

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & Co, SC

Tilghman Wheelabrator Limited
and subsidiary undertakings

Accounts 31 December 1994
together with directors' and auditors' reports

Registered number: 33672



Directors' report

For the period ended 31 December 1994

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the 13 months ended 31 December 1994.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and business review

The principal activities of the group are the manufacture and supply of air pollution control equipment, shot blast machinery and water process equipment, their associated spare parts and the servicing of shot blast machinery.

Turnover increased by £359,111 to £8,776,776 in the 13 months to 31 December 1994 as compared with £8,417,665 for the 12 months to 30 November 1993. Operating profit decreased in the same period by £518,630 from £1,000,977 to £482,347 due partly to a low level of sales in the thirteenth month, partly to increased price competition in all market segments and sectors and partly to increased selling and marketing expenses associated with introducing the new water process products.

Order input in 1994 showed a considerable increase over 1993 as the European economies came out of recession.

Directors' report (continued)

Results and dividends

Group results, dividends and recommended transfers to reserves are as follows:

	£
Group profit and loss account at 30 November 1993	(751,691)
Retained profit for the period	1,084,822
Transfer from foreign currency translation reserve	132,543
Group profit and loss account at 31 December 1994	<u>465,674</u>

No dividend has been paid or proposed.

Directors and their interests

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

J.D. Barnes
J.J. Heeney (USA)
R.L. Melroy (USA)
R.L. Patel (USA)
H.A. Rodder (Germany)
J.M. Smith
M.C.E. Sturt

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

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.

Fixed assets

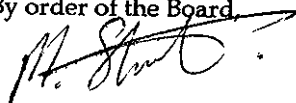
Information relating to changes in tangible fixed assets is given in note 11 to the accounts.

Directors' report (continued)

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
Craven Road
Broadheath
Altrincham
Cheshire

4 August 1995

Auditors' report

Manchester

To the Shareholders of Tilghman Wheelabrator Limited:

We have audited the accounts on pages 5 to 26 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 12.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1994 and of the group's profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

**Arthur Andersen
Chartered Accountants and Registered Auditors**

Bank House
9 Charlotte Street
Manchester
M1 4EU

4 August 1995

Consolidated profit and loss account

For the period ended 31 December 1994

	Notes	13 months ended 31 December 1994 £	12 months ended 30 November 1993 As restated (see note 2) £
Turnover	3	8,776,776	8,417,665
Cost of sales		(6,640,693)	(5,989,554)
Gross profit		2,136,083	2,428,111
Other operating expenses (net)	4	(1,653,736)	(1,427,134)
Operating profit		482,347	1,000,977
Profit on disposal of fixed assets	5	839,572	-
Profit on ordinary activities before interest		1,321,919	1,000,977
Interest received		58,781	17,062
Interest payable and similar charges	6	(165,550)	(161,340)
Profit on ordinary activities before taxation	7	1,215,150	856,699
Tax on profit on ordinary activities	9	(130,328)	(123,561)
Retained profit for the financial period		1,084,822	733,138
Accumulated deficit, 30 November 1993		(751,691)	(1,484,829)
Transfer from foreign currency translation reserve		132,543	-
Retained profit (accumulated deficit), 31 December 1994		465,674	(751,691)

All activity has arisen from continuing operations. The group has no recognised gains or losses in either period other than the retained profit for the financial period.

A statement of movements on reserves is given in note 21.

