

JABAY LIMITED
(REGISTERED NUMBER 2626955)

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

31 MARCH 1995



JABAY LIMITED

DIRECTOR'S REPORT

The director presents his report and the audited financial statements of the company for the year ended 31 March 1995.

TRADING RESULTS

The profit for the year amounted to £158,790 (31 March 1994: loss £200,956). The director does not recommend the payment of a dividend in respect of the year (1994:£Nil) and the profit will be transferred to reserves.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture and marketing of ultraviolet disinfection equipment.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The business of the company was transferred to Aztec Environmental Services Limited on 30 November 1994. The company ceased to trade on that date.

It is the director's intention for Jabay Limited to remain a non trading company for the foreseeable future.

DIRECTORS AND THEIR INTERESTS IN SHARES

The director of the company who served during the year was I J Hislop.

The director did not have any interests in the shares of the company during the year.

JABAY LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS IN SHARES (CONTINUED)

The interests of the director in the ordinary share capital of Severn Trent Plc, the ultimate parent undertaking, was as follows:

	<u>Beneficial Holdings in Ordinary Shares</u>		<u>Share Options Under Approved Schemes</u>		<u>Share Options granted during the year</u>
	31 March 1995	1 April 1994	31 March 1995	1 April 1994	
I J Hislop	2,860	2,665	37,319	36,488	831

No options were exercised in the year.

Options were granted in accordance with the Severn Trent Executive Share Scheme and the Severn Trent Share Save Scheme.

Details of prices and periods within which options are exercisable are set out in the financial statements of Severn Trent Plc.

TANGIBLE FIXED ASSETS

The movements in tangible fixed assets are set out in note 9 to the financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The director considers that in preparing the financial statements, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The director is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director has responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables him to ensure that the financial statements comply with the Companies Act 1985.

The director has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

JABAY LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'DW Mattin', written in a cursive style.

DW Mattin
Secretary
30 June 1995

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF JABAY LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 mis-statements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditors

20 June 1995

JABAY LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1995**

	Year ended 31 March 1995 £	Year ended 31 March 1994 £
TURNOVER (Note 2)	201,305	430,893
Cost of sales	<u>(121,794)</u>	<u>(404,023)</u>
GROSS PROFIT	79,511	26,870
Net operating expenses (Note 3)	<u>(115,361)</u>	<u>(218,675)</u>
OPERATING LOSS (Note 4)	(35,850)	(191,805)
Profit on sale of operation	200,635	-
Interest payable (Note 7)	<u>(5,995)</u>	<u>(9,151)</u>
PROFIT (LOSS) BEFORE AND AFTER TAXATION TRANSFERRED TO RESERVES	158,790	(200,956)
STATEMENT OF RESERVES	<u> </u>	<u> </u>
Balance brought forward	(588,890)	(384,222)
Retained profit/(loss) for the year	158,790	(200,956)
Goodwill written off on the acquisition of a business (Note 9)	<u>-</u>	<u>(3,712)</u>
Balance carried forward	<u>(430,100)</u>	<u>(588,890)</u>

The notes on pages 7 to 15 form part of these financial statements.

Retained profits/(losses) represent the total of all recognised gains and losses relating to the financial year and corresponding year.

The trade of the company was transferred to Aztec Environmental Services Ltd on 30 November 1994.

There is no difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis.

JABAY LIMITED**BALANCE SHEET - 31 MARCH 1995**

	<u>31 March 1995</u>		<u>31 March 1994</u>	
	£	£	£	£
FIXED ASSETS				
Tangible fixed assets (Note 9)		-		52,788
CURRENT ASSETS				
Stocks (Note 11)	-		63,910	
Debtors (note 12)	-		147,719	
Cash at bank and in hand	-		66	
			<u>211,695</u>	
CREDITORS (amounts falling due within one year) (Note 13)	-		<u>(423,273)</u>	
NET CURRENT LIABILITIES		-		<u>(211,578)</u>
NET LIABILITIES		-		(158,790)
CAPITAL AND RESERVES				
Called up share capital (Note 15)	430,100		430,100	
Profit and loss account	<u>(430,100)</u>		<u>(588,890)</u>	
SHAREHOLDER'S FUNDS (Note 16)		-		(158,790)
Approved by the Board on 30 June 1995.				



