

**Sureclean Limited**

**Report and Financial Statements**  
**for the year ended 31 December 2010**

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**Sureclean Limited**

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**Company Information**

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|--------------------------|---|
| <b>Directors</b>         | J M Barron<br>I Pirie<br>A Stewart<br>R G McLennan<br>P A Thorn<br>P McAlister (appointed 8 June 2010 & resigned 4 February 2011) |
| <b>Company secretary</b> | Ledingham Chalmers LLP  |
| <b>Company number</b>    | SC185760  |
| <b>Registered office</b> | Johnstone House<br>52-54 Rose Street<br>Aberdeen<br>AB10 1HA  |
| <b>Auditors</b>          | Ernst & Young LLP<br>Barony House<br>Stoneyfield Business Park<br>Inverness<br>IV2 7PA  |
| <b>Bankers</b>           | Bank of Scotland<br>2-6 Eastgate<br>Inverness<br>IV2 3NA  |
| <b>Solicitors</b>        | Ledingham Chalmers<br>Johnstone House<br>52-54 Rose Street<br>Aberdeen<br>AB10 1HA  |

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**Sureclean Limited**

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**Directors' report  
for the year ended 31 December 2010**

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The directors present their report and the financial statements for the year ended 31 December 2010.

**Principal activities**

The principal activity of the company during the year were HP & UHP water jetting both on and offshore, tank cleaning, asbestos management and the operation of waste transfer units in Aberdeen and Alness.

**Business review**

2010 was a disappointing and extremely challenging year for the company, which was in stark contrast to the record breaking year in 2009. Whilst the traditional Sureclean market suffered in 2009 as a result of global recession and a depressed oil price, due in part to having a robust order book, Sureclean was largely unaffected and enjoyed a successful year. Despite the encouraging Q1 performance, 2010 proved to be a tougher challenge than we expected. The general nervousness among the oil and gas operators and drillers was further exacerbated by the moratorium placed on deepwater drilling following events in the Gulf of Mexico. These events had a detrimental effect on the supply chain and consequently led to project deferment and when coupled with our inability to win new work in a depressed market consequently, had a significant negative affect on our trading performance and profitability. Turnover fell from £10.8m to £8.6m and the group recorded a loss for the year of £641,018 after taxation.

Latterly with a strong oil price and a renewed feeling of confidence across the industry, some of the previously postponed projects have now been reactivated and have contributed to Sureclean enjoying a positive start to 2011, with sales being recorded well above budget.

As a reaction to the downturn in 2010, necessary spending controls were enforced and overheads were reduced, this lower cost base together with increased sales has contributed to an improving profit for the current year. Cash management due to the losses in 2010 has been an issue for the company, but following a re-structuring of its debt with the Bank of Scotland, a fresh injection of capital from the Directors and a support grant from Highlands & Islands Enterprise in the early part of 2011, the company is now in a far stronger cash position.

As with the UK, Norway having made such a promising start in 2009, was also disappointing for 2010. Appropriate cost control and overhead reduction measures were taken in the second half of the year as part of a consolidation process designed to afford the fledgling business more time in which to strengthen its position in the market place. The directors remain optimistic that Norway will realise its potential in the years ahead. However, in the short term until sustained sales growth is achieved the viability of the Norwegian base remains under close scrutiny and ongoing review.

Against the background of a turbulent domestic market the need to further internationalise the business was heightened. Consequently, early in 2010 the company opened a new base in Egypt with a view to using this base as a hub to service the wider North Africa territory which through market research had been identified as an area with untapped opportunity. The first year has largely focused on getting operational and this has also proved challenging, especially with the ongoing political uncertainty. Nevertheless, the company have made positive progress, having secured contracts with international clients resulting in a strong sales performance year to date and a high level of confidence that 2011 projections for the region will be achieved or surpassed.

Despite the difficulties in 2010, the Directors are confident that 2011 will be a very successful year. Market conditions are expected to improve and opportunities for the company will remain buoyant over the foreseeable future. Onshore, offshore, domestically and overseas, due to the ageing infrastructure and increasing environmental constraints in the oil and gas industry, there is a growing demand for the services provided by Sureclean. In accordance with our existing 5 year business plan, the company still seeks to expand its sphere of activities and is targeting West Africa, the Caspian, the Middle East and South East Asia as areas offering significant opportunities. Positively, the company has renewed ongoing facilities with the Bank of Scotland and is meeting all its banking covenants, however, it is anticipated that sources of ongoing finance to fund expansion will remain tight and it is recognised that this may well impact on the timing of our growth aspirations. Nevertheless, the investments made in personnel, equipment and systems, the project exposure over the last 10+ years, the profile and reputation gained, and the infrastructure put in place will serve as a powerful springboard to securing additional high value contracts and projects and provides a source of great optimism for the present and the future.

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**Sureclean Limited**

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**Directors' report  
for the year ended 31 December 2010**

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**Results**

The loss for the year, after taxation, amounted to £641,018 (2009 - profit £591,742).

**Directors**

The directors who served during the year were:

J M Barron  
I Pirie  
A Stewart  
R G McLennan  
P A Thorn  
P McAlister (appointed 8 June 2010 & resigned 4 February 2011)

**Principal risks and uncertainties**

The principal risks and uncertainties facing the group are broadly grouped as follows:

- Liquidity risks - the company policy is to ensure that sufficient liquidity is available to meet the foreseeable needs. Liquidity is achieved by overdraft and long term banking facilities.
- Interest rate risk - the company finances its operations through bank borrowings at floating rates and hire purchase. The company policy is to borrow at the lowest rates for periods that do not carry excessive time periods.
- Credit risk - the company policy is to minimise exposure to losses of defaulting customers. Credit terms are only granted to customers who satisfy credit worthiness procedures. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.
- Currency risk - the company policy is to reduce currency exposure, where possible.

**Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

**Auditors**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on **22 SEPTEMBER 2011** and signed on its behalf.

  
P A Thorn  
Director

**Statement of directors' responsibilities  
for the year ended 31 December 2010**

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The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**Independent auditors' report to the members of Sureclean Limited**

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We have audited the financial statements of Sureclean Limited for the year ended 31 December 2010, which comprise the group Profit and loss Account, the group and company Balance sheets, the group Consolidated cash flow statement, the group Statement of total recognised gains and losses and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**Sureclean Limited**

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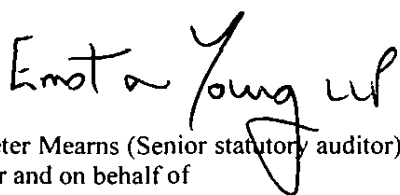
**Independent auditors' report to the members of Sureclean Limited**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Mearns (Senior statutory auditor)  
for and on behalf of

**Ernst & Young LLP**

Statutory Auditors

Inverness

Date: 26/9/2011 .



