

ENVIROCO LIMITED
Annual report and financial statements
For the year ended 31 December 2000

Registered No: SC180242

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ENVIROCO LIMITED

Annual report and financial statements for the year ended 31 December 2000

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ENVIROCO LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|--------------------------|---|
| Directors | C B Manderson C P Lloyd R J Taylor M Stephen W C Robertson |
| Registered Office | Investment House 6 Union Row Aberdeen AB10 1DG |
| Secretary | W S Kennedy |
| Auditors | PricewaterhouseCoopers Chartered Accountants 32 Albyn Place Aberdeen AB10 1YL |
| Bankers | Bank of Scotland Castle Street Branch 53 Castle Street Aberdeen AB11 5AG |
| Solicitors | Paul & Williamsons Investment House 6 Union Row Aberdeen AB10 1DG |

ENVIROCO LIMITED

Directors' report for the year ended 31 December 2000

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2000.

Principal activity

The principal activity of the company is the management of waste both onshore and offshore from its point of production through the supply chain to its final destination. The services provided are marine and industrial tank cleaning, dry and special waste handling, drill cuttings processing, land remediation and training and advisory services.

Results, developments and future prospects

The loss for the year after taxation amounted to £149,000 (1999:£68,000). No dividend has been proposed and the directors recommend that the retained loss of £149,000 is transferred from reserves.

The directors are confident of the future prospects of the company.

Directors and their interests

The present membership of the Board is set out on page 1.

No director has a direct interest in the shares of the company.

Certain of the company's directors are also directors of the companies which jointly own the company (note 22). Where appropriate directors' interests in shares or share options are disclosed in the relevant financial statements.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the forthcoming Annual General meeting.

By order of the board


WS Kennedy
Company Secretary

12 February 2001

ENVIROCO LIMITED

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

ENVIROCO LIMITED

Auditors' report to the members of Enviroco Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The Directors' are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 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 affairs of the company as at 31 December 2000 and of the loss for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen

12 February 2001

ENVIROCO LIMITED

Profit and loss account for the year ended 31 December 2000

| | Note | 2000 £'000 | 1999 £'000 |
|--|------|---------------------|--------------------|
| Turnover | 2 | 2,707 | 1,366 |
| Cost of sales | 4 | <u>(2,088)</u> | <u>(1,163)</u> |
| Gross profit | | 619 | 203 |
| Administrative expenses | 4 | (355) | (301) |
| Exceptional administrative expense | 5 | <u>(344)</u> | <u>-</u> |
| Operating loss | | (80) | (98) |
| Interest | 6 | <u>(59)</u> | <u>-</u> |
| Loss on ordinary activities before Taxation | | (139) | (98) |
| Tax on loss on ordinary activities | 7 | <u>(10)</u> | <u>30</u> |
| Retained loss for the year | | <u><u>(149)</u></u> | <u><u>(68)</u></u> |

The results above all relate to continuing activities.

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

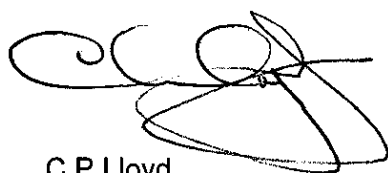
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalent.

ENVIROCO LIMITED

Balance sheet as at 31 December 2000

| | Note | 2000 £'000 | 1999 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 8 | 2,434 | 2,076 |
| Current assets | | | |
| Debtors | 9 | 891 | 1,129 |
| Creditors: Amounts falling due within one year | 10 | (1,233) | (1,684) |
| Net current liabilities | | (342) | (555) |
| Total assets less current liabilities | | 2,092 | 1,521 |
| Creditors: Amounts falling due outwith one year | 11 | (73) | - |
| Provision for liabilities and charges | 12 | (46) | - |
| Net assets | | 1,973 | 1,521 |
| Capital and reserves | | | |
| Called up share capital | 13 | 668 | 534 |
| Shared premium account | 14 | 1,297 | 830 |
| Profit and loss account | 14 | 8 | 157 |
| Total equity shareholders' funds | 15 | 1,973 | 1,521 |

These financial statements on pages 5 to 17 were approved by the Board of Directors on 12 February 2001 and were signed on its behalf by:



