

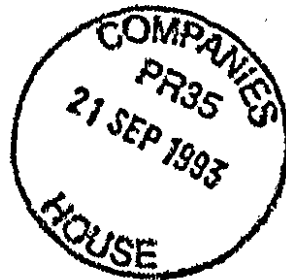
ARTHUR
ANDERSEN

ARTHUR ANDERSEN & Co. SC

Tilghman Wheelabrator Limited
and subsidiary undertakings

Accounts 30 November 1992
together with directors' and auditors' reports

Registered number: 33672



Directors' report

For the year ended 30 November 1992

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 30 November 1992.

Principal activities and business review

The principal activities of the group continue to be the manufacture and supply of shot blast machinery and associated spare parts, and the servicing of shot blast machinery.

The fall in group turnover in 1992 is partly due to the transfer on 30 November 1991 of the water filtration division to a sister company and partly due to the recession in our European markets.

A major reorganisation of the group's European businesses was completed during the year. A significant reduction in the number of employees was made and there was a need for the Altrincham personnel to be relocated into smaller, modern premises. The move to a new factory took place in 1993 and the old site has been put on the market. At the same time a complete review of manufacturing methods and systems was undertaken which has resulted in greatly improved efficiency and profitability.

As at 1 December 1992 the following changes in the company's structure took place.

1. Tilghman Wheelabrator Limited transferred the trade and assets of its German division to Wheelabrator-Berger Maschinenfabriken GmbH (a sister company) at net book value in exchange for shares in that company.
2. The trade and net assets of Tilghman Wheelabrator Special Products Limited (a subsidiary undertaking) were transferred into Tilghman Wheelabrator Limited at net book value.

Results and dividends

As a consequence of the restructuring expenses incurred, the group made a loss for the year which the directors recommend be transferred to reserves. No dividend can be paid.

Directors and their interests

The directors who served during the year are as shown below.

F.I. Duffield (Chairman)	
W.R. Macmillan	(resigned 31 December 1991)
T.M. Pearce	(resigned 31 December 1991)
H.A. Rodder (Germany)	
J.M. Smith	
M.C.E. Sturt	
D.I. Tomsett	

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

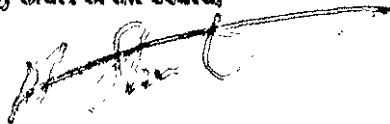
Employee consultation

The directors are responsible for communicating relevant information to all employees and for developing their involvement in group affairs as appropriate.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



M.C.E. Sturt
Secretary

P.O. Box 60
Wright Street
Broadheath
Altrincham
Cheshire

15 September 1993

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Members of Tilghman Wheelabrator Limited:

We have audited the accounts on pages 4 to 25 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 30 November 1992 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditor

Bank House
9 Charlotte Street
Manchester
M1 4EU

15 September 1993

Consolidated profit and loss account

For the year ended 30 November 1992

	Notes	1992 £	1991 £
Turnover	2	11,223,050	18,261,214
Cost of sales		(8,846,024)	(14,551,913)
Gross profit		<u>2,377,026</u>	<u>3,709,301</u>
Other operating expenses (net)	3	(2,796,363)	(4,079,247)
Operating (loss) profit		(419,337)	(369,946)
Exceptional items	4	(1,982,697)	(538,728)
Interest receivable		6,567	170,594
Interest payable and similar charges	5	(38,278)	(34,091)
Loss on ordinary activities before taxation	6	(2,434,345)	(772,171)
Tax on loss on ordinary activities	8	125,278	130,263
Loss on ordinary activities after taxation		(2,009,067)	(641,908)
Extraordinary items less taxation	9	-	616,264
Loss for the financial year		(2,009,067)	(25,644)
Dividends paid and proposed	10	-	(477,000)
Retained loss for the year*		(2,009,067)	(502,644)
Retained profit, 30 November 1991		524,238	1,026,882
(Accumulated deficit) retained profit, 30 November 1992		(1,484,829)	524,238
Retained loss for the year*			
The company		(1,839,207)	(617,463)
Group undertakings		(157,860)	126,819
Amortisation of goodwill		(12,000)	(12,000)
		<u>(2,009,067)</u>	<u>(502,644)</u>

A statement of movements on reserves is given in note 22.