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**Sureclean Limited**

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**Consolidated profit and loss account  
for the year ended 31 December 2010**

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|   | <i>Note</i> | <i>2010</i><br>£ | <i>2009</i><br>£ |
|---|-------------|------------------|------------------|
| <b>Turnover</b>   | 1,2         | 8,645,752        | 10,814,322       |
| Cost of sales   |             | (3,461,253)      | (4,626,778)      |
| <b>Gross profit</b>   |             | 5,184,499        | 6,187,544        |
| Administrative expenses                                     |             | (5,896,460)      | (5,102,497)      |
| Other operating income                                      | 3           | 22,105           | 4,305            |
| <b>Operating (loss)/profit</b>                              | 4           | (689,856)        | 1,089,352        |
| <b>Exceptional items</b>                                    |             |                  |                  |
| Net profit on sale of tangible fixed assets                 | 9           | 77,291           | -                |
| <b>(Loss)/profit on ordinary activities before interest</b> |             | (612,565)        | 1,089,352        |
| Interest receivable and similar income                      |             | 309              | 89               |
| Interest payable and similar charges                        | 8           | (229,202)        | (232,993)        |
| <b>(Loss)/profit on ordinary activities before taxation</b> |             | (841,458)        | 856,448          |
| Tax on (loss)/profit on ordinary activities                 | 10          | 200,440          | (264,706)        |
| <b>(Loss)/profit for the financial year</b>                 | 20          | (641,018)        | 591,742          |

All amounts relate to continuing operations.

The notes on pages 11 to 30 form part of these financial statements.

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**Sureclean Limited**

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**Statement of total recognised gains and losses  
for the year ended 31 December 2010**

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|   | 2010<br>£        | 2009<br>£      |
|---|------------------|----------------|
| <b>(Loss)/profit for the financial year</b>                   | (641,018)        | 591,742        |
| Unrealised surplus on revaluation of tangible fixed assets    | 227,971          | -              |
| <b>Total recognised gains and losses relating to the year</b> | <u>(413,047)</u> | <u>591,742</u> |

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**Note of historical cost profits and losses  
for the year ended 31 December 2010**

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|   | 2010<br>£        | 2009<br>£      |
|---|------------------|----------------|
| <b>Reported (loss)/profit on ordinary activities before taxation</b>        | (841,458)        | 856,448        |
| Realisation of valuation gains of previous periods                          | 126,043          | 126,043        |
| <b>Historical cost (loss)/profit on ordinary activities before taxation</b> | <u>(715,415)</u> | <u>982,491</u> |
| <b>Historical (loss)/profit for the year after taxation</b>                 | <u>(514,975)</u> | <u>717,785</u> |

The notes on pages 11 to 30 form part of these financial statements.

**Sureclean Limited**  
**Registered number: SC185760**

**Consolidated balance sheet**  
**as at 31 December 2010**

|  | Note | £                | 2010<br>£        | £                | 2009<br>£        |
|--|------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>  |      |                  |                  |                  |                  |
| Intangible assets  | 11   |                  | 190,193          |                  | 210,593          |
| Tangible assets  | 12   |                  | 6,215,509        |                  | 5,933,827        |
|  |      |                  | <u>6,405,702</u> |                  | <u>6,144,420</u> |
| <b>Current assets</b>  |      |                  |                  |                  |                  |
| Stocks   | 14   | 730,823          |                  | 681,073          |                  |
| Debtors  | 15   | 2,021,043        |                  | 3,271,236        |                  |
| Cash at bank and in hand                                       |      | 101,592          |                  | 340,041          |                  |
|  |      | <u>2,853,458</u> |                  | <u>4,292,350</u> |                  |
| <b>Creditors: amounts falling due within one year</b>          | 16   | (5,007,851)      |                  | (3,890,207)      |                  |
| <b>Net current (liabilities)/assets</b>                        |      |                  | (2,154,393)      |                  | 402,143          |
| <b>Total assets less current liabilities</b>                   |      |                  | <u>4,251,309</u> |                  | <u>6,546,563</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 17   |                  | (1,267,628)      |                  | (2,989,661)      |
| <b>Provisions for liabilities</b>                              |      |                  |                  |                  |                  |
| Deferred tax   | 18   |                  | (115,969)        |                  | (217,648)        |
| <b>Net assets</b>  |      |                  | <u>2,867,712</u> |                  | <u>3,339,254</u> |
| <b>Capital and reserves</b>                                    |      |                  |                  |                  |                  |
| Called up share capital  | 19   |                  | 225,000          |                  | 225,000          |
| Share premium account  | 20   |                  | 440,150          |                  | 440,150          |
| Revaluation reserve  | 20   |                  | 1,220,560        |                  | 1,118,632        |
| Capital redemption reserve                                     | 20   |                  | 372,000          |                  | 372,000          |
| Foreign exchange reserve                                       | 20   |                  | 8,105            |                  | -                |
| Other reserves   | 20   |                  | 19,958           |                  | 8,558            |
| Profit and loss account  | 20   |                  | 581,939          |                  | 1,174,914        |
| <b>Shareholders' funds</b>                                     | 21   |                  | <u>2,867,712</u> |                  | <u>3,339,254</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
22 SEPTEMBER 2011.

*John M. Barron*

**J M Barron**  
Director

The notes on pages 11 to 30 form part of these financial statements.

