



**AQUA GEOCOMPOSITES
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2000

AQUA GEOCOMPOSITES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 October 2000

Company registration number: 2371421

Registered office: Belmont House
Garnett Place
East Gillibrands
Skelmersdale
WN8 9UB

Directors: I T Smith
L C Smith

Secretary: L C Smith

Bankers: Barclays Bank plc
19 Church Street
St Helens
WA10 1BG

Solicitors: DLA
Solicitors
101 Barbirolli Square
Manchester
M2 3DL

Auditors: Grant Thornton
Registered auditors
Chartered accountants
1st Floor
Royal Liver Building
Liverpool
L3 1PS

AQUA GEOCOMPOSITES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 October 2000

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AQUA GEOCOMPOSITES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 October 2000.

Principal activities

The company is principally engaged in the manufacture of Geo Textile Drainage Systems.

Business review

There was a profit for the year after taxation amounting to £30,817 (1999: profit £4,974). The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. All directors served throughout the year. In accordance with the provisions of Article 7(a) of the Articles of Association the directors are not required to retire by rotation.

The interests of the directors in the shares of the company as at 31 October 2000 and 1 November 1999 were as follows:

	Ordinary shares	
	31 October 2000	1 November 1999
I T Smith	-	-
L C Smith	-	-

The interests of the directors in the shares of the ultimate parent undertaking are disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

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

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

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AQUA GEOCOMPOSITES LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'L C Smith', written over the text 'BY ORDER OF THE BOARD'.

L C Smith
Secretary
19 December 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF AQUA GEOCOMPOSITES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LIVERPOOL
19 December 2000

AQUA GEOCOMPOSITES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Motor vehicles	3 years
Plant and equipment	5 years
Computer equipment	3 years

STOCKS

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

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the forward purchase contract exchange rate entered into at the date of the transaction. This ensures there are no exchange differences on the transaction.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

PATENTS AND TRADEMARKS

Costs are charged against profits for patents and trademarks in the period in which they are incurred.

AQUA GEOCOMPOSITES LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 October 2000

	Note	2000 £	1999 £
Turnover	1	2,347,479	1,708,948
Cost of sales		(996,161)	(725,171)
Gross profit		<u>1,351,318</u>	<u>983,777</u>
Administrative expenses		(1,304,037)	(969,895)
Operating profit		<u>47,281</u>	<u>13,882</u>
Other interest receivable and similar income		5,328	9,753
Interest payable and similar charges	2	(2,792)	(2,700)
Profit on ordinary activities before taxation	1	<u>49,817</u>	<u>20,935</u>
Tax on profit on ordinary activities	4	(19,000)	(15,961)
Profit transferred to reserves	11	<u><u>30,817</u></u>	<u><u>4,974</u></u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

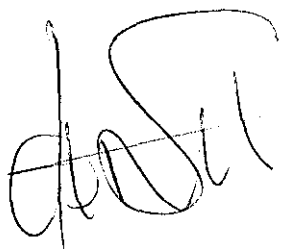
AQUA GEOCOMPOSITES LIMITED

BALANCE SHEET AT 31 OCTOBER 2000

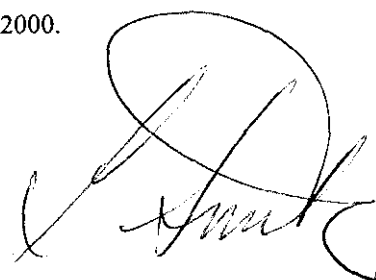
	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	5		62,394		50,782
Current assets					
Stocks	6	68,847		39,590	
Debtors	7	566,667		529,297	
Cash at bank and in hand		211,678		101,300	
		847,192		670,187	
Creditors: amounts falling due within one year	8	(658,308)		(505,699)	
Net current assets			188,884		164,488
Total assets less current liabilities			251,278		215,270
Creditors: amounts falling due after more than one year	9		(8,644)		(3,453)
			242,634		211,817
Capital and reserves					
Called up share capital	10		600		600
Profit and loss account	11		242,034		211,217
Shareholders' funds	12		242,634		211,817

The financial statements were approved by the Board of Directors on 19 December 2000.

I T Smith
Director



L C Smith
Director



The accompanying accounting policies and notes form an integral part of these financial statements.

AQUA GEOCOMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity, which is carried on in a single geographical market.