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

Consolidated balance sheet

31 December 1994

	Notes	31 December 1994 £	30 November 1993 £
Fixed assets			
Intangible assets	10	6,000	25,655
Tangible assets	11	1,253,216	1,192,303
Investments	12	642,783	642,783
		<u>1,901,999</u>	<u>1,860,741</u>
Current assets			
Assets held for resale	13	-	210,066
Stocks	14	806,941	569,092
Debtors: Amounts falling due after more than one year	15	885,362	-
Debtors: Amounts falling due within one year	16	4,085,132	2,991,260
Cash at bank and in hand		417,310	1,161,757
		<u>6,194,745</u>	<u>4,932,175</u>
Creditors: Amounts falling due within one year	17	(3,192,877)	(2,863,429)
Net current assets		<u>3,001,868</u>	<u>2,068,746</u>
Total assets less current liabilities		<u>4,903,867</u>	<u>3,929,487</u>
Creditors: Amounts falling due after more than one year	18	(1,870,288)	(1,835,511)
Provisions for liabilities and charges	19	(714,296)	(859,515)
Net assets		<u>2,319,283</u>	<u>1,234,461</u>
Capital and reserves			
Called-up share capital	20	1,336,201	1,336,201
Share premium account	21	313,269	313,269
Capital reserve	21	204,139	204,139
Foreign currency translation reserve	21	-	132,543
Profit and loss account	21	465,674	(751,691)
Total capital employed		<u>2,319,283</u>	<u>1,234,461</u>

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

Balance sheet

31 December 1994

	Notes	31 December 1994 £	30 November 1993 £
Fixed assets			
Intangible assets	10	-	7,655
Tangible assets	11	1,253,216	1,192,303
Investments	12	1,782,060	1,782,060
		<u>3,035,276</u>	<u>2,982,018</u>
Current assets			
Assets held for resale	13	-	210,066
Stocks	14	806,941	573,672
Debtors: Amounts falling due after more than one year	15	885,362	-
Debtors: Amounts falling due within one year	16	4,214,965	2,991,260
Cash at bank and in hand		417,310	1,161,757
		<u>6,324,578</u>	<u>4,936,755</u>
Creditors: Amounts falling due within one year	17	(4,400,740)	(3,941,348)
Net current assets		<u>1,923,838</u>	<u>995,407</u>
Total assets less current liabilities		4,959,114	3,977,425
Creditors: Amounts falling due after more than one year	18	(1,870,288)	(1,835,511)
Provisions for liabilities and charges	19	(714,296)	(859,515)
Net assets		<u>2,374,530</u>	<u>1,282,399</u>
Capital and reserves			
Called-up share capital	20	1,336,201	1,336,201
Share premium account	21	313,269	313,269
Revaluation reserve	21	341,278	341,278
Foreign currency translation reserve	21	-	143,369
Profit and loss account	21	383,782	(851,718)
Total capital employed		<u>2,374,530</u>	<u>1,282,399</u>

Signed on behalf of the Board



M.C.E. Sturt

Director

4 August 1995

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

Consolidated cash flow statement

For the period ended 31 December 1994

	Notes	13 months ended 31 December 1994		12 months ended 30 November 1993	
		£	£	£	£
Net cash (outflow) inflow from operating activities	23a		(508,214)		2,091,425
Returns on investments and servicing of finance					
Interest received		15,537		17,062	
Interest paid		-		(159,167)	
Interest element of finance lease rentals		(9,435)		(2,173)	
Net cash inflow (outflow) from returns on investments and servicing of finance			6,102		(144,278)
Taxation					
UK corporation tax received		30,667		36,154	
Tax received			30,667		36,154
Investing activities					
Purchase of tangible fixed assets		(110,497)		(838,977)	
Sale of tangible fixed assets		1,055,501		105,730	
Loans to other group undertakings		(842,118)		-	
Net cash inflow (outflow) from investing activities			102,886		(733,247)
Net cash (outflow) inflow before financing			(368,559)		1,250,054
Financing					
Capital element of finance lease rental payments		(31,627)		(7,291)	
Net cash outflow from financing	23b		(31,627)		(7,291)
(Decrease) increase in cash and cash equivalents	23c		(400,186)		1,242,763

The accompanying notes are an integral part of this statement.

Notes to accounts

31 December 1994

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period 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 31 December 1994. 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. The company's profit for the financial period, determined in accordance with the Act, was £1,092,131 (1993 - £745,138).

c) 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	2.5% per annum
Short leasehold buildings	Period of lease
Plant and equipment	10% to 25% per annum
Motor vehicles	25% per annum

Notes to accounts (continued)

1 Accounting policies (continued)

c) *Tangible fixed assets (continued)*

Residual value is calculated on prices prevailing at the date of acquisition.

d) *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 balances and manufactured parts	-	cost of direct materials and labour, plus an appropriate proportion of manufacturing overheads based on normal levels of activity.