C P Lloyd
Director

ENVIROCO LIMITED

Cash flow statement for the year ended 31 December 2000

| | | 2000 £'000 | 1999 £'000 |
|---|----|---------------|---------------|
| Operating activities | | | |
| Net cash inflow / (outflow) from operating activities | 16 | 658 | (361) |
| Return on net investments and servicing of finance | | | |
| Interest paid | | (8) | - |
| Interest on finance leases | | (4) | - |
| Bank overdraft expenses | | (14) | - |
| | | (26) | - |
| Taxation | | | |
| UK corporation tax paid | | (27) | (100) |
| Capital expenditure and financial investment | | | |
| Purchase of fixed assets | | (557) | (1,866) |
| Sale of fixed assets | | 109 | - |
| | | (448) | (1,866) |
| Cash inflow / (outflow) before use of liquid resources and financing | | 157 | (2,327) |
| Financing | | | |
| Issue of share capital | | 601 | 1,364 |
| Repayments of finance lease | | (17) | - |
| | | 584 | 1,364 |
| Increase / (decrease) in cash in year | 18 | 741 | (963) |

ENVIROCO LIMITED

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies

The 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 accounting policies, which have been applied consistently, is set out below:

Depreciation

Depreciation is provided to write off the cost of assets less estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|-------------------------|
| Buildings | 4%- straight line |
| Plant and equipment | 10% - 25% straight line |

Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that the liability or asset will crystallise in the foreseeable future.

Leases and Hire Purchase Agreements

Assets held under finance leases and hire purchase agreements are capitalised at their fair value on the inception of the lease and hire purchase agreements and depreciated over their estimated useful lives. Finance charges are allocated over periods of the leases and hire purchase agreements in proportion to the capital amounts outstanding.

Operating lease rentals are charged to the profit and loss on a straight line basis over the period of the lease.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange rate gains and losses are reflected in the profit and loss account.

Pension Costs

The company participates in a group defined benefit scheme. The charge to the profit and loss account is the amount of contributions payable to the scheme in the year. Details of the scheme are set out in the financial statements of ASCO plc for the year ended 31 December 2000.

2 Turnover

Turnover represents the value of goods and services provided stated net of value added tax. By origin and destination all turnover is derived from the United Kingdom.

ENVIROCO LIMITED

Notes to the financial statements for the year ended 31 December 2000

3 Employee information

| | 2000 £'000 | 1999 £'000 |
|-----------------------|---------------|---------------|
| Staff costs | | |
| Wages and salaries | 621 | 335 |
| Social security costs | 63 | 35 |
| Pension costs | 12 | 4 |
| | <u>696</u> | <u>374</u> |
| | ===== | ===== |

The average monthly number of persons (including executive directors) employed by the company during the financial year amounted to:

| By activity: | Number | Number |
|----------------|-----------|-----------|
| Administration | 5 | 4 |
| Operations | 17 | 7 |
| | <u>22</u> | <u>11</u> |
| | ===== | ===== |

| | 2000 £'000 | 1999 £'000 |
|--|---------------|---------------|
| Directors emoluments | | |
| Aggregate emoluments | 53 | 45 |
| Company contributions to money purchase pension Scheme | 2 | 2 |
| | <u>55</u> | <u>47</u> |
| | ===== | ===== |

The number of directors who have retirement benefits accruing under a money purchase pension scheme is 1 (1999 : 1).

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Notes to the financial statements for the year ended 31 December 2000

4 Loss on ordinary activities before taxation

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Loss on ordinary activities before taxation is stated after charging / (crediting): | | |
| Cost of sales: | | |
| Deprecation – owned assets | 195 | 38 |
| Depreciation – assets under finance lease | 10 | - |
| Operating lease rentals: | | |
| Land and buildings | 45 | 16 |
| Plant and equipment | 13 | 319 |
| Other costs | 1,825 | 790 |
| | <u>2,088</u> | <u>1,163</u> |
| Administrative expenses: | | |
| Auditors remuneration – audit services | 6 | - |
| Auditors remuneration – non-audit services | 2 | - |
| Depreciation – owned assets | 11 | 9 |
| Gain on disposal of fixed assets | (13) | - |
| Operating lease rentals – plant and equipment | 18 | - |
| Other expenses | 331 | 292 |
| | <u>355</u> | <u>301</u> |

5. Exceptional Administrative Expense

| | 2000 | 1999 |
|-----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Plant rental agreement debt | 344 | - |

The plant rental agreement debt relates to the write off of costs associated with a plant operating lease.

The tax credit associated with this exceptional item was £103,000.

