2000 Continuing £000	2000 Discontinued £000	2000 £000
<b>Turnover</b>	1	93	-	93	54	4,580	4,634
Other operating income		-	1,220	1,220		-	-
Other external charges		-	-	-		(1,687)	(1,687)
Staff costs		-	(1,150)	(1,150)		(2,319)	(2,319)
Depreciation and other amounts written off tangible fixed assets		(2)	-	(2)	(2)	(121)	(123)
Other operating charges (including exceptional item)		(13)	(222)	(235)	(54)	(713)	(767)
<b>Operating loss before exceptional item</b>		<b>78</b>	<b>(152)</b>	<b>(74)</b>	<b>(2)</b>	<b>(54)</b>	<b>(56)</b>
Exceptional item	5	-	-	-	-	(206)	(206)
<b>Operating loss</b>	2	<b>78</b>	<b>(152)</b>	<b>(173)</b>	<b>(2)</b>	<b>(260)</b>	<b>(262)</b>
Income from shares in group undertakings				8			-
Interest receivable	6			118			25
Amounts written off investments				(99)			(83)
Interest payable	6			(90)			(105)
<b>Loss on ordinary activities before taxation</b>				<b>(137)</b>			<b>(425)</b>
Tax on loss on ordinary activities	7			71			50
<b>Loss for the financial year</b>	16			<b>(66)</b>			<b>(375)</b>

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

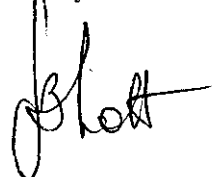
In both the current and preceding years, there was no material difference between the loss reported in the profit and loss account and the loss on an unmodified historical cost basis.



**Balance sheet**  
*as at 31 March 2001*

	<i>Notes</i>	<b>£000</b>	<b>2001 £000</b>	<b>£000</b>	<b>2000 £000</b>
<b>Fixed assets</b>					
Tangible fixed assets	8		17		367
Investments - in subsidiaries	9		-		-
- in joint ventures	10		-		16
			<u>17</u>		<u>383</u>
<b>Current assets</b>					
Debtors	11	1,212		3,740	
Cash at bank and in hand		-		12	
		<u>1,212</u>		<u>3,752</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(814)</u>		<u>(3,654)</u>	
<b>Net current liabilities</b>			<u>398</u>		<u>98</u>
<b>Total assets less current liabilities</b>			<u>415</u>		<u>481</u>
<b>Creditors: amounts falling due after more than one year</b>	13		-		(83)
<b>Provisions for liabilities and charges</b>	14		<u>(83)</u>		<u>-</u>
<b>Net assets</b>			<u>332</u>		<u>398</u>
<b>Capital and reserves</b>					
Called up share capital (£100 only)	15		-		-
Capital reserve	16		399		399
Profit and loss account	16		<u>(67)</u>		<u>(1)</u>
<b>Equity shareholders' funds</b>	17		<u>332</u>		<u>398</u>

These financial statements were approved by the board of directors on 17 December 2001 and were signed on its behalf by:



**JB Lott**  
*Director*

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

#### ***Basis of accounting***

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important policies, which have been consistently applied, is set out below.

Consolidated financial statements have not been prepared as the company is covered by the exemption from consolidation requirements for small groups. Accordingly, the financial statements present information for the individual company only.

#### ***Cash flow statement***

The company is a wholly owned subsidiary of IMC Group Holdings Limited. The cash flows of this company are included in the consolidated group cash flow statement within the financial statements of IMC Group Holdings Limited. Consequently the company is exempt under the terms of Financial Reporting Standard Number 1 from publishing a cash flow statement.

#### ***Turnover***

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding value added tax.

#### ***Fixed assets***

Tangible assets have been stated at cost, after adjusting for additions and disposals during the year, less accumulated depreciation to date.

Depreciation is calculated on a straight line basis so as to write off the cost of fixed assets over the expected useful economic lives on the following basis:

Leasehold improvements	7 years straight line
Plant and machinery	10-20% per annum
Vehicles	20% per annum
Equipment	20-33% per annum

#### ***Amounts recoverable on contracts***

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

In accordance with the provisions of SSAP 9 (revised): 'Amounts Recoverable on Contracts' represents the value of work done at the lower of cost and net realisable value, for which no invoice has been raised, but which is reflected within activity in the profit and loss account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Deferred taxation*

Deferred taxation is provided for under the liability method using the rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability will crystallise.