The accompanying notes are an integral part of this profit and loss account.

Consolidated balance sheet

30 November 1992

	Notes	1992 £	1991 £
Fixed assets			
Intangible assets	11	47,255	68,855
Tangible assets	12	911,644	1,235,125
		<u>958,899</u>	<u>1,303,980</u>
Current assets			
Stocks	14	1,425,498	1,817,713
Debtors	15	3,204,064	3,125,922
Cash at bank and in hand		484,159	488,586
		<u>5,113,721</u>	<u>5,432,221</u>
Creditors: Amounts falling due within one year	16	(4,625,383)	(3,269,026)
Net current assets		<u>488,338</u>	<u>2,163,195</u>
Total assets less current liabilities		<u>1,447,237</u>	<u>3,467,175</u>
Creditors: Amounts falling due after more than one year	17	-	(117,362)
Provisions for liabilities and charges	18	(945,914)	(955,115)
Net assets		<u>501,323</u>	<u>2,394,698</u>
Capital and reserves			
Called-up share capital	19	1,336,201	1,336,201
Share premium	20	313,269	313,269
Capital reserve	20	204,139	204,139
Foreign currency translation reserve	20	132,543	16,851
Profit and loss account	20	(1,484,829)	524,238
Total capital employed		<u>501,323</u>	<u>2,394,698</u>

Signed on behalf of the Board



M.C.E. Sturt

Director

15 September 1993

The accompanying notes are an integral part of this consolidated balance sheet.

Balance sheet

30 November 1992

	Notes	1992 £	1991 £
Fixed assets			
Intangible assets	11	17,255	26,855
Tangible assets	12	557,986	997,191
Investments	13	1,139,277	1,297,137
		<u>1,714,518</u>	<u>2,321,183</u>
Current assets			
Stocks	14	1,225,478	1,701,997
Debtors	15	3,210,289	2,886,493
Cash at bank and in hand		300,183	68,421
		<u>4,735,950</u>	<u>4,656,911</u>
Creditors: Amounts falling due within one year	16	<u>(5,184,393)</u>	<u>(3,701,443)</u>
Net current (liabilities) assets		<u>(448,443)</u>	<u>955,468</u>
Total assets less current liabilities		<u>1,266,075</u>	<u>3,276,651</u>
Provisions for liabilities and charges	18	<u>(728,814)</u>	<u>(858,015)</u>
Net assets		<u>537,261</u>	<u>2,418,636</u>
Capital and reserves			
Called up share capital	19	1,336,201	1,336,201
Share premium account	20	313,269	313,269
Revaluation reserve	20	341,278	499,138
Foreign currency translation reserve	20	143,369	27,677
Profit and loss account	20	<u>(1,596,856)</u>	<u>242,351</u>
Total capital employed		<u>537,261</u>	<u>2,418,636</u>

Signed on behalf of the Board

M.C.E. Sturt

Director

15 September 1993

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 30 November 1992

	Notes	1992		1991	
		£	£	£	£
Net cash outflow from operating activities	21a		(161,656)		(2,716,797)
Returns on investments and servicing of finance					
Interest received		6,567		170,594	
Interest paid		(27,386)		(14,707)	
Interest element of finance lease rentals		(10,892)		(19,384)	
Dividends paid		-		(477,000)	
Net cash outflow from returns on investments and servicing of finance			(31,711)		(340,497)
Taxation					
UK corporation tax received (paid)		85,399		(444,664)	
Overseas tax paid		(102,052)		-	
Tax paid			(16,653)		(444,664)
Investing activities					
Purchase of tangible fixed assets		(295,111)		(318,504)	
Sale of tangible fixed assets		11,468		115,843	
Net cash outflow from investing activities			(283,643)		(202,661)
Net cash outflow before financing			(493,663)		(3,704,619)
Financing					
Repayment of loans		(117,362)		(2,620)	
Capital element of finance lease rental payments		(15,485)		(33,970)	
Net cash outflow from financing	21b		(132,847)		(36,590)
Decrease in cash and cash equivalents	21c		(626,510)		(3,741,209)

The accompanying notes are an integral part of this statement.