6 Interest

| | 2000 | 1999 |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank overdraft interest | 55 | - |
| Finance lease interest | 4 | - |
| | <u>59</u> | <u>-</u> |

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Notes to the financial statements for the year ended 31 December 2000

7 Tax on loss on ordinary activities

| | 2000 £'000 | 1999 £'000 |
|--------------------------------------|---------------|---------------|
| Taxation on the loss for the year: | | |
| Corporation tax | | |
| - Current year at 30% (1999 : 30.3%) | - | (25) |
| - Prior year | (36) | (5) |
| Deferred tax | | |
| - current year | (26) | - |
| - prior year | 72 | - |
| | 10 | (30) |

8 Tangible fixed assets

| | Land & Buildings £'000 | Plant & Equipment £'000 | Total £'000 |
|------------------------------------|------------------------------|-------------------------------|----------------|
| Cost | | | |
| At 1 January 2000 | 1,302 | 914 | 2,216 |
| Transfer from affiliated companies | - | 106 | 106 |
| Transfer to affiliated companies | - | (109) | (109) |
| Additions | 170 | 394 | 564 |
| At 31 December 2000 | 1,472 | 1,305 | 2,777 |
| Depreciation | | | |
| At 1 January 2000 | - | 140 | 140 |
| Charge for the year | 48 | 168 | 216 |
| Transfer to affiliated companies | - | (13) | (13) |
| At 31 December 2000 | 48 | 295 | 343 |
| Net book value | | | |
| At 31 December 2000 | 1,424 | 1,010 | 2,434 |
| At 31 December 1999 | 1,302 | 774 | 2,076 |
| Consisting of: | | | |
| Heritable | 1,080 | | |
| Long leasehold | - | | |
| Short leasehold | 344 | | |
| | 1,424 | | |

ENVIROCO LIMITED

Notes to the financial statements for the year ended 31 December 2000

Tangible fixed assets included in plant and equipment and held under finance leases are as follows: -

| | 2000 | 1999 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cost | 135 | - |
| Aggregate depreciation | (10) | - |
| | <u>125</u> | <u>-</u> |
| | ===== | ===== |

9 Debtors

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 455 | 42 |
| Amounts owed by affiliated undertakings | 297 | 807 |
| Other debtors | 18 | 19 |
| Prepayments and accrued income | 19 | 66 |
| Corporation tax recoverable | 88 | 25 |
| Other tax and social security | 14 | 170 |
| | <u>891</u> | <u>1,129</u> |
| | ===== | ===== |

10 Creditors: Amounts falling due within one year

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Bank overdraft | 222 | 963 |
| Trade creditors | 266 | 305 |
| Amounts owed to affiliated undertakings | 678 | 49 |
| Accruals and deferred income | 44 | 367 |
| Finance leases | 23 | - |
| | <u>1,233</u> | <u>1,684</u> |
| | ===== | ===== |

The bank overdraft is secured by a floating charge over the assets of the company.

ENVIROCO LIMITED

Notes to the financial statements for the year ended 31 December 2000

11 Creditors: Amounts falling due outwith one year

| | 2000 | 1999 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Finance leases | 73 | - |
| | ===== | ===== |
| Repayable 1-2 years | | |
| Finance leases | 23 | - |
| | ===== | ===== |
| Repayable 2-5 years | | |
| Finance leases | 50 | - |
| | ===== | ===== |

12 Provision for liabilities and charges

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Deferred taxation | | |
| Amounts provided for timing differences | | |
| At 1 January 2000 | - | - |
| Transferred to profit and loss account | 46 | - |
| | ----- | ----- |
| At 31 December 2000 | 46 | - |
| | ===== | ===== |
| Depreciation in excess of capital allowances | 46 | - |
| | ===== | ===== |

13 Called up share capital

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Authorised | | |
| 500,000 'A' ordinary shares of £1 each | 500 | 500 |
| 500,000 'B' ordinary shares of £1 each | 500 | 500 |
| | ----- | ----- |
| | 1,000 | 1,000 |
| | ===== | ===== |
| Allotted, called up and fully paid | | |
| 333,751 'A' ordinary shares of £1 each | 334 | 334 |
| 333,751 (1999 : 199,879) 'B' ordinary shares of £1 each | 334 | 200 |
| | ----- | ----- |
| | 668 | 534 |
| | ===== | ===== |

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Notes to the financial statements for the year ended 31 December 2000

On 25 January 2000 Stoneyhill Quarry (Peterhead) Limited took up its option to subscribe to a further 133,872 'B' ordinary shares of £1 each.

'A' and 'B' ordinary shares rank pari passu in terms of voting rights, dividends and with regard to return of capital in the event of a winding up.