**Sureclean Limited**  
**Registered number: SC185760**

**Company balance sheet**  
**as at 31 December 2010**

|  | Note | £                | 2010<br>£          | £                | 2009<br>£        |
|--|------|------------------|--------------------|------------------|------------------|
| <b>Fixed assets</b>  |      |                  |                    |                  |                  |
| Intangible assets  | 11   |                  | 190,193            |                  | 210,593          |
| Tangible assets  | 12   |                  | 5,752,536          |                  | 5,815,375        |
| Investments  | 13   |                  | 300,000            |                  | 321,590          |
|  |      |                  | <u>6,242,729</u>   |                  | <u>6,347,558</u> |
| <b>Current assets</b>  |      |                  |                    |                  |                  |
| Stocks   | 14   | 730,823          |                    | 674,785          |                  |
| Debtors  | 15   | 2,659,018        |                    | 3,470,834        |                  |
| Cash at bank and in hand                                       |      | 37,923           |                    | 1,267            |                  |
|  |      | <u>3,427,764</u> |                    | <u>4,146,886</u> |                  |
| <b>Creditors: amounts falling due within one year</b>          | 16   | (4,909,145)      |                    | (3,949,336)      |                  |
| <b>Net current (liabilities)/assets</b>                        |      |                  | <u>(1,481,381)</u> |                  | <u>197,550</u>   |
| <b>Total assets less current liabilities</b>                   |      |                  | 4,761,348          |                  | 6,545,108        |
| <b>Creditors: amounts falling due after more than one year</b> | 17   |                  | (1,267,628)        |                  | (2,989,661)      |
| <b>Provisions for liabilities</b>                              |      |                  |                    |                  |                  |
| Deferred tax   | 18   |                  | (115,969)          |                  | (217,648)        |
| <b>Net assets</b>  |      |                  | <u>3,377,751</u>   |                  | <u>3,337,799</u> |
| <b>Capital and Reserves</b>                                    |      |                  |                    |                  |                  |
| Called up share capital  | 19   |                  | 225,000            |                  | 225,000          |
| Share premium account  | 20   |                  | 440,150            |                  | 440,150          |
| Revaluation reserve  | 20   |                  | 1,220,560          |                  | 1,118,632        |
| Capital redemption reserve                                     | 20   |                  | 372,000            |                  | 372,000          |
| Other reserves   | 20   |                  | 19,958             |                  | 8,558            |
| Profit and loss account  | 20   |                  | 1,100,083          |                  | 1,173,459        |
| <b>Shareholders' funds</b>                                     | 21   |                  | <u>3,377,751</u>   |                  | <u>3,337,799</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*John M. Barron*

**J M Barron**  
Director

The notes on pages 11 to 30 form part of these financial statements.

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**Sureclean Limited**

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**Consolidated cash flow statement  
for the year ended 31 December 2010**

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|   | <i>Note</i> | <i>2010</i><br>£ | <i>2009</i><br>£ |
|---|-------------|------------------|------------------|
| Net cash flow from operating activities         | 23          | 1,530,140        | 1,548,105        |
| Returns on investments and servicing of finance | 24          | (228,893)        | (232,904)        |
| Taxation  |             | (467,938)        | (139,278)        |
| Capital expenditure and financial investment    | 24          | (1,191,131)      | (245,962)        |
| Equity dividends paid                           |             | (78,000)         | -                |
| <b>Cash (outflow)/inflow before financing</b>   |             | <b>(435,822)</b> | <b>929,961</b>   |
| Financing                                       | 24          | (277,479)        | 870,137          |
| <b>(Decrease)/Increase in cash in the year</b>  |             | <b>(713,301)</b> | <b>1,800,098</b> |

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**Reconciliation of net cash flow to movement in net funds/debt  
for the year ended 31 December 2010**

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|  | <i>2010</i><br>£   | <i>2009</i><br>£   |
|--|--------------------|--------------------|
| (Decrease)/Increase in cash in the year                | (713,301)          | 1,800,098          |
| Cash outflow from decrease in debt and lease financing | 277,479            | (870,137)          |
| Cash inflow from new bank loan                         | -                  | -                  |
| <b>Change in net debt resulting from cash flows</b>    | <b>(435,822)</b>   | <b>929,961</b>     |
| New finance lease                                      | (21,302)           | (161,627)          |
| <b>Movement in net debt in the year</b>                | <b>(457,124)</b>   | <b>768,334</b>     |
| Net debt at 1 January 2010                             | (4,405,145)        | (5,173,479)        |
| <b>Net debt at 31 December 2010</b>                    | <b>(4,862,269)</b> | <b>(4,405,145)</b> |

The notes on pages 11 to 30 form part of these financial statements.

**Notes to the financial statements  
for the year ended 31 December 2010**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of plant and machinery and in accordance with applicable accounting standards.

**1.2 Going concern**

The trading performance of the company has been explained in the Business Review section of the Directors' Report. As noted 2010 was both a disappointing and extremely challenging year for the company. Inevitably this has put pressure on our cash flow and the company breached its borrowing covenants with the Bank of Scotland and these were in breach at 31 December 2010. As a result all longer term borrowing impacted by the breach has been restated as current as mandated by FRS 25, even though the facilities were subsequently renewed.

However, during 2011 there has been a significant improvement in sales, profitability and cash flow. The directors subscribed for new ordinary shares to the value of £200,000 and the 110,000 preference shares were converted into ordinary shares. In addition, Highlands and Islands Enterprise have provided a working capital grant of £100,000.

A new facility was arranged by the Bank of Scotland in April 2011 and the covenants have been reset and are no longer in breach. As a result of the favourable trading to date in 2011 the company is trading well within its overdraft facility and is projecting a very successful result over the rest of the year.

Projections through to 31 December 2012 have been produced and scrutinised by the Directors. These indicate that the company has sufficient resources internally and with the support of the Bank to fund trading over the next 12 months and accordingly the Directors have concluded that the financial statements should continue to be prepared on a going concern basis.

**1.3 Basis of consolidation**

The financial statements consolidate the accounts of Sureclean Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

**1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

**1.5 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss Account over its estimated economic life.

Amortisation is provided at the following rates:

|          |   |   |                  |
|----------|---|---|------------------|
| Goodwill | . | - | 5% straight line |
|----------|---|---|------------------|

**Notes to the financial statements  
for the year ended 31 December 2010**

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                        |   |                        |
|------------------------|---|------------------------|
| Heritable property     | - | 2%-15% straight line   |
| Plant & machinery      | - | 10%-100% straight line |
| Motor vehicles         | - | 25% straight line      |
| Waste transfer station | - | 5% straight line       |
| Computer equipment     | - | 33% straight line      |

**1.7 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss Account.

**1.8 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.9 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.10 Operating leases**

Rentals under operating leases are charged to the Profit and loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.11 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Notes to the financial statements  
for the year ended 31 December 2010**

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**1. Accounting policies (continued)**

**1.12 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss Account.

**1.14 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss Account as the related expenditure is incurred.

**1.15 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2. Turnover**

The whole of the turnover is attributable to one continuing activity.

