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FLETCHER & CO
chartered accountants

**ENVIRONMENTAL DETECTION SURVEYS
LIMITED
FINANCIAL STATEMENTS
APRIL 30TH 1997**



*Laural Bank House, Ashley Road, Southport. PR9 0RB.
Telephone: (01704) 501750 Fax: (01704) 501750*

ENVIRONMENTAL DETECTION SURVEYS LIMITED

DIRECTORS' REPORT

APRIL 30 1997

The directors present their report on the affairs of the Company, together with the financial statements and auditors report for the year ended April 30th 1997.

Principal Activities

The principal activities of the Company are the provision of leak detection, water management and surveying services.

Business Review

The Company had a profitable year and this trend is expected to continue into the following year.

Results and Dividends

The net profit for the year after taxation amounted to £6,405 (1996 - loss £3,070) and the directors do not recommend the payment of a dividend.

Fixed Assets

Information relating to changes in tangible fixed assets is given in note 7 to the financial statements.

Directors and their interests

The director who held office at April 30th 1997 and his interests in the share capital of the Company is shown below:

 J H Kershaw	Ordinary Shares of £1 each	
	-----	-----
	1997	1996
	-----	-----
	2000	2000
	-----	-----

J H Kershaw retires by rotation at the next Annual General Meeting and being eligible offers himself for re election.

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 the Company and of the profit and loss of the Company for that year.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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.

Auditor

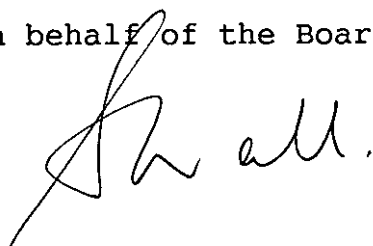
Fletcher & Co, Chartered Accountants and Registered Auditors are eligible for re-election under the provisions of Section 384 of the Companies Act 1985.

Close Company

The Company is a Close Company within the provisions of the Income and Corporation Taxes Act 1970.

This report was approved by the Board of Directors on August 6th 1997.

On behalf of the Board of Directors



G A Small : Company Secretary
August 6th 1997

AUDITORS REPORT
REPORT OF THE AUDITOR TO THE MEMBERS OF
ENVIRONMENTAL DETECTION SURVEYS LIMITED

We have audited the financial statements set out on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies on page 6.

Respective responsibilities of Directors and Auditors

As described in the Directors' Report the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based upon 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. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at April 30th 1997 and of the profit for the year then ended and comply with the Companies Act 1985.



FLETCHER & CO
Chartered Accountants
Registered Auditors

Laural Bank House
Ashley Road
Southport
PR9 0RB.

August 6th 1997

ENVIRONMENTAL DETECTION SURVEYS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED APRIL 30 1997

1996		Notes	1997
----		-----	-----
	Income:		
89047	Sales		396412
65654	Cost of Sales		295134
-----			-----
23393			101278
27833	Administration expenses		93370
-----			-----
(4440)	Operating profit/(loss)	1	7908
(1370)	Taxation provision	2	1503
-----			-----
£(3070)	Profit/(loss) for the year after tax		£ 6405
-----			-----

The notes on pages 7 and 8 form an integral part of these financial statements.

ENVIRONMENTAL DETECTION SURVEYS
LIMITED

BALANCE SHEET

AS AT 30TH APRIL 1997

	Notes	30.4.97 £	30.4.96 £
Tangible Assets	7	<u>126,479</u>	<u>27,773</u>
Current Assets			
Work in Progress		-	500
Debtors/ Prepayments	3	102,551	31,829
Cash		<u>75</u>	-
		<u>102,626</u>	<u>32,329</u>
Creditors- falling due within 1 year	4	<u>-141,671</u>	<u>-30,872</u>
Net Current Assets/Liabilities		<u>-39,045</u>	<u>1,457</u>
Total Assets less Current Liabilities		87,434	29,230
Creditors- falling due after 1 year	5	<u>-70,134</u>	<u>-18,335</u>
		<u>17,300</u>	<u>10,895</u>
Represented by-			
Share Capital	6	10,000	10,000
Reserves		<u>7,300</u> <u>17,300</u>	<u>895</u> <u>10,895</u>