DIRECTOR

I J Hislop

The notes on pages 7 to 15 form part of these financial statements.

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with the historical cost convention and with applicable accounting standards. A summary of the principal accounting policies is set out below.

(1) Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful lives used for this purpose are:

Leasehold improvements	Life of lease
Plant, machinery, fixtures and fittings	10 years
Office equipment	6 years

(2) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, costs include all direct expenditure and a proportion of production overheads based on the normal level of activity.

Provision is made where necessary for obsolescent, slow-moving and defective stocks.

(3) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated at rates of exchange ruling at the end of the financial year, and the results of foreign operations are translated at the average rate of exchange for the whole year. Exchange differences on trading transactions are taken to the profit and loss account.

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(4) Turnover

Turnover, which excludes value added tax and trade discount, represents the invoiced value of goods and services supplied.

(5) Taxation

Deferred taxation relating to capital allowances and other timing differences is provided to the extent that it is probable that a liability will crystallise.

(6) Goodwill

Goodwill represents the difference between the costs of acquisition and the fair value of the tangible assets acquired. Goodwill is written off to reserves in the year of acquisition.

(7) Pension costs

Pension costs, which relate to payments to employees' own defined contribution pension plans, are charged to the profit and loss account as they fall due.

(8) Leases

Operating lease rentals are charged to the profit and loss account as they fall due.

(9) Cashflow Statement

As the company is a wholly owned subsidiary of Seven Trent Plc, it has taken advantage of the exemptions within FRSI (cashflow statements) and so such a statement has not been prepared.

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

2 TURNOVER

Turnover and results before taxation arise wholly from the company's principal activity. Turnover can be analysed geographically by destination as follows:

	Year ended 31 March 1995	Year ended 31 March 1994
	£	£
UK	176,520	328,471
Rest of Europe	24,785	83,440
Other countries	<u>-</u>	<u>18,982</u>
	201,305	430,893
	<u><u> </u></u>	<u><u> </u></u>

The company's turnover is sourced entirely in the United Kingdom.

3 NET OPERATING EXPENSES

Net operating expenses are made up as follows:

	Year ended 31 March 1995	Year ended 31 March 1994
	£	£
Distribution costs	-	33
Research and development expenditure	37,235	45,441
Administrative expenses	78,126	98,201
Relocation provision	<u>-</u>	<u>75,000</u>
	115,361	218,675
	<u><u> </u></u>	<u><u> </u></u>

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

4 OPERATING (LOSS)

Operating (loss) is stated after charging:

	Year ended 31 March 1995	Year ended 31 March 1994
	£	£
Auditors' remuneration - audit fees	1600	2,250
Depreciation of tangible fixed assets	6543	9,588
Operating lease rentals:		
- Plant and machinery	-	643
- Vehicles	-	8,962
- Land and buildings	3552	5,271
	<hr/>	<hr/>

5 DIRECTORS' EMOLUMENTS

The director received no emoluments for his services to the company during the year (1994: £Nil).

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

6 EMPLOYEE INFORMATION

The average number of persons employed by the company including directors during the year is analysed below:

	Year ended 31 March 1995	Year ended 31 March 1994
	Number	Number
Production and technical	3	7
Financial and administration	<u>3</u>	<u>3</u>
	6	10
	<u>6</u>	<u>10</u>
Employment costs of all employees included above comprised:		
	£	£
Wages and salaries	113,071	162,520
Social security costs	11,230	16,982
Other pension costs	<u>933</u>	<u>1,200</u>
	125,234	180,702
	<u>125,234</u>	<u>180,702</u>

Employer's pension contributions represent payments to employees' personal pension plans.