A geographical analysis of turnover is as follows:

|                | 2010<br>£        | 2009<br>£         |
|----------------|------------------|-------------------|
| United Kingdom | 7,477,069        | 8,922,203         |
| Rest of world  | 891,277          | 257,938           |
| Europe         | 277,406          | 1,634,181         |
|                | <u>8,645,752</u> | <u>10,814,322</u> |



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**Notes to the financial statements  
for the year ended 31 December 2010**

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**3. Other operating income**

|                        | 2010<br>£ | 2009<br>£ |
|------------------------|-----------|-----------|
| Other operating income | 22,105    | 4,305     |

**4. Operating (loss)/profit**

The operating (loss)/profit is stated after charging/(crediting):

|  | 2010<br>£ | 2009<br>£ |
|--|-----------|-----------|
| Amortisation - intangible fixed assets | 20,400    | 20,400    |
| Depreciation of tangible fixed assets: |           |           |
| - owned by the group                   | 907,749   | 809,566   |
| - held under finance leases            | 390,785   | 384,263   |
| Auditors' remuneration                 | 8,000     | 7,000     |
| Auditors' remuneration - non-audit     | 8,100     | 12,239    |
| Operating lease rentals:               |           |           |
| - other operating leases               | 106,096   | 52,000    |
| Difference on foreign exchange         | 69,085    | (178,190) |

Auditors fees for the company were £8,000 (2009 - £7,000)

**5. Staff costs**

Staff costs, including directors' remuneration, were as follows:

|                       | 2010<br>£ | 2009<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 4,164,459 | 4,663,329 |
| Social security costs | 460,656   | 500,740   |
| Other pension costs   | 105,483   | 99,567    |
|                       | 4,730,598 | 5,263,636 |

The average monthly number of employees, including the directors, during the year was as follows:

|                | 2010<br>No. | 2009<br>No. |
|----------------|-------------|-------------|
| Operations     | 54          | 70          |
| Administration | 67          | 62          |
|                | 121         | 132         |

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**Notes to the financial statements  
for the year ended 31 December 2010**

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**6. Directors' remuneration**

|   | 2010<br>£ | 2009<br>£ |
|---|-----------|-----------|
| Emoluments  | 466,419   | 387,055   |
| Company pension contributions to defined contribution pension schemes | 47,361    | 57,118    |

During the year retirement benefits were accruing to 4 directors (2009 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £94,024 (2009 - £93,517).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,159 (2009 - £12,415).

**7. Share based payments**

The Sureclean Limited 2008 Enterprise Management Incentive Share Option Plan was established by the company on 13 November 2008. The exercise price of the options is £1.10 per option share. The earliest date on which the option can be exercised is the second anniversary of the grant date unless an earlier event occurs to cause it to lapse or to become exercisable. The option will lapse on the tenth anniversary of the grant date.

The expense recognised for share-based payments in respect of the year to 31 December 2010 is £11,400 (2009 - £8,558). This expense related fully to equitysettled share-based transactions.

The total number of options granted during the year to 31 December 2010 was nil (2009 - 60,000) and the total amount outstanding at 31 December 2010 is £60,000 (2009 - £60,000). The fair value of the options granted was measured at £3 per option share and was based on recent purchases of the company's shares.

**8. Interest payable**

|   | 2010<br>£ | 2009<br>£ |
|---|-----------|-----------|
| On bank loans and overdrafts                  | 21,343    | 67,303    |
| On other loans                                | 107,344   | 56,756    |
| On finance leases and hire purchase contracts | 100,515   | 108,934   |
|   | 229,202   | 232,993   |

**9. Exceptional items**

|                                    | 2010<br>£ | 2009<br>£ |
|------------------------------------|-----------|-----------|
| Profit on disposal of fixed assets | 77,291    | -         |

**Notes to the financial statements  
for the year ended 31 December 2010**

**10. Taxation**

|   | 2010<br>£        | 2009<br>£      |
|---|------------------|----------------|
| <b>Analysis of tax (credit)/charge in the year</b>      |                  |                |
| <b>Current tax (see note below)</b>                     |                  |                |
| UK corporation tax charge on (loss)/profit for the year | -                | 351,913        |
| Adjustments in respect of prior periods                 | (98,761)         | 17,179         |
| <b>Total current tax</b>                                | <u>(98,761)</u>  | <u>369,092</u> |
| <b>Deferred tax (see note 18)</b>                       |                  |                |
| Origination and reversal of timing differences          | (101,679)        | (104,386)      |
| <b>Tax on (loss)/profit on ordinary activities</b>      | <u>(200,440)</u> | <u>264,706</u> |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below:

|   | 2010<br>£        | 2009<br>£      |
|---|------------------|----------------|
| (Loss)/profit on ordinary activities before tax   | <u>(841,458)</u> | <u>856,448</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%) | (235,608)        | 239,805        |

**Effects of:**

|   |                 |                |
|---|-----------------|----------------|
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | (18,154)        | 10,533         |
| Capital allowances for year in excess of depreciation                                     | 104,218         | 86,481         |
| Adjustments to tax charge in respect of prior periods                                     | (98,761)        | 17,179         |
| Other timing differences leading to an increase (decrease) in taxation                    | (6,606)         | 13,201         |
| Capital gains   | 17,453          | -              |
| Unrelieved tax losses carried forward   | 50,466          | -              |
| Unrelieved loss on foreign subsidiaries   | 88,231          | -              |
| Other differences leading to an increase (decrease) in the tax charge                     | -               | 1,893          |
| <b>Current tax (credit)/charge for the year (see note above)</b>                          | <u>(98,761)</u> | <u>369,092</u> |

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

Notes to the financial statements  
for the year ended 31 December 2010

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11. Intangible fixed assets

|  | <i>Goodwill</i><br>£ |
|--|----------------------|
| <b>Group and Company</b>               |                      |
| <b>Cost</b>                            |                      |
| At 1 January 2010 and 31 December 2010 | 409,572              |
| <b>Amortisation</b>                    |                      |
| At 1 January 2010                      | 198,979              |
| Charge for the year                    | 20,400               |
| At 31 December 2010                    | 219,379              |
| <b>Net book value</b>                  |                      |
| At 31 December 2010                    | 190,193              |
| At 31 December 2009                    | 210,593              |