Notes to accounts

30 November 1992

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of investments and in accordance with applicable accounting standards.

b) Basis of consolidation

The group accounts consolidate the accounts of Tilghman Wheelabrator Limited and all its subsidiary undertakings made up to 30 November 1992. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is amortised over a period of seven years. Purchased goodwill of subsidiary undertakings is amortised over a period of four years. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited directly to reserves.

In the company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off plus the company's share of post acquisition retained profits and reserves with a corresponding credit to a non-distributable revaluation reserve. Only dividends received and receivable are credited to the profit and loss account.

No profit and loss account is presented for Tilghman Wheelabrator Limited as permitted by section 230 of the Companies Act 1985.

c) Purchased goodwill

Purchased goodwill is calculated as the excess of the fair value of the consideration given over the fair value of the underlying net assets acquired. It is amortised over four years, which the directors estimate to be the period over which benefits may reasonably be expected to accrue from the acquisition in question.

d) Tangible fixed assets

Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	25% per annum
Short leasehold buildings	Period of lease
Plant and equipment	10% to 20% per annum
Computer equipment	15% to 25% per annum
Motor vehicles	25% per annum

Notes to accounts (continued)

1 Accounting policies (continued)

d) Tangible fixed assets (continued)

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating loss.

e) Stocks

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

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Long-term contract	-	cost of direct materials and labour, plus an appropriate proportion
balances and manufactured parts		of manufacturing overheads based on normal levels of activity.

Long-term contract balances are stated at actual cost less related advance payments and provision in full for anticipated losses. Advance payments in excess of costs on uncompleted contracts are included in creditors.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

f) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by the surrender of losses by fellow group companies. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is recognised on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred taxation is not recognised on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred taxation, including that which will probably not reverse, is shown in note 8.

Notes to accounts (continued)

1 Accounting policies (continued)

g) Pension costs

The group provides pensions to substantially all employees through a defined benefit scheme.

The assets of the funded scheme are held independently of the group by trustees.

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is shown as a separately identified liability or asset in the balance sheet.

Further information on pension costs is provided in note 22c.

h) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

For the purpose of consolidating the results of overseas operations the closing rate method is used under which translation gains and losses are shown as a movement on reserves. The profit and loss accounts of overseas operations are translated at the average rate for the period.

i) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services in the normal course of business.

j) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the year and future commitments is given in note 22d.

Notes to accounts (continued)

2 Segment information

Contributions to turnover were as follows:

	1992 £	1991 £
By geographical area:		
United Kingdom	5,079,778	9,409,919
Overseas	<u>6,143,272</u>	<u>8,851,295</u>
	<u>11,223,050</u>	<u>18,261,214</u>

All turnover arises from the manufacture of shot blast equipment and the supply of related service and spares.

3 Other operating expenses (net)

	1992 £	1991 £
Selling and distribution costs	1,354,064	2,447,333
Administrative expenses	<u>1,572,172</u>	<u>2,629,176</u>
	2,926,236	5,076,509
Other operating income	<u>(129,273)</u>	<u>(997,262)</u>
	<u>2,796,963</u>	<u>4,079,247</u>

4 Exceptional items

Exceptional items in both 1992 and 1991 relate to reorganisation and redundancy costs.

5 Interest payable and similar charges

	1992 £	1991 £
On bank loans, overdrafts and other loans repayable within five years, not by instalments	27,386	14,707
On finance leases	<u>10,892</u>	<u>19,384</u>
	<u>38,278</u>	<u>34,091</u>

Notes to accounts (continued)

6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging (crediting):

	1992 £	1991 £
a) Rent receivable		
b) Depreciation and amounts written off	(109,902)	(112,057)
i. goodwill		
ii. tangible fixed assets (including exceptional write down)	21,600	21,600
c) Hire of motor vehicles under operating leases	613,414	253,751
d) Auditors' remuneration	116,851	208,660
e) Staff costs (see note 7)	41,780	45,000
	<u>3,588,019</u>	<u>5,969,906</u>

In addition £8,000 was paid to the group's auditors in respect of non-audit services.