Long-term contract balances are stated at actual cost less related advance payments and provision is made 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.

e) *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.

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 9.

Notes to accounts (continued)

1 Accounting policies (continued)

f) 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 period, 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 24c.

g) 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 purposes of consolidation and application of the equity method of accounting the closing rate method is used, under which transaction gains or losses are shown as a movement on reserves.

h) Turnover

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

i) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the period and future commitments is provided in note 24d.

2 Restatement of prior year comparatives

The prior year comparatives for cost of sales and other operating expenses have been reclassified to be consistent with current year presentation.

Notes to accounts (continued)

3 Segment information

Contributions to turnover were as follows:

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
By geographical area:		
United Kingdom	4,206,419	4,916,620
Overseas	4,570,357	3,501,045
	<u>8,776,776</u>	<u>8,417,665</u>

All turnover arises from the principal activities of the group.

4 Other operating expenses (net)

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
Selling and distribution costs	941,721	638,019
Administrative expenses	822,401	891,090
	<u>1,764,122</u>	<u>1,529,109</u>
Other operating income	(110,386)	(101,975)
	<u>1,653,736</u>	<u>1,427,134</u>

5 Profit on disposal of assets

The profit on disposal has arisen from the sale of the company's former premises. The current corporation tax effect was a charge of £140,028.

6 Interest payable and similar charges

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
On bank loans, overdrafts and other loans repayable within five years, not by instalments	156,115	159,167
On finance leases and hire purchase contracts	9,435	2,173
	<u>165,550</u>	<u>161,340</u>

Notes to accounts (continued)

7 Profit on ordinary activities before taxation

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

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
a) Rent receivable	(110,386)	(105,964)
b) Amortisation and amounts written off - goodwill	19,655	21,600
c) Depreciation and amounts written off tangible fixed assets - owned	139,136	155,038
- held under finance leases and hire purchase contracts	31,267	5,217
d) Hire of motor vehicles under operating leases	72,041	87,414
e) Auditors' remuneration - audit	29,000	37,500
- non-audit	27,092	22,791
f) Staff costs (see note 8)	<u>2,271,420</u>	<u>1,901,746</u>

8 Staff costs

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

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
Employee costs during the period amounted to:		
Wages and salaries	2,081,560	1,741,661
Social security costs	189,860	160,085
	<u>2,271,420</u>	<u>1,901,746</u>

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

	13 months ended 31 December 1994	12 months ended 30 November 1993
Production	79	86
Sales	18	13
Administration	12	12
	<u>109</u>	<u>111</u>

Notes to accounts (continued)

8 Staff costs (continued)

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

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
Remuneration for management services (including pension contributions)	136,797	163,959
Compensation for loss of office	-	76,576
	<u>136,797</u>	<u>240,535</u>

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

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
Chairman	-	-
Highest paid director	<u>59,046</u>	<u>54,090</u>

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

	13 months ended 31 December 1994	12 months ended 30 November 1993
Up to - £ 5,000	4	4
£ 15,001 - £ 20,000	-	2
£ 20,001 - £ 25,000	1	-
£ 25,001 - £ 30,000	-	1
£ 40,001 - £ 45,000	-	1
£ 50,001 - £ 55,000	1	1
£ 55,001 - £ 60,000	<u>1</u>	<u>-</u>

Notes to accounts (continued)

9 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
Corporation tax at 33% (1993 - 33%)	343,325	244,000
Deferred taxation arising from		
- capital allowances	85,932	21,000
- other timing differences	(96,918)	(25,000)
	<u>332,339</u>	<u>240,000</u>
Adjustment of current taxation in respect of prior years	19,603	47,561
Relieved ACT previously written off	(195,761)	(166,000)
Adjustment of deferred taxation in respect of timing differences from prior periods		
- capital allowances	24,225	-
- other timing differences	(50,078)	2,000
	<u>130,328</u>	<u>123,561</u>