**Notes to the financial statements  
for the year ended 31 December 2010**

**12. Tangible fixed assets**

| <b>Group</b>                     | <i>Freehold<br/>property</i><br>£ | <i>Plant &amp;<br/>machinery</i><br>£ | <i>Motor<br/>vehicles</i><br>£ | <i>Office<br/>equipment</i><br>£ | <i>Computer<br/>equipment</i><br>£ | <i>Total</i><br>£ |
|----------------------------------|-----------------------------------|---------------------------------------|--------------------------------|----------------------------------|------------------------------------|-------------------|
| <b>Cost or valuation</b>         |                                   |                                       |                                |                                  |                                    |                   |
| At 1 January 2010                | 1,013,421                         | 8,986,242                             | 479,598                        | 126,771                          | -                                  | 10,606,032        |
| Additions                        | -                                 | 1,273,555                             | 22,420                         | -                                | 1,033                              | 1,297,008         |
| Disposals                        | -                                 | (716,180)                             | (3,900)                        | -                                | -                                  | (720,080)         |
| Transfer between<br>classes      | -                                 | 171,212                               | -                              | -                                | -                                  | 171,212           |
| Revaluation<br>surplus/(deficit) | 89,752                            | -                                     | -                              | -                                | -                                  | 89,752            |
| Foreign exchange<br>movement     | -                                 | 3,893                                 | -                              | -                                | -                                  | 3,893             |
| At 31 December 2010              | 1,103,173                         | 9,718,722                             | 498,118                        | 126,771                          | 1,033                              | 11,447,817        |
| <b>Depreciation</b>              |                                   |                                       |                                |                                  |                                    |                   |
| At 1 January 2010                | 176,302                           | 4,165,321                             | 254,610                        | 75,972                           | -                                  | 4,672,205         |
| Charge for the year              | 41,673                            | 1,124,538                             | 103,405                        | 6,338                            | 144                                | 1,276,098         |
| On disposals                     | -                                 | (708,896)                             | (3,900)                        | -                                | -                                  | (712,796)         |
| Transfer between<br>classes      | -                                 | 134,098                               | -                              | -                                | -                                  | 134,098           |
| On revalued assets               | (138,219)                         | -                                     | -                              | -                                | -                                  | (138,219)         |
| Foreign exchange<br>movement     | -                                 | 922                                   | -                              | -                                | -                                  | 922               |
| At 31 December 2010              | 79,756                            | 4,715,983                             | 354,115                        | 82,310                           | 144                                | 5,232,308         |
| <b>Net book value</b>            |                                   |                                       |                                |                                  |                                    |                   |
| At 31 December 2010              | 1,023,417                         | 5,002,739                             | 144,003                        | 44,461                           | 889                                | 6,215,509         |
| At 31 December 2009              | 837,119                           | 4,820,921                             | 224,988                        | 50,799                           | -                                  | 5,933,827         |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| <b>Group</b>        | 2010<br>£        | 2009<br>£        |
|---------------------|------------------|------------------|
| Land and buildings  | 20,239           | 20,677           |
| Plant and machinery | 2,044,311        | 2,317,288        |
| Motor vehicles      | 118,263          | 178,862          |
|                     | <u>2,182,813</u> | <u>2,516,827</u> |

The land and buildings were revalued on 20 December 2010 by Allied Surveyors Scotland Plc on an open market existing use basis. Allied Surveyors Scotland Plc is a Glasgow based Chartered Surveyors practice.

The hire fleet within plant and machinery was revalued on 31 December 2008 by Hydropulsion Limited on an open market existing use basis. Hydropulsion Limited is an Aberdeen based company specialising in the provision and valuation of jetting equipment.

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**Notes to the financial statements  
for the year ended 31 December 2010**

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**12. Tangible fixed assets (continued)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

|                          | 2010<br>£      | 2009<br>£      |
|--------------------------|----------------|----------------|
| <b>Group</b>             |                |                |
| Cost                     | 1,013,421      | 1,013,421      |
| Accumulated depreciation | (217,976)      | (176,302)      |
| Net book value           | <u>795,445</u> | <u>837,119</u> |

If the plant and machinery had not been included at valuation they would have been included under the historical cost convention as follows:

|                          | 2010<br>£        | 2009<br>£        |
|--------------------------|------------------|------------------|
| <b>Group</b>             |                  |                  |
| Cost                     | 8,478,510        | 8,986,242        |
| Accumulated depreciation | (4,455,744)      | (5,283,953)      |
| Net book value           | <u>4,022,766</u> | <u>3,702,289</u> |

**Notes to the financial statements  
for the year ended 31 December 2010**

**12 Tangible fixed assets (continued)**

| <b>Company</b>                | <i>Freehold<br/>property</i><br>£ | <i>Plant &amp;<br/>machinery</i><br>£ | <i>Motor vehicles</i><br>£ | <i>Office<br/>equipment</i><br>£ | <i>Total</i><br>£ |
|-------------------------------|-----------------------------------|---------------------------------------|----------------------------|----------------------------------|-------------------|
| <b>Cost or valuation</b>      |                                   |                                       |                            |                                  |                   |
| At 1 January 2010             | 1,013,421                         | 8,831,060                             | 479,598                    | 126,771                          | 10,450,850        |
| Additions                     | -                                 | 1,219,852                             | 22,420                     | -                                | 1,242,272         |
| Transfers intra group         | -                                 | (334,051)                             | -                          | -                                | (334,051)         |
| Disposals                     | -                                 | (716,180)                             | (3,900)                    | -                                | (720,080)         |
| Transfer between classes      | -                                 | 171,212                               | -                          | -                                | 171,212           |
| Revaluation surplus/(deficit) | 89,752                            | -                                     | -                          | -                                | 89,752            |
| At 31 December 2010           | 1,103,173                         | 9,171,893                             | 498,118                    | 126,771                          | 10,899,955        |
| <b>Depreciation</b>           |                                   |                                       |                            |                                  |                   |
| At 1 January 2010             | 176,302                           | 4,128,591                             | 254,610                    | 75,972                           | 4,635,475         |
| Charge for the year           | 41,673                            | 1,081,454                             | 103,405                    | 6,338                            | 1,232,870         |
| Transfers intra group         | -                                 | (4,009)                               | -                          | -                                | (4,009)           |
| On disposals                  | -                                 | (708,896)                             | (3,900)                    | -                                | (712,796)         |
| Transfer between classes      | -                                 | 134,098                               | -                          | -                                | 134,098           |
| On revalued assets            | (138,219)                         | -                                     | -                          | -                                | (138,219)         |
| At 31 December 2010           | 79,756                            | 4,631,238                             | 354,115                    | 82,310                           | 5,147,419         |
| <b>Net book value</b>         |                                   |                                       |                            |                                  |                   |
| At 31 December 2010           | 1,023,417                         | 4,540,655                             | 144,003                    | 44,461                           | 5,752,536         |
| At 31 December 2009           | 837,119                           | 4,702,469                             | 224,988                    | 50,799                           | 5,815,375         |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| <b>Company</b>      | <i>2010</i><br>£ | <i>2009</i><br>£ |
|---------------------|------------------|------------------|
| Land and buildings  | 20,239           | 20,677           |
| Plant and machinery | 2,044,311        | 2,317,288        |
| Motor vehicles      | 118,263          | 178,862          |
|                     | <u>2,182,813</u> | <u>2,516,827</u> |

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**Notes to the financial statements  
for the year ended 31 December 2010**

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**12. Tangible fixed assets (continued)**

The land and buildings were revalued on 20 December 2010 by Allied Surveyors Scotland Plc on an open market existing use basis. Allied Surveyors Scotland Plc is a Glasgow based Chartered Surveyors practice.