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year, except where the transactions are covered by forward exchange contracts, when the contracted rate is used. All exchange differences are dealt with in the profit and loss account.

#### *Pension funds*

The company operates two defined benefit schemes, contributions to which are charged to the profit and loss account over the expected working lives of employees who are pension scheme members. There is also two defined contribution schemes and pension contributions to these schemes are charged against profits as incurred.

#### *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 the 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.

### 2 Operating loss

	2001 £000	2000 £000
<i>Operating loss is stated after charging/(crediting):</i>		
Auditors' remuneration - audit services	2	18
Depreciation - owned assets	-	98
- assets held under hire purchase or finance leases	2	31
Profit on disposal of fixed assets	-	(6)
Other operating leases	10	9
Profit on foreign exchange	-	(12)
	<hr/>	<hr/>

## Notes (continued)

### 3 Directors' emoluments

	2001 £000	2000 £000
<i>The emoluments of the directors, excluding pension contributions, amounted to:</i>		
Fees	61	146
	=====	=====
	Number	Number
Number of directors included in the defined benefit scheme	1	2
	=====	=====

The emoluments of the highest paid director, excluding pension contributions, were £60,616 (2000: £78,394). At the year end, the director had accrued a pension of £8,183 pa (2000: £7,014 pa).

### 4 Employees

<i>The average number of persons employed, including directors, during the year was as follows:</i>	2001 Number	2000 Number
Administrative	28	20
Technical and technical support	12	63
	=====	=====
	40	83
	=====	=====
	£000	£000
<i>An analysis of the overall employment costs (including all directors) is as follows:</i>		
Wages and salaries	951	1,910
Social security costs	75	153
Other pension costs	124	256
	=====	=====
	1,150	2,319
	=====	=====

### 5 Exceptional item

	2001 £000	2000 £000
Redundancy costs	-	104
Contract losses	-	102
	=====	=====
	-	206
	=====	=====

## Notes (continued)

### 6 Interest

	2001 £000	2000 £000
<i>Interest receivable comprises:</i>		
Bank interest	30	25
Charged to subsidiary undertaking	88	-
	<u>118</u>	<u>25</u>
<i>Interest payable comprises:</i>		
Bank interest	(84)	(99)
Lease interest	(6)	(6)
	<u>(90)</u>	<u>(105)</u>

### 7 Taxation

	2001 £000	2000 £000
<i>Based on the result for the year:</i>		
UK Corporation tax at 30% (2000: 30%) - current year	21	-
- over provided in prior years	50	28
Deferred taxation released	-	22
	<u>71</u>	<u>50</u>

### 8 Tangible fixed assets

	Leasehold improve- ments £000	Vehicles £000	Equipment £000	Total £000
<i>Cost:</i>				
At 1 April 2000	21	132	2,162	2,315
Additions	2	-	-	2
Disposals	(2)	(132)	(2,162)	(2,296)
	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>
At 31 March 2001	21	-	-	21
<i>Accumulated depreciation:</i>				
At 1 April 2000	2	109	1,837	1,948
Charge for year	2	-	-	2
Disposals	-	(109)	(1,837)	(1,946)
	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
At 31 March 2001	4	-	-	4
<i>Net book value:</i>				
At 31 March 2001	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
At 31 March 2000	<u>19</u>	<u>23</u>	<u>325</u>	<u>367</u>

## Notes (continued)

### 8 Tangible fixed assets (continued)

The net book value of fixed assets includes an amount of £nil (2000: £144,872) in respect of assets held under finance leases.

Expenditure contracted for but not provided in the financial statements amounted to £nil (2000: £nil).