Deferred taxation

The deferred taxation asset has been recognised in full within debtors, as follows:

	31 December 1994 £	30 November 1993 £
Excess of tax allowances over book depreciation of fixed assets	(112,137)	(2,000)
Other timing differences	446,976	300,000
	<u>334,839</u>	<u>298,000</u>

The movement on deferred taxation comprises:

	31 December 1994 £	30 November 1993 £
Beginning of period	298,000	296,000
(Charged) credited to profit and loss, in respect of		
- capital allowances	(110,157)	(21,000)
- other timing differences	146,996	23,000
End of period (see note 16)	<u>334,839</u>	<u>298,000</u>

Notes to accounts (continued)

10 Intangible fixed assets

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

	Group		Company	
	31 December 1994 £	30 November 1993 £	31 December 1994 £	30 November 1993 £
Goodwill on consolidation	6,000	18,000	-	-
Purchased goodwill	-	7,655	-	7,655
	<u>6,000</u>	<u>25,655</u>	<u>-</u>	<u>7,655</u>

The movement in the period to 31 December 1994 was as follows:

	Group		Company	
	Consolidation goodwill £	Purchased goodwill £	Total £	Purchased goodwill £
Cost				
Beginning and end of period	<u>77,000</u>	<u>36,455</u>	<u>113,455</u>	<u>36,455</u>
Amounts written off				
Beginning of period	59,000	28,800	87,800	28,800
Amortisation	12,000	7,655	19,655	7,655
End of period	<u>71,000</u>	<u>36,455</u>	<u>107,455</u>	<u>36,455</u>
Net book value	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>

Notes to accounts (continued)

11 Tangible fixed assets

The movement in the period to 31 December 1994 was as follows:

Group and company	Freehold buildings £	Short leasehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost					
Beginning of period	785,136	112,268	1,052,648	188,914	2,138,966
Additions	400	-	35,220	143,761	179,381
Disposals	-	-	-	(51,431)	(51,431)
Transfers in	-	-	81,310	-	81,310
Transfers out	-	-	(68,990)	-	(68,990)
End of period	<u>785,536</u>	<u>112,268</u>	<u>1,100,188</u>	<u>281,244</u>	<u>2,279,236</u>
Depreciation					
Beginning of period	12,951	92,934	762,214	78,564	946,663
Charge	20,592	2,762	90,451	56,598	170,403
Disposals	-	-	-	(51,431)	(51,431)
Transfers in	-	-	29,375	-	29,375
Transfers out	-	-	(68,990)	-	(68,990)
End of period	<u>33,543</u>	<u>95,696</u>	<u>813,050</u>	<u>83,731</u>	<u>1,026,020</u>
Net book value					
Beginning of period	<u>772,185</u>	<u>19,334</u>	<u>290,434</u>	<u>110,350</u>	<u>1,192,303</u>
End of period	<u>751,993</u>	<u>16,572</u>	<u>287,138</u>	<u>197,513</u>	<u>1,253,216</u>
Leased assets included in the above:					
Net book value					
Beginning of period	-	-	-	57,985	57,985
End of period	-	-	-	147,535	147,535

Notes to accounts (continued)

12 Fixed asset investments

The company has the following investments:

	Country of incorporation and operation	Principal activity	Proportion of ordinary shares held by the Company
Principal subsidiary undertakings:			
Tilghman Wheelabrator Special Products Limited	England	Dormant	100%
Tilghman (1988) Limited	England	Dormant	100%
Tilghman (Broadheath) Limited	England	Dormant	100%
Tilghman (Engineers) Limited	England	Dormant	100%
Blastrac Europe Limited	England	Dormant	100%
JFS (UK) Limited	England	Dormant	100%
Neptune Nichols Limited	England	Dormant	100%
Northedge Limited	England	Dormant	100%
RBS Pension Trustees Limited	England	Dormant	100%
St. George's Engineers Limited	England	Dormant	100%
Other investments:			
Wheelabrator-Berger Maschinenfabriken GmbH	Germany	Engineering	26%