The hire fleet within plant and machinery was revalued on 31 December 2008 by Hydropulsion Limited on an open market existing use basis. Hydropulsion Limited is an Aberdeen based company specialising in the provision and valuation of jetting equipment.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

| <b>Company</b>           | <b>2010</b><br><b>£</b> | <b>2009</b><br><b>£</b> |
|--------------------------|-------------------------|-------------------------|
| Cost                     | 1,013,421               | 1,013,421               |
| Accumulated depreciation | (217,976)               | (176,302)               |
| Net book value           | <u>795,445</u>          | <u>837,119</u>          |

If the plant and machinery had not been included at valuation they would have been included under the historical cost convention as follows:

| <b>Company</b>           | <b>2010</b><br><b>£</b> | <b>2009</b><br><b>£</b> |
|--------------------------|-------------------------|-------------------------|
| Cost                     | 7,927,218               | 8,831,060               |
| Accumulated depreciation | (4,379,152)             | (5,247,223)             |
| Net book value           | <u>3,548,066</u>        | <u>3,583,837</u>        |



Notes to the financial statements  
for the year ended 31 December 2010

13. Fixed asset investments

| <i>Company</i>                         | <i>Investments in subsidiary companies</i> |
|--|--|
| <i>Cost or valuation</i>               | <i>£</i>                                   |
| At 1 January 2010 and 31 December 2010 | 321,590                                    |
| <i>Impairment</i>                      |  |
| Charge for the year                    | 21,590                                     |
| At 31 December 2010                    | 21,590                                     |
| <i>Net book value</i>                  |  |
| At 31 December 2010                    | 300,000                                    |
| At 31 December 2009                    | 321,590                                    |

Details of the principal subsidiaries can be found under note number 30.

14. Stocks

|                  | <i>Group</i>   |                | <i>Company</i> |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | <i>2010</i>    | <i>2009</i>    | <i>2010</i>    | <i>2009</i>    |
|                  | <i>£</i>       | <i>£</i>       | <i>£</i>       | <i>£</i>       |
| Raw materials    | 730,823        | 601,250        | 730,823        | 594,962        |
| Work in progress | -              | 79,823         | -              | 79,823         |
|                  | <u>730,823</u> | <u>681,073</u> | <u>730,823</u> | <u>674,785</u> |

15. Debtors

|                                    | <i>Group</i>     |                  | <i>Company</i>   |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | <i>2010</i>      | <i>2009</i>      | <i>2010</i>      | <i>2009</i>      |
|                                    | <i>£</i>         | <i>£</i>         | <i>£</i>         | <i>£</i>         |
| Trade debtors                      | 1,506,702        | 3,043,369        | 1,341,259        | 2,195,410        |
| Amounts owed by group undertakings | -                | -                | 821,139          | 1,057,848        |
| Corporation tax debtor             | 122,147          | -                | 122,147          | -                |
| Other debtors                      | 32,863           | 12,581           | 15,142           | 2,290            |
| Prepayments and accrued income     | 359,331          | 215,286          | 359,331          | 215,286          |
|                                    | <u>2,021,043</u> | <u>3,271,236</u> | <u>2,659,018</u> | <u>3,470,834</u> |

**Notes to the financial statements  
for the year ended 31 December 2010**

**16. Creditors:  
Amounts falling due within one year**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <i>2010</i>      | <i>2009</i>      | <i>2010</i>      | <i>2009</i>      |
|  | £                | £                | £                | £                |
| Bank loans and overdrafts  | 3,254,136        | 1,137,647        | 3,254,136        | 1,137,647        |
| Net obligations under finance leases and hire purchase contracts | 442,097          | 617,878          | 442,097          | 617,878          |
| Trade creditors  | 612,940          | 348,016          | 537,993          | 476,022          |
| Corporation tax  | -                | 444,552          | -                | 444,552          |
| Social security and other taxes                                  | 409,030          | 558,296          | 407,978          | 533,650          |
| Other creditors  | 240,924          | 241,958          | 230,842          | 197,727          |
| Accruals and deferred income                                     | 48,724           | 541,860          | 36,099           | 541,860          |
|  | <u>5,007,851</u> | <u>3,890,207</u> | <u>4,909,145</u> | <u>3,949,336</u> |

The bank loans and overdrafts are secured by a bond and floating charge over the whole assets of the company held by the Bank of Scotland. The bank also holds a standard security over River Drive, Alness and Plot 3, Willowbank Road, Alness.

Due to a breach in banking covenants during the year and the fact that the breach was not formally rectified until April 2011, bank debt of £1,580,000 has been reclassified as current. This is a requirement of FRS 25.

Notes to the financial statements  
for the year ended 31 December 2010

17. Creditors:  
Amounts falling due after more than one year

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <i>2010</i>      | <i>2009</i>      | <i>2010</i>      | <i>2009</i>      |
|  | £                | £                | £                | £                |
| Bank loans   | 798,659          | 2,093,912        | 798,659          | 2,093,912        |
| Net obligations under finance leases and hire purchase contracts | 358,969          | 785,749          | 358,969          | 785,749          |
| Share capital treated as debt (Note 19)                          | 110,000          | 110,000          | 110,000          | 110,000          |
|  | <u>1,267,628</u> | <u>2,989,661</u> | <u>1,267,628</u> | <u>2,989,661</u> |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 19.