7 Staff costs

Particulars of employees (including directors) are as shown below:

	1992 £	1991 £
Employee costs during the year amounted to:		
Wages and salaries	3,270,870	5,307,193
Social security costs	314,541	410,495
Other pension costs	2,608	222,218
	<u>3,588,019</u>	<u>5,969,906</u>

The average weekly number of persons employed by the group during the year was as follows:

	1992 Number	1991 Number
Production	200	276
Sales	26	34
Administration	31	71
	<u>257</u>	<u>381</u>

Notes to accounts (continued)

7 Staff costs (continued)

Directors' remuneration was paid in respect of directors of the company as follows:

	1992 £	1991 £
Remuneration for management services (including pension contributions)	<u>228,077</u>	<u>323,021</u>

The directors' remuneration shown above (excluding pension contributions) included:

	1992 £	1991 £
Chairman and highest paid director	<u>56,896</u>	<u>69,914</u>

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1992 Number	1991 Number
Up to £5,000	1	-
£5,001 - £10,000	1	-
£10,001 - £15,000	1	-
£15,001 - £20,000	1	1
£20,001 - £25,000	-	1
£25,001 - £30,000	-	2
£30,001 - £35,000	2	1
£35,001 - £40,000	-	1
	<u> </u>	<u> </u>

Notes to accounts (continued)

8 Tax on loss on ordinary activities

The tax credit is based on the loss for the year and comprises:

	1992 £	1991 £
Corporation tax at 33% (1991 - 33.33%)	(277,872)	75,680
Deferred taxation arising from		
- capital allowances	(130,298)	(16,036)
- other timing differences	(25,571)	(187,295)
Overseas taxation	76,354	1,743
Unrelieved ACT written off	13,512	-
	<u>(343,845)</u>	<u>(125,908)</u>
Adjustment of current taxation in respect of prior years	(93,433)	37,294
Adjustment of deferred taxation in respect of timing differences from prior years		
- capital allowances	6,000	(9,999)
- other timing differences	6,000	(31,650)
	<u>(425,278)</u>	<u>(130,263)</u>

Surplus ACT of £501,099 (1991 - £13,512) is available for carry forward.

Deferred taxation

Deferred taxation has been recognised in full, as follows:

	1992 £	1991 £
Excess of book depreciation of tangible fixed assets over tax allowances	19,000	(105,298)
Other timing differences	277,000	257,429
	<u>296,000</u>	<u>152,131</u>

Notes to accounts (continued)

8 Tax on loss on ordinary activities (continued)

The movement on deferred taxation comprises:

	1991 £	1991 £
Beginning of year		
Credited to profit and loss, in respect of	152,131	91,820
- capital allowances		
- other timing differences	124,298	26,035
Transfers to other group undertakings	19,571	218,945
End of year	<u>-</u>	<u>(184,669)</u>
	<u>296,000</u>	<u>152,131</u>

9 Extraordinary items less taxation

	1992 £	1991 £
Forgiveness of financing loan owed to other group undertakings on the transfer of the trade and net assets of the water filtration plant division	<u>-</u>	<u>616,264</u>

10 Dividends paid and proposed

	1992 £	1991 £
Ordinary dividend paid of £Nil (1991 - "29.44) per share	<u>-</u>	<u>477,000</u>

11 Intangible fixed assets

The following are included in the net book value of intangible fixed assets:

	Group		Company	
	1992	1991	1992	1991
Goodwill on consolidation	30,000	42,000	-	-
Purchased goodwill	<u>17,255</u>	<u>26,855</u>	<u>17,255</u>	<u>26,855</u>
	<u>47,255</u>	<u>68,855</u>	<u>17,255</u>	<u>26,855</u>

Notes to accounts (continued)

11 Intangible fixed assets (continued)

The movement in the year was as follows:

	Group		Company
	Consolidation goodwill £	Purchased goodwill £	Purchased goodwill £
Cost			
Beginning and end of year	<u>77,000</u>	<u>36,455</u>	<u>36,455</u>
Amounts written off			
Beginning of year	35,000	9,600	9,600
Amortisation	<u>12,000</u>	<u>9,600</u>	<u>9,600</u>
End of year	<u>47,000</u>	<u>19,200</u>	<u>19,200</u>
Net book value	<u>30,000</u>	<u>17,255</u>	<u>17,255</u>

12 Tangible fixed assets

The movement in the year was as follows:

Group	Freehold buildings £	Short leasehold buildings £	Plant equipment £	Motor vehicles £	Total £
Cost					
Beginning of year	699,233	112,268	2,173,214	188,323	3,173,038
Additions	124,551	-	150,950	19,607	295,111
Disposals	-	-	(735,120)	(81,048)	(816,168)
Exchange adjustment	-	-	10,026	1,187	11,213
End of year	<u>823,787</u>	<u>112,268</u>	<u>1,599,070</u>	<u>128,069</u>	<u>2,663,194</u>
Depreciation					
Beginning of year	313,773	88,387	1,478,263	107,490	1,937,913
Charge	18,564	1,785	108,604	50,808	179,761
Disposals	-	-	(733,468)	(75,571)	(809,039)
Exchange adjustment	-	-	8,710	552	9,262
Exceptional write down of fixed assets due to reorganisation	-	-	433,653	-	233,653
End of year	<u>332,337</u>	<u>90,172</u>	<u>1,245,762</u>	<u>83,279</u>	<u>1,751,550</u>
Net book value					
Beginning of year	<u>385,460</u>	<u>23,881</u>	<u>744,951</u>	<u>80,833</u>	<u>1,235,125</u>
End of year	<u>491,450</u>	<u>22,096</u>	<u>353,308</u>	<u>44,790</u>	<u>911,644</u>

Notes to accounts (continued)

12 Tangible fixed assets (continued)

Company	Freehold buildings £	Short leasehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost					
Beginning of year	542,403	112,268	2,015,636	134,157	2,834,464
Additions	45,000	-	106,570	2,369	153,939
Disposals	-	-	(719,036)	(70,019)	(789,055)
Exchange adjustment	-	-	10,026	1,187	11,213
End of year	<u>587,403</u>	<u>112,268</u>	<u>1,443,196</u>	<u>67,694</u>	<u>2,210,561</u>
Depreciation					
Beginning of year	313,773	89,387	1,353,088	77,025	1,837,273
Charge	18,564	1,785	97,756	38,360	156,465
Disposals	-	-	(719,036)	(65,042)	(784,078)
Exchange adjustment	-	-	8,710	552	9,262
Exceptional write down of fixed assets due to reorganisation	-	-	433,653	-	433,653
End of year	<u>332,337</u>	<u>91,172</u>	<u>1,179,171</u>	<u>51,895</u>	<u>1,652,575</u>
Net book value					
Beginning of year	<u>228,630</u>	<u>22,881</u>	<u>687,548</u>	<u>57,132</u>	<u>997,191</u>
End of year	<u>255,066</u>	<u>22,096</u>	<u>264,025</u>	<u>16,799</u>	<u>557,986</u>

Notes to accounts (continued)

13 Fixed asset investments

The company's investments comprise investments in the following subsidiary undertakings, all of which are wholly-owned and registered in England.

<u>Company</u>	<u>Principal activity</u>
Tilghman Wheelabrator Special Products Limited	Engineering
Blastrac Europe Limited	Dormant
Tilghman (1988) Limited	Dormant
Johnson Filtration Systems Limited	Dormant
St. George's Engineers Limited	Dormant
Northedge Limited	Dormant
Neptune Nichols Limited	Dormant

The movement in investments during the year was as follows:

	1992 £	1991 £
Valuation, beginning of year	1,297,137	1,170,317
Share of retained (loss) profit	<u>(157,860)</u>	<u>126,820</u>
Valuation, end of year	<u>1,139,277</u>	<u>1,297,137</u>

Investments in subsidiary undertakings are shown at cost plus the company's share of post-acquisition retained profits. If these investments had not been revalued they would have been included at the following amounts:

	1992 £	1991 £
Cost	<u>797,999</u>	<u>797,999</u>

Notes to accounts (continued)

14 Stocks

The following are included in the net book value of stocks:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Raw materials and manufactured parts	977,588	888,882	969,276	876,933
Long-term contract balances				
- net cost less foreseeable losses	533,767	1,029,833	256,202	926,066
- less applicable payments on account	(85,857)	(101,002)	-	(101,002)
	447,910	928,831	256,202	825,064
	1,425,498	1,817,713	1,225,478	1,701,997