### 9 Investment - in subsidiaries

	2001 £	2000 £
Cost	8	8

All subsidiaries are registered in England and Wales and are 100% owned by CRE Group Limited and are as follows:

	Aggregate amount of share capital and reserves	
	2001 £	2000 £
<i>Name of subsidiary:</i>		
Combustion Systems Limited	6	6
IEA Coal Research Limited	2	2

The company sold its investment in Combustion Systems Limited at cost to its parent undertaking, IMC Group Holdings Limited, on 3 April 2001. On 3 July 2001, the company sold its investment in IEA Coal Research Limited to IEA Environmental Projects Limited at cost.

The company acted as operating agent for the International Energy Agency in respect of the IEA Greenhouse Gas Programme up to 2 July 2000, and through its subsidiary IEA Coal Research Limited, of IEA Coal Research up to 2 April 2001. The financial statements for both of these are maintained separately and are audited by Ernst & Young and KPMG respectively. The assets and liabilities of these were operated by the company, are not included in the balance sheet but in view of their significance are summarised below:

	2001 £000	2000 £000
<b>IEA Greenhouse Gas Programme</b>		
Miscellaneous debtors	452	335
Miscellaneous creditors	(766)	(1,007)
Cash held on behalf of members	(314)	(672)
<b>IEA Coal Research</b>		
Miscellaneous debtors	297	350
Miscellaneous creditors	(401)	(445)
Cash held on behalf of members	(104)	(95)

## Notes (continued)

### 10 Investments - in joint ventures

	2001 £000	2000 £000
<b>Investments</b>		
Cost	125	125
Provisions against carrying value	(125)	(109)
	<u>-</u>	<u>16</u>

CRE Group Limited has a 50% interest in its joint venture, Gastec at CRE Limited whose principal business is testing and certification of gas appliances; it is incorporated in England and Wales. The company's share of the net assets and liabilities of Gastec at CRE Limited as at 31 March 2001 was as follows:

	2001 £000	2000 £000
<b>Share of assets</b>		
Tangible fixed assets	39	50
Share of current assets	222	234
	<u>261</u>	<u>284</u>
<b>Share of liabilities</b>		
Liabilities due within one year	(344)	(268)
Share of net (liabilities)/assets	<u>(83)</u>	<u>16</u>

On 17 October 2000 CRE Group Limited acquired 50% of the issued ordinary share capital of EMC Environmental Engineering Limited (formerly ETI Group Limited) by way of consideration for the sale of the company's entire shareholding in CRE Energy Services Limited. The company's share of the net assets at the year end of both EMC Environmental Engineering Limited and its subsidiary undertaking, Monitor (Europe) Limited, was as follows:

	2001 £000	2000 £000
<b>Share of assets</b>		
Intangible fixed assets	289	-
Tangible fixed assets	525	-
Share of current assets	2,646	-
	<u>3,460</u>	<u>-</u>
<b>Share of liabilities</b>		
Liabilities due within one year	(3,337)	-
Liabilities falling due after 1 year	(402)	-
Share of net liabilities	<u>(279)</u>	<u>-</u>

## Notes (continued)

### 11 Debtors

	2001 £000	2000 £000
Trade debtors	211	983
Amount recoverable on contracts	4	1,303
Amounts due from group undertakings	95	949
Amounts due from joint venture undertakings	550	327
Corporation tax recoverable	21	-
Other debtors	323	90
Prepayments and accrued income	8	88
	<u>1,212</u>	<u>3,740</u>

### 12 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank overdraft and loan	39	939
Net obligations under hire purchase and finance lease contracts	-	31
Payments received on account	19	203
Trade creditors	283	643
Amounts owed to subsidiary undertakings	347	19
Value added tax	10	66
Other creditors including tax and social security	111	1,204
Accruals and deferred income	5	549
	<u>814</u>	<u>3,654</u>

The bank overdraft is secured by a deed of subordination and an unscheduled mortgage debenture.

### 13 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Net obligations under hire purchase and finance lease contracts	-	83

### 14 Provisions for liabilities and charges

#### *Provisions for losses in joint venture undertakings*

	2001 £000	2000 £000
Balance brought forward	-	-
Provided in year	83	-
Balance carried forward	<u>83</u>	<u>-</u>

#### *Deferred taxation*

There is no deferred taxation provided or unprovided at the year end (2000: £nil).