The movement in investments during the period to 31 December 1994 was as follows:

	Group		Company	
	31 December 1994 £	30 November 1993 £	31 December 1994 £	30 November 1993 £
Valuation, beginning of period	642,783	-	1,782,060	1,139,277
Investment in Wheelabrator-Berger Maschinenfabriken GmbH	-	642,783	-	642,783
Valuation, end of period	<u>642,783</u>	<u>642,783</u>	<u>1,782,060</u>	<u>1,782,060</u>

Notes to accounts (continued)

12 Fixed asset investments (continued)

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:

	31 December 1994	30 November 1993
	£	£
Cost	<u>1,285,070</u>	<u>1,285,070</u>

13 Assets held for resale

The following is included in the net book value of assets held for resale:

	Group		Company	
	31 December 1994	30 November 1993	31 December 1994	30 November 1993
	£	£	£	£
Land and buildings	<u>-</u>	<u>210,066</u>	<u>-</u>	<u>210,066</u>

14 Stocks

	Group		Company	
	31 December 1994	30 November 1993	31 December 1994	30 November 1993
	£	£	£	£
Raw materials and manufactured parts	<u>537,083</u>	<u>497,637</u>	<u>537,083</u>	<u>502,217</u>
Long-term contract balances				
- cost less foreseeable losses	398,568	72,548	398,568	72,548
- less related payments on account	<u>(128,710)</u>	<u>(1,093)</u>	<u>(128,710)</u>	<u>(1,093)</u>
	<u>269,858</u>	<u>71,455</u>	<u>269,858</u>	<u>71,455</u>
	<u>806,941</u>	<u>569,092</u>	<u>806,941</u>	<u>573,672</u>

15 Debtors: Amounts falling due after more than one year

	Group		Company	
	31 December 1994	30 November 1993	31 December 1994	30 November 1993
Amounts owed by other group undertakings	<u>885,362</u>	<u>-</u>	<u>885,362</u>	<u>-</u>

Notes to accounts (continued)

16 Debtors: Amounts falling due within one year

	Group		Company	
	31 December 1994	30 November 1993	31 December 1994	30 November 1993
Trade debtors	1,120,001	1,332,512	1,120,001	1,332,512
Amounts owed by subsidiary undertakings	-	-	129,833	129,833
Amounts owed by other group undertakings	2,489,842	1,210,132	2,489,842	1,080,299
VAT	38,651	-	38,651	-
UK corporation tax recoverable	-	50,270	-	50,270
Prepayments and accrued income	101,799	100,346	101,799	100,346
Deferred taxation (see note 9)	334,839	298,000	334,839	298,000
	<u>4,085,132</u>	<u>2,991,260</u>	<u>4,214,965</u>	<u>2,991,260</u>

17 Creditors: Amounts falling due within one year

	Group		Company	
	31 December 1994 £	30 November 1993 £	31 December 1994 £	30 November 1993 £
Obligations under finance leases and hire purchase contracts	68,706	14,291	68,706	14,291
Bank overdraft	-	344,261	-	344,261
Payments received on account	133,672	36,703	133,672	36,703
Trade creditors	1,092,006	790,298	1,092,006	790,298
Amounts owed to subsidiary undertakings	-	-	1,380,655	1,077,919
Amounts owed to other group undertakings	1,026,476	851,622	853,684	851,622
Other creditors				
- UK corporation tax payable	147,564	-	147,564	-
- VAT	-	3,965	-	3,965
- social security and PAYE	54,652	47,734	54,652	47,734
- other creditors	22,501	-	22,501	-
Accruals and deferred income	647,300	774,555	647,300	774,555
	<u>3,192,877</u>	<u>2,863,429</u>	<u>4,400,740</u>	<u>3,941,348</u>

