

# Aquados (UK) Limited

Company Registration No. SC204973 (Scotland)

## Abbreviated accounts

For the year ended 31 December 2003



90 St Vincent Street, Glasgow, G2 5UB  
Tel. 0141 2264924 Fax. 0141 2041338

# **AQUADOS (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO AQUADOS (UK) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts set out on pages 3 to 6, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

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

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

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

### **Basis of audit opinion**

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

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 6 are properly prepared in accordance with those provisions.

### **Other information**

On we reported, as auditors of Aquados (UK) Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2003, and our audit report included the following paragraph:

"We have audited the financial statements of Aquados (UK) Limited on pages 4 to 9 for the year ended 31 December 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

# AQUADOS (UK) LIMITED

## INDEPENDENT AUDITORS' REPORT TO AQUADOS (UK) LIMITED (CONTINUED) UNDER SECTION 247B OF THE COMPANIES ACT 1985

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### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

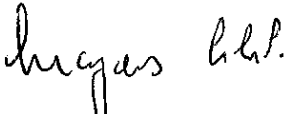
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 10 of the financial statements considering the going concern status of the company. In view of the significance of this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

  
Mazars LLP

Chartered Accountants  
Registered Auditor

31 March 2005

90 St Vincent Street  
Glasgow  
G2 5UB


# AQUADOS (UK) LIMITED

## ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	2		350,517		6,584
Investments	2		2		2
			<u>350,519</u>		<u>6,586</u>
<b>Current assets</b>					
Stocks		97,003		32,806	
Debtors		170,397		399,237	
Cash at bank and in hand		200		-	
		<u>267,600</u>		<u>432,043</u>	
<b>Creditors: amounts falling due within one year</b>	3	(2,150,008)		(1,552,671)	
<b>Net current liabilities</b>			<u>(1,882,408)</u>		<u>(1,120,628)</u>
<b>Total assets less current liabilities</b>			<u>(1,531,889)</u>		<u>(1,114,042)</u>
<b>Capital and reserves</b>					
Called up share capital	4		33,000		33,000
Share premium account			191,375		191,375
Profit and loss account			<u>(1,756,264)</u>		<u>(1,338,417)</u>
<b>Shareholders' funds</b>			<u>(1,531,889)</u>		<u>(1,114,042)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 29/1/05.....

  
G T Hinton  
Director

# AQUADOS (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	over asset estimated useful life
Fixtures, fittings & equipment	33% straight line
Motor vehicles	33% straight line

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling 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 differences are taken to profit and loss account.

# AQUADOS (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 2 Fixed assets

	Tangible assets £	Investments £	Total £
<b>Cost</b>			
At 1 January 2003	33,383	2	33,385
Additions	378,457	-	378,457
At 31 December 2003	411,840	2	411,842
<b>Depreciation</b>			
At 1 January 2003	26,799	-	26,799
Charge for the period	34,524	-	34,524
At 31 December 2003	61,323	-	61,323
<b>Net book value</b>			
At 31 December 2003	350,517	2	350,519
At 31 December 2002	6,584	2	6,586

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
LHS International Ltd	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
LHS International Ltd	(61,834)	(13,492)

The information above relates to the last filed financial statements which were for the 18 month period to 31 May 2001. LHS International Ltd has applied to be struck off.

### 3 Creditors: amounts falling due within one year

The bank loans and overdrafts are secured by a bond and floating charge over the undertaking and all property and assets present and future of the company including uncalled capital. The working capital facility of \$1.5m provided by Jempak Canada Inc. is secured by a bond and floating charge over the undertaking and all property and assets present and future of the company including uncalled capital.

# AQUADOS (UK) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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<b>4</b>	<b>Share capital</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	33,000 Ordinary Shares of £1 each	33,000	33,000
		<u>          </u>	<u>          </u>
	<b>Allotted, called up and fully paid</b>		
	33,000 Ordinary Shares of £1 each	33,000	33,000
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Transactions with directors</b>		

Included within other creditors is an amount owed to a director of £9,625 (2002 overdrawn £131,084). The highest balance during the year was £172,980 owed by the director.