

**CROSSCO 2000 LIMITED**  
**(Formerly ALcontrol Limited)**

**DIRECTORS' REPORT AND ACCOUNTS**

**for the year ended**

**31 March 2001**

**Registered Number 3028361**



## **CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001**

The directors present their report and the audited accounts for the year ended 31 March 2001.

#### **PRINCIPAL ACTIVITIES**

The company's principal activity until 30 November 2000 was providing environmental analysis services for clean water, effluent, contaminated land, food and air. On this date the trading assets and liabilities of the company were sold and for the remainder of the period the company has not traded.

#### **CHANGE OF NAME**

The company changed its name to CrossCo 2000 Limited from ALcontrol Limited on 20 December 2000.

#### **RESULTS AND DIVIDENDS**

The company's loss for the financial year is £2,440,646 (2000: £6,825). The directors do not recommend the payment of a dividend.

#### **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year are given below:

P Hudson	(appointed 2 April 2001)
IG Knight	(resigned 2 April 2001)
JH Newman	(appointed: 21 January 2000)
GHW Baalhuis	(appointed: 18 August 1999, resigned 9 December 2000)
A Bondswell	(appointed: 18 August 1999, resigned 24 October 2000)
C Boyes	(appointed: 18 August 1999, resigned 9 December 2000)
GM Johnson (Mrs)	(appointed: 21 January 2000, resigned 31 August 2000)

The interests of the directors, holding office at 31 March 2001, in the shares of Kelda Group plc, the ultimate parent company, are:-

#### Ordinary shares of 15 5/9p each

	At 31 March 2001	At 31 March 2000
IG Knight	37,107	36,446

The interests of J Newman, who is also a director of the ultimate parent company, Kelda Group plc, are shown in the annual report of that company.

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

**DIRECTORS' REPORT FOR THE YEAR  
ENDED 31 MARCH 2001**

**DIRECTORS AND THEIR INTERESTS (CONTINUED)**

Options to acquire ordinary shares

	<u>At 31 March 2000</u>	<u>Granted during year</u>	<u>Exercised during year</u>	<u>Lapsed during year</u>	<u>At 31 March 2001</u>	<u>Exercise price (p)</u>	<u>Market Price at date of exercise (p)</u>	<u>Date options exercisable</u>	<u>Date options expire</u>
IG Knight	661 3,229	- -	(661) -	- -	- 3,229	295.0 240.0	349.0 -	1.5.2000 1.3.2003	31.10.2000 31.8.2003

The aggregate gain on exercise of the share options during the year was £357 (2000: £Nil).

Long Term Incentive Plan of Kelda Group plc

Interests of the directors in the plan are:

	<u>At 31 March 2000</u>	<u>Granted during year</u>	<u>At 31 March 2001</u>
IG Knight	7,966	5,688	13,654

Details of the plan are set out in the Kelda Group plc Annual Report and Accounts 2001.

**AUDITORS**

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

By order of the Board



Director

3 July 2001

Registered Office:

Western House  
Halifax Road  
Bradford BD6 2SZ

## **CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by company law to prepare accounts 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.

In preparing the accounts of the company the directors confirm that they have:

- (i) selected and consistently applied appropriate accounting policies;
- (ii) make reasonable and prudent estimates and judgements where appropriate;
- (iii) followed applicable accounting standards;
- (iv) prepared the accounts on a going concern basis.

The directors are responsible 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 accounts comply with the Companies Act 1985. They also have the 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.

The above statement should be read in conjunction with the statement of the auditors' responsibilities in the Report of the Auditors, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

## **CROSCO 2000 LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF CROSCO 2000 LIMITED**

We have audited the accounts on pages 5 to 15, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 7 and 8.