The financial statements were approved by the Board of Directors on August 6th 1997. No notice has been deposited under section 249B (2) of the Act in relation to the accounts in the financial year. The Directors acknowledge their responsibility for:

- (a) Ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985 and
- (b) Preparing accounts which gave a true and fair view of the state of affairs of the Company as at the end of the financial year in accordance with the requirements of section 226 of the Companies Act 1985 and which otherwise comply with the requirements of the Act relating to accounts so far as applicable to the company.



J H KERSHAW
6th August 1997

The notes on page 7 and 8 form an integral part of these financial statements.

**ENVIRONMENTAL DETECTION SURVEYS
LIMITED**

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the year.

1. Basis of accounting

The financial statements have been prepared under the historical cost convention.

2. Taxation

Corporation tax payable is provided on taxable profits at the rates applicable at the balance sheet date.

Provision is made for the deferred taxation except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future.

3. 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.

4. Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life at the following annual rates.

Motor vehicles	25 %
Office equipment	25 %
Computer Equipment	25 %

Any profits or losses arising on disposal are included in the operating profit.

**ENVIRONMENTAL DETECTION SURVEYS
LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30th 1997

1. Operating profit

Operating profit for the year is after charging:

	1997 £	1996 £
Depreciation	10846	7738
Bad Debt Provision	-	(3000)

2. Taxation

Corporation Tax is provided on taxable profits at the current small companies rate of 24%

A provision for deferred taxation is not considered necessary as timing differences are unlikely to give rise to a charge to taxation in the foreseeable future.

3. Debtors

	1997 £	1996 £
Trade debtors / prepayments	<u>102551</u>	<u>31829</u>

4. Creditors

Amount falling due within one year :

	1997 £	1996 £
Wages	300	-
Bank Overdraft	42004	16309
Trade Creditors and Accruals	31904	6272
Corporation Tax	1503	160
Value Added Tax	22669	3631
Paye / Nic	28517	1250
Hire Purchase	5474	3250
Bank Loan	<u>9300</u>	-
	<u>141671</u>	<u>30872</u>

5. Creditors

Amounts falling due after one year :

	1997 £	1996 £
Loans	13555	14000
Hire Purchase	4421	4335
Bank Loan	<u>52158</u>	-----
	<u>70134</u>	<u>18335</u>

6. Share Capital

	<u>1997</u> £	<u>1996</u> £
Authorised :		
10,000 ordinary shares of £1 each		
Issued and fully paid up :		
10,000 ordinary share of £1 each	<u>10,000</u>	<u>10,000</u>

7. Fixed Assets

Fixed Assets comprise :

	Property £	Motor Vehicles £	Plant & Equipment £	Computer Equipment £	Total £
Cost :					
Brought forward	-	17000	13798	7213	38011
Additions	86360	7600	14988	1104	110052
Disposals	<u>-</u>	<u>(750)</u>	<u>-</u>	<u>-</u>	<u>(750)</u>
	<u>86360</u>	<u>23850</u>	<u>28786</u>	<u>8317</u>	<u>147313</u>
Depreciation :					
Brought Forward	-	2930	5523	1785	10238
Disposals	-	(250)	-	-	(250)
Charge in year	<u>-</u>	<u>5400</u>	<u>3877</u>	<u>1569</u>	<u>10846</u>
	<u>-</u>	<u>8080</u>	<u>9400</u>	<u>3354</u>	<u>20834</u>
Net book value					
30.4.97	<u>86360</u>	<u>15770</u>	<u>19386</u>	<u>4963</u>	<u>126479</u>
30.4.96	-	<u>14070</u>	<u>8275</u>	<u>5428</u>	<u>27773</u>