15 Debtors

The following are included in the net book value of debtors:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Trade debtors	2,179,306	1,835,324	1,884,162	1,811,921
Amounts owed by other group undertakings	301,041	833,663	701,601	626,375
VAT	-	4,174	-	4,174
Other debtors				
- ACT recoverable	-	159,000	-	159,000
- UK corporation tax recoverable	277,872	16,928	193,070	19,845
- foreign tax recoverable	99,034	10,241	99,034	10,241
Prepayments and accrued income	47,808	114,461	36,422	102,806
Deferred taxation (see note 8)	296,000	152,131	296,000	152,131
	3,204,061	3,125,922	3,210,289	2,886,493

Notes to accounts (continued)

16 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Obligations under finance leases	-	15,485	-	795
Bank overdraft	609,243	-	609,243	61,682
Payments received on account	130,609	71,577	28,745	71,577
Trade creditors	1,156,459	1,399,907	714,248	985,699
Amounts owed to other group undertakings	1,574,902	491,967	2,724,327	1,263,983
Other creditors				
- ACT on paid dividends	-	107,325	-	107,325
- VAT	5,518	-	43,333	-
- social security and PAYE	51,132	182,650	36,803	169,527
Accruals and deferred income	1,097,520	1,000,115	1,027,694	1,040,855
	<u>4,625,383</u>	<u>3,269,026</u>	<u>5,184,393</u>	<u>3,701,443</u>

17 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Bank loans	-	117,362	-	-

18 Provisions for liabilities and charges

Provisions for liabilities and charges comprises:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Provision for warranties	429,399	438,600	212,299	341,500
Provision for pensions	516,515	516,515	516,515	516,515
	<u>945,914</u>	<u>955,115</u>	<u>728,814</u>	<u>858,015</u>

Notes to accounts (continued)

18 Provisions for liabilities and charges (continued)

Provision for warranties

The movement in the provision for warranty costs is as follows:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Beginning of year	438,600	470,879	341,500	379,179
Excess of costs incurred over amounts provided in year	(9,201)	(32,279)	(129,201)	(37,679)
End of year	<u>429,399</u>	<u>438,600</u>	<u>212,299</u>	<u>341,500</u>

Provision for pensions

The pension provision relates to the excess of amounts charged to the profit and loss account, in accordance with the provisions of Statement of Standard Accounting Practice Number 24, over amounts paid to the pension scheme.

The movement in the provision for pensions is as follows:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Beginning of year	516,515	335,073	516,515	335,073
Excess of profit and loss charge over amounts paid	-	181,442	-	181,442
	<u>516,515</u>	<u>516,515</u>	<u>516,515</u>	<u>516,515</u>

19 Called-up share capital

	1992 £	1991 £
<i>Authorised, allotted and fully paid</i>		
16,201 ordinary shares of £1 each	16,201	16,201
1,320,000 deferred shares of £1 each	<u>1,320,000</u>	<u>1,320,000</u>
	<u>1,336,201</u>	<u>1,336,201</u>

Notes to accounts (continued)

20 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	Group		Company	
	1992	1991	1992	1991
Distributable				
- profit and loss account	(1,484,829)	524,238	(1,596,856)	242,351
Non-distributable				
- share premium account	313,269	313,269	313,269	313,269
- revaluation reserve	-	-	341,278	499,138
- foreign currency translation reserve	132,543	16,851	143,369	27,677
- capital reserve	204,139	204,139		
Total reserves	(834,878)	1,058,497	(798,940)	1,082,435

	Share premium account £	Foreign currency translation reserve £	Capital reserve £	Profit and loss account £	Total £
Group					
Beginning of year	313,269	16,851	204,139	524,238	1,058,497
Gain on translation of overseas operation	-	115,692	-	-	115,692
Retained loss for the year	-	-	-	(2,009,067)	(2,009,067)
End of year	313,269	132,543	204,139	(1,484,829)	(834,878)

	Share premium account £	Revaluation reserve £	Foreign currency translation reserve £	Profit and loss account £	Total £
Company					
Beginning of year	313,269	499,138	27,677	242,351	1,082,435
Losses of subsidiary undertakings	-	(157,860)	-	-	(157,860)
Gain on translation of overseas operation	-	-	115,692	-	115,692
Retained loss for the year	-	-	-	(1,839,207)	(1,839,207)
End of year	313,269	341,278	143,369	(1,596,856)	(798,940)

Notes to accounts (continued)

21 Cash flow information

a) Reconciliation of operating loss to net cash outflow from operating activities