## Notes (continued)

### 15 Called up share capital

	2001 £	2000 £
<i>Authorised, allotted and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

### 16 Reserves

	Profit and loss £000	Capital reserve £000	Total £000
At 1 April 2000	(1)	399	398
Transfer for the year	(66)	-	(66)
	<hr/>	<hr/>	<hr/>
At 31 March 2001	(67)	399	332
	<hr/>	<hr/>	<hr/>

### 17 Reconciliation of movement in equity shareholders' funds

	2001 £000	2000 £000
Loss for the year	(66)	(375)
Dividends payable	-	-
	<hr/>	<hr/>
Net additions to equity shareholders' funds	(66)	(375)
Opening equity shareholders' funds	398	773
	<hr/>	<hr/>
Closing equity shareholders' funds	332	398
	<hr/>	<hr/>

### 18 Contingent liabilities

The bank holds a cross guarantee over the indebtedness of all IMC group companies. At 31 March 2001 that liability amounted to £3,592,807 (2000: £2,364,461).

### 19 Operating lease commitments

At 31 March 2001, the company had the following annual commitments from operating leases:

	2001		2000
	Land and buildings £000	Others £000	Land and buildings £000
<i>Leases which expire:</i>			Others £000
Within one year	10	-	4
Within two to five years	-	-	20
	<hr/>	<hr/>	<hr/>
	10	-	20
	<hr/>	<hr/>	<hr/>
			12
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 20 Finance lease creditor

At 31 March 2001, the company had creditors arising from finance leases due for repayment as follows:

	2001 £000	2000 £000
Due within one year	-	31
Between two and five years	-	83
	<hr/> -	<hr/> 114
	<hr/>	<hr/>

### 21 Pensions

The IMC group operates two defined benefit schemes, and two defined contribution schemes for certain employees of the company.

The contributions to the defined contribution schemes are based on pension costs across the group as a whole. The schemes are managed independently of the group's finances. Details of the group schemes are disclosed in the financial statements of IMC Group Holdings Limited.

Contributions amounted to £121,000 (2000: £256,000) in respect of the defined benefit. Outstanding contributions to the defined benefit schemes at the year end amounted to £nil (2000: £21,549). Contributions to the defined contribution schemes amounted to £3,000 (2000: £nil). There were no outstanding contributions to the defined contribution scheme at the year end (2000: £nil).

With effect from 7 February 2001, the company no longer employs any personnel. All obligations arising from the above pension schemes have been transferred to the new employer.

### 22 Related party transactions

In accordance with the provisions of Financial Reporting Standard No. 8, transactions with fellow members of the IMC Group have not been disclosed. During the year CRE Group Limited entered into transactions with its joint venture companies as follows:

	Gastec at CRE Limited		EMC Environmental Engineering Limited	
	Provided in year	Outstanding at year end	Provided in year	Outstanding at year end
	£000	£000	£000	£000
Accommodation	23	23	70	70
Professional services	4	4	342	342
	<hr/> 27	<hr/> 27	<hr/> 412	<hr/> 412
	<hr/>	<hr/>	<hr/>	<hr/>

Prices were calculated on an arm's length basis.

CRE Group Limited acquired 50% of the issued ordinary share capital of EMC Environmental Engineering Limited (formerly ETI Group Limited) by way of consideration for the sale of the company's entire shareholding in CRE Energy Services Limited.

**Notes** *(continued)*

**23 Post balance sheet event**

On 2 July 2001, IEA Environmental Projects Limited, a fellow subsidiary company of IMC Group Holdings Limited, took over the role of operating agent for the IEA Greenhouse Gas Programme, and acquired the entire share capital of IEA Coal Research Limited.

**24 Ultimate parent undertaking**

The ultimate parent undertaking and ultimate controlling party is ICF Group Limited, a company registered in England and Wales. The financial statements for ICF Group Limited can be obtained from the Secretary, ICF Group Limited, 450 London Road, North Cheam, Surrey, SM3 8HZ.

The parent that heads the smallest group of undertakings for which consolidated financial statements are prepared is IMC Group Holdings Limited, a company registered in England and Wales. Copies of the consolidated financial statements are available from the Secretary, IMC Group Holdings Limited, PO Box 18, Mill Lane, Huthwaite, Nottinghamshire NG17 2NS.