Notes to accounts (continued)

18 Creditors: Amounts falling due after more than one year

	Group		Company	
	31 December 1994 £	30 November 1993 £	30 December 1994 £	30 November 1993 £
Obligations under finance leases and hire purchase contracts	76,397	41,620	76,397	41,620
Amounts owed to other group undertakings	1,793,891	1,793,891	1,793,891	1,793,891
	<u>1,870,288</u>	<u>1,835,511</u>	<u>1,870,288</u>	<u>1,835,511</u>

Analysis of borrowings

Obligations under finance leases and hire purchase contracts, net of future finance charges, are repayable as follows:

	Group		Company	
	31 December 1994 £	31 November 1993 £	30 December 1994 £	30 November 1993 £
Finance leases which expire:				
- within 1 year	68,706	14,291	68,706	14,291
- within 2-5 years	76,397	41,620	76,397	41,620
	<u>145,103</u>	<u>55,911</u>	<u>145,103</u>	<u>55,911</u>

19 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	Group		Company	
	31 December 1994 £	31 November 1993 £	30 December 1994 £	31 November 1993 £
Provision for warranties	197,781	343,000	197,781	343,000
Provision for pensions	516,515	516,515	516,515	516,515
	<u>714,296</u>	<u>859,515</u>	<u>714,296</u>	<u>859,515</u>

Notes to accounts (continued)

19 Provisions for liabilities and charges (continued)

Provision for warranties

The movement in the provision for warranty costs for the period ended 31 December 1994 is as follows:

	Group		Company	
	31 December 1994 £	31 November 1993 £	30 December 1994 £	31 November 1993 £
Beginning of period	343,000	429,399	343,000	212,299
Charge (credit) to profit and loss account	(145,219)	(86,399)	(145,219)	130,701
End of period	<u>197,781</u>	<u>343,000</u>	<u>197,781</u>	<u>343,000</u>

Provision for pensions

The pension provision represents 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 (see note 24c).

20 Called-up share capital

	31 December 1994 £	30 November 1993 £
<i>Authorised, allotted, called-up and fully paid</i>		
16,201 ordinary shares of £1 each	16,201	16,201
1,320,000 deferred shares of £1 each	1,320,000	1,320,000
	<u>1,336,201</u>	<u>1,336,201</u>

21 Reserves

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

	Group		Company	
	31 December 1994 £	30 November 1993 £	31 December 1994 £	30 November 1993 £
Distributable				
- profit and loss account	465,674	(751,691)	383,782	(851,718)
Non-distributable				
- share premium account	313,269	313,269	313,269	313,269
- revaluation reserve	-	-	341,278	341,278
- foreign currency translation reserve	-	132,543	-	143,369
- capital reserve	204,139	204,139	-	-
Total reserves	<u>983,082</u>	<u>(101,740)</u>	<u>1,038,329</u>	<u>(53,802)</u>

Notes to accounts (continued)

21 Reserves (continued)

The movement in reserves for the period ended 31 December 1994 is as follows:

	Share premium account £	Foreign currency translation reserve £	Capital reserve £	Profit and loss account £	Total £
Group					
Beginning of period	313,269	132,543	204,139	(751,691)	(101,740)
Retained profit for the period	-	-	-	1,084,822	1,084,822
Transfer between reserves	-	(132,543)	-	132,543	-
End of period	<u>313,269</u>	<u>-</u>	<u>204,139</u>	<u>465,674</u>	<u>983,082</u>

	Share premium account £	Foreign currency translation £	Revaluation reserve £	Profit and loss account £	Total £
Company					
Beginning of period	313,269	143,369	341,278	(851,718)	(53,802)
Retained profit for the period	-	-	-	1,092,131	1,092,131
Transfer between reserves	-	(143,369)	-	143,369	-
End of period	<u>313,269</u>	<u>-</u>	<u>341,278</u>	<u>383,782</u>	<u>1,038,329</u>