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

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

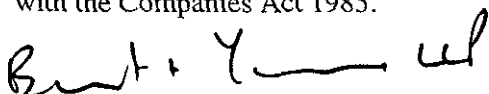
#### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2001 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Leeds

13 July 2001

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001**

	Notes	2001 £	2000 £
<b>TURNOVER</b>		8,187,291	3,820,260
Operating costs	2	<u>(7,414,273)</u>	<u>(3,676,203)</u>
<b>OPERATING PROFIT</b>		773,018	144,057
Exceptional item	5	(2,711,153)	-
Net interest payable and similar income	6	<u>(479,992)</u>	<u>(27,781)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,418,127)	116,276
Tax on profit on ordinary activities	7	<u>(22,519)</u>	<u>(123,101)</u>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<u>(2,440,646)</u>	<u>(6,825)</u>

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

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)****BALANCE SHEET AT 31 MARCH 2001**

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Intangible assets	8	-	19,370
Tangible assets	9	-	8,054,749
Investments	10	-	4,452,630
			<hr/>
		-	12,526,749
			<hr/>
<b>CURRENT ASSETS</b>			
Stocks	11	-	142,634
Debtors	12	2	2,439,936
Cash at bank and in hand		-	51,252
			<hr/>
			2,633,822
			<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Short-term borrowings	13	-	(331,720)
Other creditors	14	(2,447,471)	(13,913,746)
			<hr/>
		-	(14,245,466)
			<hr/>
<b>NET CURRENT LIABILITIES</b>		(2,447,469)	(11,611,644)
			<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2,447,469)	915,105
			<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Long-term borrowings	15	-	(847,559)
			<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	-	(74,369)
			<hr/>
<b>NET LIABILITIES</b>		(2,447,469)	(6,823)
			<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	2	2
Profit and loss account	18	(2,447,471)	(6,825)
			<hr/>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		(2,447,469)	(6,823)
			<hr/>



Director

3 July 2001

# **CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

## **NOTES TO THE ACCOUNTS - 31 MARCH 2001**

### **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) Group accounts**

The accounts present information about the company as an individual undertaking and not about its group. The company is exempt from preparing group accounts by virtue of Section 228 of the Company's Act 1985. The company is included in the consolidated accounts of Kelda Group plc.

#### **(c) Turnover**

Turnover comprises charges to external customers for services rendered, excluding value added tax, arising solely within the UK.

#### **(d) Pensions**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period benefiting from the employees' service.

#### **(e) Investments**

Fixed asset investments in the accounts of the company are stated at cost.

#### **(f) Deferred taxation**

No provision is made for deferred taxation unless there is a reasonable probability that a liability will occur in the foreseeable future. Deferred tax assets are carried forward to the extent that they are expected to be recoverable without replacement by equivalent assets.

#### **(g) Fixed assets held under leases**

Assets which are financed by leasing agreements that transfer substantially all the risks and rewards of ownership to the company are capitalised and depreciated over the shorter of their estimated useful lives and the term of the lease. The liability to the leasing company is included within borrowings.

All other leases are operating leases and the rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### **(h) Other tangible assets**

Other tangible assets are included at cost less accumulated depreciation.

#### **(i) Depreciation**

Depreciation is charged, where appropriate, on the original cost of assets on a straight-line basis over the estimated economic lives of the assets.

Freehold land is not depreciated.



**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)****NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)****1. ACCOUNTING POLICIES (CONTINUED)**

Depreciation is charged from the date of commissioning of assets and the principal economic lives used are:

Buildings	25 to 60 years
Plant & Machinery	3 to 5 years
Fixtures, Fittings & Tools	3 to 5 years

**(j) Research and development expenditure**

Development expenditure is deferred until the project to which it relates commences commercial operations, when the total development costs will be amortised over the life of the project. Deferred development expenditure is included in the balance sheet as an intangible asset.

**(k) Stocks**

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes labour, materials and an appropriate proportion of overheads.

**(l) Foreign currencies**

Individual transactions denominated in foreign currencies are translated into sterling at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date, or if applicable, at the forward exchange rate. Profits and losses on both individual foreign currency transactions settled during the year and unsettled monetary assets and liabilities are dealt with in the profit and loss account.