	1992 £	1991 £
Operating loss	(419,937)	(369,946)
Depreciation charges	179,761	253,754
(Profit) loss on sale of tangible fixed assets	(4,339)	146
Amortisation of goodwill	21,600	21,600
Decrease in stocks	392,215	206,695
Decrease in debtors	218,619	1,703,414
Increase (decrease) in creditors and provisions	446,473	(4,005,552)
Foreign exchange movements on consolidation of overseas division	100,901	11,820
Net cash inflow (outflow) from continuing operating activities	935,293	(2,178,069)
Net cash outflow in respect of reorganisation and redundancy costs	(1,096,949)	(538,728)
Net cash outflow from operating activities	(161,656)	(2,716,797)

b) Analysis of changes in financing

	Share capital (including premium) £	Loans and finance lease obligations £
Balance at 30 November 1990	1,649,470	169,437
Net cash outflow from financing	-	(36,590)
Balance at 30 November 1991	1,649,470	132,847
Net cash outflow from financing	-	(132,847)
Balance at 30 November 1992	1,649,470	-

c) Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £	Bank overdrafts £	Net £
Balance at 30 November 1990	4,229,795	-	4,229,795
Net cash outflow before foreign exchange rate changes	(3,741,207)	-	(3,741,207)
Balance at 30 November 1991	488,586	-	488,586
Net cash outflow before foreign exchange rate changes	(17,267)	(609,243)	(626,510)
Effect of foreign exchange rate changes	12,840	-	12,840
Balance at 30 November 1992	484,159	(609,243)	(125,084)

Notes to accounts (continued)

22 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Authorised but not contracted for	450,000	-	450,000	-

b) Contingent liabilities

- i) The group has given bank guarantees to customers in respect of advance payments and the performance of goods sold totalling £59,144.
- ii) The group has an unprovided contingent liability of £571,000 in respect of a legal claim for damages following the supply of goods to a customer which is a subsidiary of a former sister company. The directors consider the possibility that the liability will crystallise to be remote.

c) Pension arrangements

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was as at 6 April 1991 and used the aggregate funding method. The main actuarial assumptions were that (a) salaries would increase by 7.5% p.a., (b) pensions in payment by 3% p.a. (GMP element) and the lesser of 5% p.a. or the increase in RPI above GMP p.a., and (c) return on assets by 9% p.a. The market value of the assets of the scheme was £8,311,220 and the actuarial value of the assets was sufficient to cover 113% of the benefits that had accrued to members after allowing for expected future increases in earnings. The pension surplus is expected to increase as a result of the reorganisation exercise during the year. The effect on the surplus will be assessed in the next actuarial valuation, as at 6 April 1992, but the current year charge reflects an estimate of the effect for the period 1 December 1991 to 30 November 1992.

d) Lease commitments

The group has entered into non-cancellable operating leases in respect of motor vehicles, the payments for which extend over a period of up to 3 years. The total annual rental (including interest) for 1992 was £116,551 (1991 - £208,660).

Notes to accounts (continued)

22 Guarantees and other financial commitments (continued)

d) Lease commitments (continued)

The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	1992	1991
	£	£
Operating leases which expire		
- within 1 year		
- within 2-5 years	30,218	83,310
	<u>34,346</u>	<u>122,658</u>
	<u>64,564</u>	<u>205,968</u>

23 Subsequent events

As at 1 December 1992 the following changes in the group's structure took place:

1. Tilghman Wheelabrator Limited transferred the trade and net assets of its German division to Wheelabrator Berger GmbH (a sister company) at net book value in exchange for shares in that company.
2. The trade and assets of Tilghman Wheelabrator Special Products Limited were transferred into Tilghman Wheelabrator Limited at net book value.

24 Ultimate parent company

The company is a subsidiary undertaking of WMX Inc. (formerly Waste Management Inc.), incorporated in the USA.

The largest group of which Tilghman Wheelabrator Limited is a member and for which group accounts are drawn up is that headed by WMX Inc. The smallest such group is that headed by Wheelabrator Technologies (U.K.) Limited, registered in England. The consolidated accounts of the Wheelabrator Technologies (U.K.) Limited group are available to the public and may be obtained from Wright Street, Broadheath, Altrincham, Cheshire.