22 Reconciliation of movements in shareholders' funds

	Group		Company	
	31 December 1994 £	30 November 1993 £	31 December 1994 £	30 November 1993 £
Profit for the financial period	1,084,822	733,138	1,092,131	745,138
Opening shareholders' funds	<u>1,234,461</u>	<u>501,323</u>	<u>1,282,399</u>	<u>537,261</u>
Closing shareholders' funds	<u>2,319,283</u>	<u>1,234,461</u>	<u>2,374,530</u>	<u>1,282,399</u>

Notes to accounts (continued)

23 Cash flow information

a) Reconciliation of operating profit to net cash (outflow) inflow from operating activities

	13 months ended 31 December 1994 £	12 months ended 30 November 1993 £
Operating profit	482,347	1,000,977
Depreciation charges	170,403	160,255
Profit on sale of tangible fixed assets	(5,863)	(81,096)
Amortisation of goodwill	19,655	21,600
(Increase) decrease in stocks	(237,849)	401,052
Increase in debtors	(1,107,303)	(775,107)
Increase in creditors and provisions	170,396	1,363,744
Net cash (outflow) inflow from operating activities	<u>(508,214)</u>	<u>2,091,425</u>

b) Analysis of changes in financing

	Share capital (including premium) £	Finance lease obligations £
Balance at 30 November 1992	1,649,470	-
Inception of finance lease contracts	-	63,202
Net cash outflow from financing	-	(7,291)
Balance at 30 November 1993	<u>1,649,470</u>	<u>55,911</u>
Inception of finance lease contracts	-	120,819
Net cash outflow from financing	-	(31,627)
Balance at 31 December 1994	<u>1,649,470</u>	<u>145,103</u>

Notes to accounts (continued)

23 Cash flow information (continued)

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

	Cash at bank and in hand £	Bank overdrafts £	Net £
Balance at 30 November 1992	484,159	(609,243)	(125,084)
Net cash inflow	977,781	264,982	1,242,763
Disposal of German division	(300,183)	-	(300,183)
Balance at 30 November 1993	1,161,757	(344,261)	817,496
Net cash (outflow) inflow	(744,447)	344,261	(400,186)
Balance at 31 December 1994	417,310	-	417,310

In the prior year, the German division was transferred to a fellow group company, Wheelabrator-Berger Maschinenfabriken GmbH, at net book value, in exchange for shares in that company.

24 Guarantees and other financial commitments

a) Capital commitments

At the end of the period, capital commitments were:

	Group		Company	
	31 December 1994 £	30 November 1993 £	31 December 1994 £	30 November 1993 £
Contracted for but not provided for	1,119	-	1,119	-
Authorised but not contracted for	-	31,000	-	31,000

b) Contingent liabilities

The group has given bank guarantees to customers in respect of advance payments and the performance of goods sold totalling £258,311.

Notes to accounts (continued)

24 Guarantees and other financial commitments (continued)

c) Pension arrangements

The pension charge for the period was £Nil (1993 - £Nil). The pension provision is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was at 6 April 1993 and used the attained age method. The main actuarial assumption was that investment returns would exceed pensionable earnings by 1.5% in the long term. The market value of the assets of the scheme was £8,714,862 and the actuarial value of the assets was sufficient to cover 109% of the benefits that had accrued to members after allowing for expected future increases in earnings. The company has been undertaking a pension contributions holiday which ended on 31 October 1994. Since then the company has been making contributions to the scheme of approximately £5,000 per month. The effect on the surplus will be assessed in the next actuarial valuation, as at 6 April 1996. The directors are of the opinion that the surplus will be eliminated at that time. A provision of £516,515 (1993 - £516,515) is included in Provisions, being the excess of the accumulated pension cost over the amount funded.

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 the period to 31 December 1994 was £72,041 (1993 - £87,414).

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

	Group and Company	
	31 December 1994	30 November 1993
	£	£
Operating leases which expire		
- within 1 year	59,974	2,921
- within 2-5 years	57,446	30,380
	<u>117,420</u>	<u>33,301</u>

25 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.