

COMPANY REGISTRATION NUMBER 3133832

**RESOURCE AND ENVIRONMENTAL CONSULTANTS
LIMITED**

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2003



Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

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RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 8, together with the financial statements of the company for the year ended 31 December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 8 are properly prepared in accordance with those provisions.

Blueprint Audit Limited

Blueprint Audit Limited
Registered Auditor

Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date: *4/10/04*

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2003


	Note	2003 £	2002 £
Fixed assets	2		
Tangible assets		198,722	221,420
Investments		<u>1</u>	<u>1</u>
		198,723	221,421
Current assets			
Stocks		16,335	29,200
Debtors	3	554,775	747,279
Cash at bank and in hand		<u>41,988</u>	<u>13,947</u>
		613,098	790,426
Creditors: Amounts falling due within one year	4	<u>692,903</u>	<u>571,007</u>
Net current (liabilities)/assets		(79,805)	219,419
Total assets less current liabilities		<u>118,918</u>	<u>440,840</u>
Creditors: Amounts falling due after more than one year	4	24,105	379,753
Provisions for liabilities and charges		<u>11,023</u>	<u>7,664</u>
		<u>83,790</u>	<u>53,423</u>
Capital and reserves			
Called-up equity share capital	5	1,808	1,800
Profit and loss account		<u>81,982</u>	<u>51,623</u>
Shareholders' funds		<u>83,790</u>	<u>53,423</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 7 SEPTEMBER 2004 and are signed on their behalf by:



D Blyth



V Parr

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

1. Accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are recorded at cost.

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:

Plant & Machinery	- 25% reducing balance
Fixtures & Fittings	- 10% reducing balance
Motor Vehicles	- 25% reducing balance
Equipment	- 10% reducing balance

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

1. Accounting policies *(continued)*

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

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.

Fixed asset investments

Fixed asset investments are stated at cost.

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

2. Fixed assets

	Tangible Assets £	Investments £	Total £
Cost			
At 1 January 2003	399,896	1	399,897
Additions	39,889	—	39,889
Disposals	(2,850)	—	(2,850)
At 31 December 2003	<u>436,935</u>	<u>1</u>	<u>436,936</u>
Depreciation			
At 1 January 2003	178,476	—	178,476
Charge for year	60,583	—	60,583
On disposals	(846)	—	(846)
At 31 December 2003	<u>238,213</u>	<u>—</u>	<u>238,213</u>
Net book value			
At 31 December 2003	<u>198,722</u>	<u>1</u>	<u>198,723</u>
At 31 December 2002	<u>221,420</u>	<u>1</u>	<u>221,421</u>

The company owns 100% of the issued share capital of Resource & Environmental Consultants (Asbestos) Limited, a company incorporated in England & Wales. The company was only incorporated on 14th November 2002, therefore there is no financial information available for prior years.

Results of Resource & Environmental Consultants (Asbestos) Limited for the period ended 31 December 2003 are as follows:

	2003 £
Loss for the financial period	(1,284)
Reserves	<u>(1,283)</u>

3. Debtors

Debtors include amounts of £84,847 (2002 - £40,515) falling due after more than one year.

4. Secured creditors

Included in creditors is an amount of £265,073 (2002: £339,835) secured over certain book debts of the company.

Included in creditors within one year are obligations under hire purchase agreements in the amount of £56,251 (2002: £48,622).

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

4. Secured creditors *(continued)*

Included in creditors after more than one year are obligations under hire purchase agreements in the amount of £24,105 (2002: £58,330).

Commitments under hire purchase contracts and finance lease are secured on the assets concerned.

The company has guaranteed the bank borrowings of Scientific Analysis Laboratories Limited and Scientific Analysis Instruments Limited, companies related through common control. At the year end these borrowings totalled £21,251.