**2. OPERATING COSTS**

	2001 £	2000 £
Change in stocks of finished goods and work in progress	(142,634)	142,634
Raw materials and consumables	1,315,914	554,295
Wages and salaries	3,023,662	1,390,151
Social security costs	282,990	116,296
Other pension costs	87,593	36,497
Depreciation:		
- owned assets	606,639	275,474
- leased assets	4,845	2,200
Operating lease rentals:		
- plant and machinery	49,508	11,683
Auditors' remuneration:		
- audit services	8,000	12,000
Loss on disposal of fixed assets	-	1,982
Other operating charges	2,177,756	1,132,991
	<u>7,414,273</u>	<u>3,676,203</u>

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)****NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)****3. DIRECTORS' EMOLUMENTS**

	2001 £	2000 £
Aggregate emoluments	186,867	-

**4. EMPLOYEE INFORMATION**

	2001	2000
The average weekly number of employees during the year was:		
By activity:		
Production	238	218
Selling and distribution	24	21
Administration	21	20
	<u>283</u>	<u>259</u>

**5. EXCEPTIONAL ITEM**

	2001 £	2000 £
Loss on disposal of operations	(2,711,153)	-

During the year the Company sold its investments in Geochem Group Limited and ACS Food Analysis Limited. The Company also sold its own business. Consideration received was £11,419,000. Costs incurred in respect of the sale transaction were £492,937.

**6. NET INTEREST PAYABLE AND SIMILAR INCOME**

	2001 £	2000 £
<b>Interest payable on:</b>		
Bank loans and overdrafts	150	1,122
Interest element of finance lease rentals	355	378
Interest payable to group undertakings	447,166	80,881
Other interest payable	44,000	10,344
	<u>491,671</u>	<u>92,725</u>
<b>Interest receivable on:</b>		
Bank loans and overdrafts	(11,679)	(2,172)
<b>Foreign exchange differences</b>	-	(62,772)
	<u>479,992</u>	<u>27,781</u>

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)****NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)****7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2001 £	2000 £
<b>Taxation on the profit for the year:</b>		
UK corporation tax at 30% (2000: 30%)	22,519	48,732
Deferred taxation (see note 15)	-	74,369
	<u>22,519</u>	<u>123,101</u>

The effective rate of tax is higher than the standard rate of tax because of the effects of movements in deferred tax not previously provided for.

**8. INTANGIBLE FIXED ASSETS**

	<u>Total</u> £
<b>COST</b>	
At 1 April 2000	31,690
Disposals	<u>(31,690)</u>
At 31 March 2001	-
<b>AMORTISATION</b>	
At 1 April 2000	(12,320)
Disposals	19,360
Provision for the year	<u>(7,040)</u>
At 31 March 2001	-
<b>NET BOOK AMOUNT</b>	
At 31 March 2001	-
At 31 March 2000	<u>19,370</u>

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

**NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)**

**9. TANGIBLE FIXED ASSETS**

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£	£
<b>COST</b>				
At 1 April 2000	6,415,084	4,837,168	1,349,603	12,601,855
Additions	193,405	438,632	129,805	761,842
Disposals	(6,608,489)	(5,275,800)	(1,479,408)	(13,363,697)
At 31 March 2001	-	-	-	-
<b>DEPRECIATION</b>				
At 1 April 2000	500,056	3,007,947	1,039,103	4,547,106
Charge for the year	99,356	407,589	104,539	611,484
Disposals	(599,412)	(3,415,536)	(1,143,642)	(5,158,590)
At 31 March 2001	-	-	-	-
<b>NET BOOK AMOUNT</b>				
At 31 March 2001	-	-	-	-
At 31 March 2000	5,915,028	1,829,221	310,500	8,054,749

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

**NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)**

**10. INVESTMENTS**

	<u>Subsidiary Undertakings</u> £
<b>COST</b>	
At 1 April 2000	4,452,630
Disposals	(4,452,630)
	<hr/>
At 31 March 2001	-
	<hr/>