Included within the above are amounts falling due as follows:

|  | <b>Group</b> |             | <b>Company</b> |             |
|--|--------------|-------------|----------------|-------------|
|  | <i>2010</i>  | <i>2009</i> | <i>2010</i>    | <i>2009</i> |
|  | £            | £           | £              | £           |
| <b><i>Between one and two years</i></b>  |              |             |                |             |
| Bank loans                               | 241,374      | 229,737     | 241,374        | 229,737     |
| <b><i>Between two and five years</i></b> |              |             |                |             |
| Bank loans                               | 396,963      | 1,812,766   | 396,963        | 1,812,766   |
| <b><i>Over five years</i></b>            |              |             |                |             |
| Bank loans                               | 160,322      | 51,409      | 160,322        | 51,409      |

Creditors include amounts not wholly repayable within 5 years as follows:

|                          | <b>Group</b> |             | <b>Company</b> |             |
|--------------------------|--------------|-------------|----------------|-------------|
|                          | <i>2010</i>  | <i>2009</i> | <i>2010</i>    | <i>2009</i> |
|                          | £            | £           | £              | £           |
| Repayable by instalments | 160,322      | 51,409      | 160,322        | 51,409      |

A £500,000 term loan is repayable in 40 quarterly installments of £12,500 commencing on 1 March 2007 and a £100,000 term loan is repayable in 180 monthly installments of £885 commencing on 27 September 2004.

**Notes to the financial statements  
for the year ended 31 December 2010**

**17. Creditors:  
Amounts falling due after more than one year (continued)**

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

|                            | <b>Group</b> |             | <b>Company</b> |             |
|----------------------------|--------------|-------------|----------------|-------------|
|                            | <i>2010</i>  | <i>2009</i> | <i>2010</i>    | <i>2009</i> |
|                            | £            | £           | £              | £           |
| Between one and five years | 358,969      | 785,749     | 358,969        | 785,749     |

The bank loans and overdrafts are secured by a bond and floating charge over the whole assets of the company held by the Bank of Scotland. The bank also holds a standard security over River Drive, Alness and Plot 3, Willowbank Road, Alness.

Due to a breach in banking covenants during the year and the fact that the breach was not formally rectified until April 2011, bank debt of £1,580,000 has been reclassified as current. This is a requirement of FRS 25.

**18. Deferred taxation**

|                          | <b>Group</b> |             | <b>Company</b> |             |
|--------------------------|--------------|-------------|----------------|-------------|
|                          | <i>2010</i>  | <i>2009</i> | <i>2010</i>    | <i>2009</i> |
|                          | £            | £           | £              | £           |
| At beginning of year     | 217,648      | 322,034     | 217,648        | 322,034     |
| Released during the year | (101,679)    | (104,386)   | (101,679)      | (104,386)   |
| At end of year           | 115,969      | 217,648     | 115,969        | 217,648     |

The provision for deferred taxation is made up as follows:

|                                | <b>Group</b> |             | <b>Company</b> |             |
|--------------------------------|--------------|-------------|----------------|-------------|
|                                | <i>2010</i>  | <i>2009</i> | <i>2010</i>    | <i>2009</i> |
|                                | £            | £           | £              | £           |
| Accelerated capital allowances | 115,969      | 217,648     | 115,969        | 217,648     |

**Notes to the financial statements  
for the year ended 31 December 2010**

**19. Share capital**

|   | 2010<br>£ | 2009<br>£ |
|---|-----------|-----------|
| <b>Shares classified as capital</b>               |           |           |
| <b>Allotted, called up and fully paid</b>         |           |           |
| 2,250,000 Ordinary shares of £0.10 each           | 225,000   | 225,000   |
| <b>Shares classified as debt</b>                  |           |           |
| <b>Allotted, called up and fully paid</b>         |           |           |
| 110,000 Redeemable A preference shares of £1 each | 110,000   | 110,000   |

On 4 April 2011 the company converted 110,000 Redeemable A preference shares into 62,856 £0.10 ordinary shares issued at £1.75 each. 114,288 ordinary shares of £0.10 each were also issued at £1.75 each on this date.

**20. Reserves**

| <b>Group</b>   | <i>Share<br/>premium<br/>account</i><br>£ | <i>Capital<br/>redemption<br/>reserve</i><br>£ | <i>Revaluation<br/>reserve</i><br>£ | <i>Foreign<br/>exchange<br/>reserve</i><br>£ | <i>Other<br/>reserves</i><br>£ | <i>Profit and<br/>loss account</i><br>£ |
|--|---|--|-------------------------------------|--|--------------------------------|---|
| At 1 January 2010                                    | 440,150                                   | 372,000  | 1,118,632                           | -  | 8,558                          | 1,174,914                               |
| Loss for the year                                    | -   | -  | -                                   | -  | -                              | (641,018)                               |
| Dividends: Equity capital                            | -   | -  | -                                   | -  | -                              | (78,000)                                |
| Surplus on revaluation of freehold property          | -   | -  | 227,971                             | -  | -                              | -                                       |
| Transfer between Revaluation reserve and P/L account | -   | -  | (126,043)                           | -  | -                              | 126,043                                 |
| Movement on foreign exchange                         | -   | -  | -                                   | 8,105  | -                              | -                                       |
| Share based payments                                 | -   | -  | -                                   | -  | 11,400                         | -                                       |
| At 31 December 2010                                  | 440,150                                   | 372,000  | 1,220,560                           | 8,105  | 19,958                         | 581,939                                 |

**Notes to the financial statements  
for the year ended 31 December 2010**

**20. Reserves (continued)**

| <b>Company</b>  | <i>Share<br/>premium<br/>account</i><br>£ | <i>Capital<br/>redemption<br/>reserve</i><br>£ | <i>Revaluation<br/>reserve</i><br>£ | <i>Other<br/>reserves</i><br>£ | <i>Profit and loss<br/>account</i><br>£ |
|---|---|--|-------------------------------------|--------------------------------|---|
| At 1 January 2010                                       | 440,150                                   | 372,000  | 1,118,632                           | 8,558                          | 1,173,459                               |
| Loss for the year                                       | -   | -  | -                                   | -                              | (121,419)                               |
| Dividends: Equity capital                               | -   | -  | -                                   | -                              | (78,000)                                |
| Surplus on revaluation of freehold<br>property          | -   | -  | 227,971                             | -                              | -                                       |
| Transfer between Revaluation<br>reserve and P/L account | -   | -  | (126,043)                           | -                              | 126,043                                 |
| Share based payments                                    | -   | -  | -                                   | 11,400                         | -                                       |
| At 31 December 2010                                     | <u>440,150</u>                            | <u>372,000</u>                                 | <u>1,220,560</u>                    | <u>19,958</u>                  | <u>1,100,083</u>                        |

**21. Reconciliation of movement in shareholders' funds**

| <b>Group</b>                                      | <i>2010</i><br>£ | <i>2009</i><br>£ |
|---|------------------|------------------|
| Opening shareholders' funds                       | 3,339,254        | 2,738,954        |
| (Loss)/profit for the year                        | (641,018)        | 591,742          |
| Dividends (Note 22)                               | (78,000)         | -                |
| Other recognised gains and losses during the year | 227,971          | -                |
| Reserve credit for share-based payment plans      | 11,400           | 8,558            |
| Movement on foreign exchange                      | 8,105            | -                |
| Closing shareholders' funds                       | <u>2,867,712</u> | <u>3,339,254</u> |
| <b>Company</b>                                    | <i>2010</i><br>£ | <i>2009</i><br>£ |
| Opening shareholders' funds                       | 3,337,799        | 2,738,954        |
| (Loss)/profit for the year                        | (121,419)        | 590,287          |
| Dividends (Note 22)                               | (78,000)         | -                |
| Other recognised gains and losses during the year | 227,971          | -                |
| Reserve credit for share-based payment plans      | 11,400           | 8,558            |
| Closing shareholders' funds                       | <u>3,377,751</u> | <u>3,337,799</u> |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account.