5. Share capital

Authorised share capital:

	2003	2002
	£	£
100,000 Ordinary shares of £1 each	—	100,000
425,000,000 A Ordinary shares of £0.0002 each	85,000	—
48,000,000 B Ordinary shares of £0.0002 each	9,600	—
2,000,000 C Ordinary shares of £0.0002 each	400	—
25,000,000 D Ordinary shares of £0.0002 each	5,000	—
	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	—	—	1,800	1,800
A Ordinary shares of £0.0002 each	7,650,000	1,530	—	—
B Ordinary shares of £0.0002 each	900,000	180	—	—
C Ordinary shares of £0.0002 each	40,000	8	—	—
D Ordinary shares of £0.0002 each	450,000	90	—	—
	<u>9,040,000</u>	<u>1,808</u>	<u>1,800</u>	<u>1,800</u>

During the year the company converted its authorised share capital of 100,000 Ordinary shares of £1 each into 425,000,000 A Ordinary shares of £0.0002 each, 48,000,000 B Ordinary shares of £0.0002 each, 2,000,000 C Ordinary shares of £0.0002 each and 25,000,000 D Ordinary shares of £0.0002 each.

The issued share capital of 1,800 Ordinary shares of £1 each were subsequently converted into 9,000,000 A Ordinary shares of £0.0002 each.

It was resolved that each of D Blyth, D Wood and V Parr would transfer 150,000 A Ordinary shares of £0.0002 each, to P Kerr by payment at par.

A special resolution was passed to convert the 450,000 A ordinary shares of £0.0002 each held by P R Furmston and R P Ashby into B Ordinary shares of the same amount. The 450,000 A Ordinary shares of £0.0002 each held by P Kerr were converted into D Ordinary shares of the same amount.

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

5. Share capital *(continued)*

On the 28 October 2003 the company issued 40,000 C Ordinary shares of £0.0002 each at par to K Moss.

The A Ordinary shares, the B Ordinary shares, the C Ordinary shares and the D Ordinary shares shall rank *pari passu* with regard to dividends.

The A Ordinary shareholders shall be entitled to receive notice of, attend, and vote at any General Meeting of the company.

The B Ordinary shareholders, the C Ordinary shareholders and the D Ordinary shareholders shall not be entitled to receive notice of, attend, nor vote at any General Meeting.

In the event of an A Ordinary shareholder selling his shares either through retirement from the company or upon death, then any shares not accepted by members shall be automatically converted to fully paid Preference shares at the rate of 1 Preference share for every A Ordinary share. The Preference shares shall rank *pari passu* with all other Preference shares in issue at that time.

In the event of the company becoming listed, or in the event that an agreement is in place to sell the company, then all Preference shares currently in issue shall be converted to A Ordinary shares that rank *pari passu* in all respects.

In any financial year that the Preference shares are in issue, the profits of the company shall be applied in paying to all shareholders a cash dividend equal to 50% of the net profit of the company and its subsidiaries for the relevant financial year.

The Preference shareholders shall be entitled to receive notice of and attend any General Meeting, but cannot vote unless any dividend owed to the Preference shareholders is in arrears at the date of the Meeting, or if the purpose of the Meeting concerns winding-up the company, or altering the share capital to the extent that the Preference shareholders are affected. In such an event the Preference shareholders shall only be allowed to vote on such a matter.

In the event of the C Ordinary shareholders selling their shares either through retirement from the company or upon death being within 4 years of the date of issue of the C shares the sale price shall be equal to the nominal value of the shares so held.

In the event of the D Ordinary shareholders selling their shares either through retirement from the company or upon death being within 5 years of the member commencing employment with the Company the sale price shall be discounted as specified in the Articles of Association.

During the year the board of directors of the company established the Resource and Environmental Consultants Limited Enterprise Management Incentives Scheme ("the Scheme"). Options have been granted to certain employees in respect of service, at a redeemable option price of nil pence per share.

RESOURCE AND ENVIRONMENTAL CONSULTANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

5. Share capital *(continued)*

At 31 December 2003 options have been granted, and have not expired, in respect of 240,000 B Ordinary shares of £0.0002 each in Resource and Environmental Consultants Limited. The options are exercisable at the earlier of 5 years from the grant date or upon the sale of the company, at an exercise price of nil pence per share.

6. Transactions with directors

Included in other debtors is a loan to D Blyth of £nil (2002 : £291). This is the maximum amount overdrawn during the year and no interest was charged.