The profit on ordinary activities is stated after:

	2000 £	1999 £
Auditors' remuneration	5,300	5,100
Depreciation and amortisation:		
Tangible fixed assets, owned	36,291	36,494
Tangible fixed assets, held under finance leases and hire purchase contracts	19,560	9,617

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank overdraft interest	425	216
Hire purchase interest	2,367	2,484
	2,792	2,700

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	271,338	100,712
Social security costs	17,534	7,614
Other pension costs	1,326	882
	290,198	109,208

The average number of employees of the company during the year was 13 (1999: 10).

AQUA GEOCOMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2000

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 20% (1999: 21%)	19,000	16,343
Adjustments in respect of prior year	-	(382)
	<u>19,000</u>	<u>15,961</u>

The above liability has been reduced by £nil (1999: £25,947) which represents group relief claimed from a fellow subsidiary undertaking.

5 TANGIBLE FIXED ASSETS

	Motor vehicles £	Plant and equipment £	Computer equipment £	Total £
Cost				
At 1 November 1999	135,729	3,307	7,753	146,789
Additions	82,743	200	-	82,943
Disposals	(39,179)	-	-	(39,179)
At 31 October 2000	<u>179,293</u>	<u>3,507</u>	<u>7,753</u>	<u>190,553</u>
Depreciation				
At 1 November 1999	87,374	2,351	6,282	96,007
Provided in the year	53,721	659	1,471	55,851
Eliminated on disposals	(23,699)	-	-	(23,699)
At 31 October 2000	<u>117,396</u>	<u>3,010</u>	<u>7,753</u>	<u>128,159</u>
Net book amount at 31 October 2000	<u>61,897</u>	<u>497</u>	<u>-</u>	<u>62,394</u>
Net book amount at 31 October 1999	<u>48,355</u>	<u>956</u>	<u>1,471</u>	<u>50,782</u>

AQUA GEOCOMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2000

The figures stated above include assets held under hire purchase contracts, as follows:

	Motor vehicles £
Net book amount at 31 October 2000	25,642
Net book amount at 31 October 1999	7,212
Depreciation provided during year	19,560

6 STOCKS

	2000 £	1999 £
Raw materials and consumable stores	45,195	19,603
Finished goods	23,652	19,987
	68,847	39,590

7 DEBTORS

	2000 £	1999 £
Trade debtors	562,865	518,396
Prepayments	3,802	10,901
	566,667	529,297

AQUA GEOCOMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2000

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	175,290	215,143
Bank overdraft	-	35,247
Amounts owed to group undertakings	152,894	181,340
Corporation tax	19,008	16,343
Social security and other taxes	57,510	18,965
Directors' current accounts	-	2,000
Accruals	241,633	29,570
Amounts due under hire purchase contracts	11,973	7,091
	<u>658,308</u>	<u>505,699</u>

The bank overdraft is secured by a fixed charge on the land and buildings situated at Garnett Place, Skelmersdale.

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Amounts due under hire purchase contracts	<u>8,644</u>	<u>3,453</u>
Hire purchase contracts are repayable as follows:	2000 £	1999 £
Within one year	11,973	7,091
After one and within two years	8,644	3,453
	<u>20,617</u>	<u>10,544</u>

10 SHARE CAPITAL

	2000 £	1999 £
Authorised 1,000 £1 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 600 £1 Ordinary shares of £1 each	<u>600</u>	<u>600</u>

AQUA GEOCOMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2000

11 RESERVES

	Profit and loss account £
At 1 November 1999	211,217
Retained profit for the year	30,817
At 31 October 2000	<u>242,034</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	30,817	4,974
Net increase in shareholders' funds	<u>30,817</u>	<u>4,974</u>
Shareholders' funds at 1 November 1999	211,817	206,843
Shareholders' funds at 31 October 2000	<u>242,634</u>	<u>211,817</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 October 2000 or 31 October 1999.

14 CONTINGENT LIABILITIES

The bank overdraft of Aqua Signal and Telegraphic Systems Limited, a connected undertakings, is secured by a cross guarantee and debenture over all of the assets of Aqua Geocomposites Limited.

The bank overdraft of Aqua Signal and Telegraphic Systems Limited at 31 October 2000 was £nil (1999: £nil).

There were no other contingent liabilities at 31 October 2000 or 31 October 1999.

15 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is Aqua Fabrications Limited, which is incorporated in England and Wales.

AQUA GEOCOMPOSITES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2000

16 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Aqua Fabrications Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Aqua Fabrications Limited.

During the year the company has been charged £129,041 in respect of Royalties for patents owned by I T Smith, a director of the company.