**11. STOCKS**

	2001 £	2000 £
Raw materials and consumables	-	142,634
	<hr/>	<hr/>

**12. DEBTORS**

	2001 £	2000 £
<b>Debtors due within one year:</b>		
Trade debtors	-	1,371,374
Amounts owed by group undertakings	2	477,368
Other debtors	-	13,367
Prepayments and accrued income	-	577,827
	<hr/>	<hr/>
	2	2,439,936
	<hr/>	<hr/>

**13. SHORT-TERM BORROWINGS**

	2001 £	2000 £
<b>Repayable within one year or on demand:</b>		
Finance leases	-	4,320
Other loans	-	327,400
	<hr/>	<hr/>
	-	331,720
	<hr/>	<hr/>

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

**NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)**

**14. OTHER CREDITORS**

	2001 £	2000 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors	-	1,006,322
Amounts owed to group undertakings	2,316,883	12,164,217
Other creditors including taxation and social security	130,638	311,536
Accruals and deferred income	-	431,671
	<hr/>	<hr/>
	2,447,471	13,913,746
	<hr/>	<hr/>

**15. LONG-TERM BORROWINGS**

	2001 £	2000 £
<b>Maturing between one and two years:</b>		
Finance leases	-	2,159
<b>Maturing between two and five years:</b>		
Other loans	-	845,400
	<hr/>	<hr/>
	-	847,559
	<hr/>	<hr/>

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

The movements in deferred taxation during the current and previous years are as follows:

	2001 £	2000 £
At 1 April	74,369	-
Released in the year	(74,369)	-
Charge for the year	-	74,369
	<hr/>	<hr/>
At 31 March	-	74,369
	<hr/>	<hr/>

There is no deferred taxation at the year end as a result of the disposal of the company's fixed assets.

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	<hr/> -	<hr/> 74,369	<hr/> -	<hr/> 650,370

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)****NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)****17. CALLED UP SHARE CAPITAL**

	2001 <u>Number</u>	2001 Nominal <u>Value</u> £	2000 <u>Number</u>	2000 Nominal <u>Value</u> £
<b>AUTHORISED</b>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>				
Ordinary shares of £1 each	2	2	2	2

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Called up share <u>capital</u> £	Profit and <u>Loss account</u> £	<u>Total</u> £
At 1 April 2000	2	(6,825)	(6,823)
Loss for the financial year	-	(2,440,646)	(2,440,646)
At 31 March 2001	2	(2,447,471)	(2,447,469)

**19. CASH FLOW STATEMENT**

The company is a wholly owned subsidiary of Kelda Group plc and is included in the consolidated accounts of Kelda Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

**20. PENSION COMMITMENTS**

Up until 9 December 2000, the Company participated in the Kelda Group Pension Plan. This is a funded, defined benefit scheme and the last actuarial valuation was carried out as at 31 March 1998. Details of these valuations are contained in the accounts of Kelda Group plc.

The business of the Company was disposed on 9 December 2000.

**21. CAPITAL COMMITMENTS**

There are no capital commitments at 31 March 2001 or 31 March 2000.

**CROSSCO 2000 LIMITED (FORMERLY ALCONTROL LIMITED)**

**NOTES TO THE ACCOUNTS - 31 MARCH 2001 (CONTINUED)**

**22. FINANCIAL COMMITMENTS**

At 31 March 2001, the company had annual commitments under non-cancellable operating leases expiring as follows:

	2001	2000
	£	£
Within one year	-	40,001

**23. RELATED PARTY TRANSACTIONS**

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Kelda Group plc or investors of Kelda Group plc.

**24. ULTIMATE PARENT UNDERTAKING**

The company's immediate and ultimate parent undertaking and controlling party is Kelda Group plc, which is the parent undertaking of the smallest and largest group to consolidate these accounts. Copies of Kelda Group plc consolidated accounts can be obtained from the Company Secretary at Western House, Halifax Road, Bradford BD6 2SZ.