The (loss)/profit for the year dealt with in the accounts of the company was £121,419 (2009 - £590,287).

**Notes to the financial statements  
for the year ended 31 December 2010**

**22. Dividends**

|                                   | 2010<br>£     | 2009<br>£ |
|-----------------------------------|---------------|-----------|
| <b>Ordinary shares</b>            |               |           |
| Dividends paid on ordinary shares | 78,000        | -         |
| Total dividends paid              | <u>78,000</u> | <u>-</u>  |

**23. Net cash flow from operating activities**

|  | 2010<br>£        | 2009<br>£        |
|--|------------------|------------------|
| Operating (loss)/profit                          | (689,856)        | 1,089,352        |
| Share-based payments                             | 11,400           | 8,558            |
| Amortisation of intangible fixed assets          | 20,400           | 20,400           |
| Depreciation of tangible fixed assets            | 1,411,118        | 1,193,829        |
| Profit on disposal of tangible fixed assets      | -                | (1,794)          |
| Government grants                                | -                | (58,294)         |
| (Increase)/decrease in stocks                    | (220,962)        | 17,183           |
| Decrease/(increase) in debtors                   | 1,372,340        | (1,090,403)      |
| (Decrease)/increase in creditors                 | (378,512)        | 369,274          |
| Exchange difference                              | 4,212            | -                |
| <b>Net cash inflow from operating activities</b> | <u>1,530,140</u> | <u>1,548,105</u> |

**24. Analysis of cash flows for headings netted in cash flow statement**

|  | 2010<br>£          | 2009<br>£        |
|--|--------------------|------------------|
| <b>Returns on investments and servicing of finance</b>                       |                    |                  |
| Interest received  | 309                | 89               |
| Interest paid  | (128,687)          | (124,059)        |
| Hire purchase interest   | (100,515)          | (108,934)        |
| <b>Net cash outflow from returns on investments and servicing of finance</b> | <u>(228,893)</u>   | <u>(232,904)</u> |
|  | 2010<br>£          | 2009<br>£        |
| <b>Capital expenditure and financial investment</b>                          |                    |                  |
| Purchase of tangible fixed assets  | (1,275,706)        | (247,756)        |
| Sale of tangible fixed assets  | 84,575             | 1,794            |
| <b>Net cash outflow from capital expenditure</b>                             | <u>(1,191,131)</u> | <u>(245,962)</u> |

**Notes to the financial statements  
for the year ended 31 December 2010**

**24. Analysis of cash flows for headings netted in cash flow statement (continued)**

|   | 2010<br>£        | 2009<br>£      |
|---|------------------|----------------|
| <b>Financing</b>                                |                  |                |
| New secured loans                               | 650,000          | 1,700,000      |
| Repayment of loans                              | (303,616)        | (138,543)      |
| Repayment of finance leases                     | (623,863)        | (691,320)      |
| <b>Net cash (outflow)/inflow from financing</b> | <u>(277,479)</u> | <u>870,137</u> |

**25. Analysis of changes in net debt**

|   | 1 January<br>2010<br>£ | Cash flow<br>£   | Other<br>non-cash<br>changes<br>£ | 31 December<br>2010<br>£ |
|---|------------------------|------------------|-----------------------------------|--------------------------|
| Cash at bank and in hand                      | 340,041                | (238,449)        | -                                 | 101,592                  |
| Bank overdraft                                | (897,910)              | (474,852)        | -                                 | (1,372,762)              |
|   | <u>(557,869)</u>       | <u>(713,301)</u> | <u>-</u>                          | <u>(1,271,170)</u>       |
| <b>Debt:</b>                                  |                        |                  |                                   |                          |
| Finance leases                                | (1,403,627)            | 623,863          | (21,302)                          | (801,066)                |
| Debts due within one year                     | (239,737)              | (346,384)        | (1,295,253)                       | (1,881,374)              |
| Debts falling due after more than<br>one year | (2,203,912)            | -                | 1,295,253                         | (908,659)                |
| <b>Net debt</b>                               | <u>(4,405,145)</u>     | <u>(435,822)</u> | <u>(21,302)</u>                   | <u>(4,862,269)</u>       |

**26. Pension commitments**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £101,187 (2009 - £99,567). Contributions totalling £9,256 (2009 - £8,807) were payable to the fund at the balance sheet date and are included in creditors.



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**Notes to the financial statements  
for the year ended 31 December 2010**

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**27. Operating lease commitments**

At 31 December 2010 the Group had annual commitments under non-cancellable operating leases as follows:

| <b>Group and company</b> | <i>Land and buildings</i> |             | <i>2010</i> | <i>Other<br/>2009</i> |
|--------------------------|---------------------------|-------------|-------------|-----------------------|
|                          | <i>2010</i>               | <i>2009</i> |             |                       |
|                          | £                         | £           | £           | £                     |
| <b>Expiry date:</b>      |                           |             |             |                       |
| Within 1 year            | -                         | 52,000      | -           | -                     |
| Between 2 and 5 years    | 97,000                    | -           | 9,096       | -                     |

**28. Related party transactions**

The company has taken advantage of the exemption in FRS 8 and has not disclosed transactions with its 100% subsidiaries, Sureclean AS and Sureclean International Limited.

**29. Post balance sheet events**

Please refer to note 1.2 on going concern which details significant events occurring after the year end.

**30. Principal subsidiaries**

| <b>Company name</b>             | <b>Country</b> | <b>Percentage<br/>Shareholding</b> | <b>Description</b> |
|---------------------------------|----------------|------------------------------------|--------------------|
| Sureclean AS                    | Norway         | 100                                | Water jetting      |
| Sureclean International Limited | UK             | 100                                | Water jetting      |