14 Reserves

| | 2000 £'000 | 1999 £'000 |
|--------------------------------|---------------|---------------|
| Share premium account | | |
| At 1 January 2000 | 830 | - |
| Issue of new shares | 467 | 830 |
| At 31 December 2000 | 1,297 | 830 |
| Profit and loss account | | |
| At 1 January 2000 | 157 | 225 |
| Retained loss for the year | (149) | (68) |
| At 31 December 2000 | 8 | 157 |

15 Reconciliation of movements in shareholder's funds

| | 2000 £'000 | 1999 £'000 |
|-----------------------------|---------------|---------------|
| Loss for the financial year | (149) | (68) |
| New share capital issued | 601 | 1,364 |
| Opening shareholders' funds | 1,521 | 225 |
| | 1,973 | 1,521 |

16 Net cash inflow / (outflow) from operating activities

| | 2000 £'000 | 1999 £'000 |
|----------------------------------|---------------|---------------|
| Operating loss | (80) | (98) |
| Depreciation and other non-cash | 203 | 47 |
| Decrease / (increase) in debtors | 268 | (1,014) |
| Increase in creditors | 267 | 704 |
| | 658 | (361) |

ENVIROCO LIMITED

Notes to the financial statements for the year ended 31 December 2000

17 Analysis of changes in net debt

| | 1 January 2000 £'000 | Cashflow £'000 | Other Changes £'000 | 31 December 2000 £'000 |
|------------------------|----------------------------|-------------------|---------------------------|------------------------------|
| Bank overdraft | (963) | 741 | - | (222) |
| Debt due within 1 year | - | - | (23) | (23) |
| Debt due after 1 year | - | 17 | (90) | (73) |
| | <u>(963)</u> | <u>758</u> | <u>(113)</u> | <u>(318)</u> |

18 Reconciliation of net cashflow to movement in net debt.

| | 2000 £'000 | 1999 £'000 |
|--|---------------|---------------|
| Increase / (decrease) in cash in year | 741 | (963) |
| Cash outflow from decrease in debt | 17 | - |
| | <u>758</u> | <u>(963)</u> |
| Change in net debt resulting from cashflows | 758 | (963) |
| New finance leases and hire purchase contracts | (113) | - |
| Net debt at 1 January 2000 | (963) | - |
| | <u>(318)</u> | <u>(963)</u> |
| Net debt at 31 December 2000 | (318) | (963) |

19 Operating lease commitments

At 31 December 2000 the company was committed to the following annual payments in respect of operating leases:

| | Land & Buildings £'000 | Plant & Equipment £'000 |
|--------------------------------|------------------------------|-------------------------------|
| On leases which expire: | | |
| Within 1 year | - | 4 |
| Between 2-5 years | - | 33 |
| After 5 years | 54 | - |
| | <u>54</u> | <u>37</u> |

ENVIROCO LIMITED

Notes to the financial statements for the year ended 31 December 2000

20 Capital commitments

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| Contracted but not provided in the accounts: | | |
| Land and buildings | - | 215 |
| Plant and equipment | 18 | 100 |
| | <u>18</u> | <u>315</u> |

21 Affiliated companies

At 31 December 1999 the company was owned by ASCO plc (62.5%) and Stoneyhill Waste Management Limited (37.5%).

On 25 January 2000 Stoneyhill Waste Management Limited took up its option to subscribe for a further 133,872 'B' ordinary shares in the company. As a result the company is now jointly owned in equal proportions by ASCO plc and Stoneyhill Waste Management Limited.

22 Joint venture parties

Financial statements of the joint venture companies and their ultimate parent companies are available from the addresses set out below:

Joint Venture Company:

ASCO plc
Regent Centre
Regent Road
Aberdeen
AB11 5NS

Stoneyhill Waste Management Limited
Broad House
Broad Street
Peterhead
Aberdeenshire
AB42 6JA

Ultimate Holding Company:

ASCO plc
Regent Centre
Regent Road
Aberdeen
AB11 5NS

Taylor Crane Company Limited
Broad House
Broad Street
Peterhead
Aberdeenshire
AB42 6JA

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Notes to the financial statements for the year ended to 31 December 2000

23 Related party disclosures

Included in the profit and loss account are sales, costs and expenses which arise from transactions between the company and its joint venture parties. Such transactions comprise sales and purchases of goods and services in the ordinary course of business and management charges and in total amounted to:-

| | 2000 £'000 | 1999 £'000 |
|---|-------------------|-------------------|
| Charges to affiliated companies: | | |
| ASCo UK Limited | 1,180 | 1,130 |
| Taylor Crane Company Limited | 17 | - |
| | <hr/> 1,197 <hr/> | <hr/> 1,130 <hr/> |
| Charges from affiliated companies: | | |
| ASCO plc | 47 | 47 |
| ASCo UK Limited | 114 | 623 |
| Stoneyhill Waste Management Limited | 394 | - |
| | <hr/> 555 <hr/> | <hr/> 670 <hr/> |