7 INTEREST PAYABLE

	Year ended 31 March 1995	Year ended 31 March 1994
	£	£
Interest on bank overdraft	5,995	9,151

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

8 TAX ON LOSS ON ORDINARY ACTIVITIES

There was no tax liability in the year.

9 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings tools and equipment £	Total £
<u>Cost</u>				
At 31 March 1994	11,392	30,056	29,475	70,923
Disposals	(11,392)	(30,056)	(29,475)	(70,923)
At 31 March 1995	-	-	-	-
	=====	=====	=====	=====
<u>Depreciation</u>				
At 31 March 1994	4,332	6,075	7,728	18,135
Charge for the year	1,519	2,004	3,020	6,543
Disposals	(5,851)	(8,079)	(10,748)	(24,678)
At 31 March 1995	-	-	-	-
	=====	=====	=====	=====
<u>Net book amount</u>				
At 31 March 1995	-	-	-	-
	=====	=====	=====	=====
At 31 March 1994	7,060	23,981	21,747	52,788
	=====	=====	=====	=====

The company has no commitments, authorised or contracted, for capital expenditure.

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

10 STOCKS

	<u>31 March 1995</u>	<u>31 March 1994</u>
	£	£
Stocks comprise:		
Work in progress	-	20,705
Components and consumables	<u>-</u>	<u>43,205</u>
	-	63,910
	<u><u>-</u></u>	<u><u>-</u></u>

11 DEBTORS

	<u>31 March 1995</u>	<u>31 March 1994</u>
	£	£
Trade debtors	-	45,924
Amounts owed by parent undertaking	-	97,258
Prepayments and other debtors	<u>-</u>	<u>4,537</u>
	-	147,719
	<u><u>-</u></u>	<u><u>-</u></u>

12 CREDITORS (amounts falling due within one year)

	<u>31 March 1995</u>	<u>31 March 1994</u>
	£	£
Bank overdraft	-	96,855
Trade creditors	-	37,501
Amounts owed to group undertakings	-	106,986
Other creditors	-	86,554
Taxation and social security	-	6,581
Relocation provision	-	75,000
Accruals	<u>-</u>	<u>13,796</u>
	-	423,273
	<u><u>-</u></u>	<u><u>-</u></u>

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

13 SHARE CAPITAL

	<u>31 March 1995</u>	<u>31 March 1994</u>
	£	£
Authorised:		
450,000 Ordinary shares of £1 each	450,000	450,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
430,100 Ordinary shares of £1 each	430,100	430,100
	<u> </u>	<u> </u>

14 OPERATING LEASE COMMITMENTS

The company had the following financial commitments in respect of operating leases:

	<u>31 March 1995</u>	<u>31 March 1994</u>		
	Land and	Other	Land and	Other
	<u>buildings</u>	<u>operating</u>	<u>buildings</u>	<u>operating</u>
	£	leases	£	leases
	£	£	£	£
Between 2 and 5 years	-	-	5,328	9,138
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Severn Trent Plc, a company registered in England and Wales. Copies of the ultimate holding company's annual report are available from the Company Secretary at 2308 Coventry Road, Birmingham B26 3JZ.

JABAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995 (CONTINUED)

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>31 March 1995</u>	<u>31 March 1994</u>
	£	£
Profit/(loss) for the financial year	158,790	(200,956)
Goodwill written off (Note 9)	<u>-</u>	<u>(3,712)</u>
Net increase/(reduction) in shareholders' funds	158,790	(204,668)
Opening shareholders' funds	<u>(158,790)</u>	<u>45,878</u>
Closing shareholders funds	<u>-</u>	<u>(158,750)</u>

17 CONTINGENT LIABILITY

The banking arrangements of the company operate on a pooled basis with certain group undertakings and under these arrangements credit balances of participating companies can be offset against overdrawn balances of participating companies.