3709321

HYDROLOGIC SYSTEMS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 JANUARY 2001

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HYDROLOGIC SYSTEMS LIMITED

DIRECTORS	S P Long G Robertson
SECRETARY	S P Long
ACCOUNTANTS	Drake & Co Chartered Accountants and Registered Auditors Drake House 80 Guildford Street Chertsey Surrey KT16 9AD
BANKERS	Barclays Bank plc PO Box 23 Northampton NN1 4YD
REGISTERED OFFICE	Drake House 80 Guildford Street Chertsey Surrey KT16 9AD
COMPANY REGISTRATION NUMBER	3709321

DIRECTORS' REPORT AND ACCOUNTS

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YDROLOGIC SYSTEMS LIMITED

.EPORT OF THE DIRECTORS

The Directors present their Report and Accounts for the year ended 31 January 2001.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of installation and maintenance of irrigation systems.

INTRODUCTION OF THE EURO

The company estimates that its costs of remediation in respect of the introduction of the Euro will be minimal.

DIRECTORS

The Directors in office in the year and their beneficial interests in the issued share capital were as follows:

	Number of Ordinary Shares of £1 each	
	At 31.1.01	At 1.2.00
S P Long	50	50
G Robertson	50	50

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare financial statements for each financial period 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 apply them consistently.
- Make reasonable and prudent judgements and estimates.
- Prepare financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Further, the Directors are responsible for:

- Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company.
- Ensuring that the Financial Statements comply with the Companies Act 1985.
- Safeguarding the company's assets.

REPORT OF THE DIRECTORS (CONTINUED)

SMALL COMPANY EXEMPTIONS

This report, which has been prepared taking advantage of special exemptions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the Board on 8 October 2001 and signed on its behalf.

S P Long

Director

8th oct 2001

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2001

	Note	Year ended 31.1.01 £	Period 8.2.99 to 31.1.00 £
TURNOVER	1	170,525	57,562
Cost of sales		63,572	19,527
GROSS PROFIT		106,953	38,035
Distribution costs		(6,407)	(4,418)
Administrative expenses		(82,100)	(31,095)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	18,446	2,522
TAX ON PROFIT ON ORDINARY ACTIVITIES	3	2,889	424
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15,557	2,098
DIVIDENDS	5	11,800	-
RETAINED PROFIT FOR THE YEAR (2000: PERIOD)		3,757	2,098
RETAINED PROFIT BROUGHT FORWARD		2,098	-
RETAINED PROFIT CARRIED FORWARD		5,855	2,098

There were no acquisitions of or discontinued operations during the current year or preceding period.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

The notes on pages 6 to 11 form part of these Financial Statements.

HYDROLOGIC SYSTEMS LIMITED

BALANCE SHEET AS AT 31 JANUARY 2001

	Note	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Tangible Assets	6		6,623		4,377
CURRENT ASSETS					
Stocks	7	15,212		12,120	
Debtors	8	834		3,159	
Cash at bank and in hand		4,902		8,809	
		20,948		24,088	
CREDITORS: amounts falling due within one year	9	21,616		26,267	
NET CURRENT LIABILITIES			(668)		(2,179)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,955		2,198
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Profit and Loss Account			5,855		2,098
EQUITY SHAREHOLDERS' FUNDS	13		5,955		2,198

The notes on pages 6 to 11 form part of these Financial Statements.

BALANCE SHEET AS AT 31 JANUARY 2001 (CONTINUED)

The Directors have taken advantage in the preparation of these financial statements of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

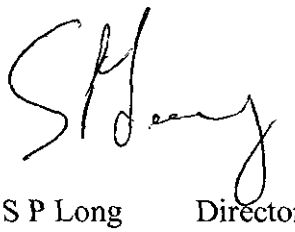
For the period in question the company was entitled to the exemption conferred by subsection (1) of Section 249A.

No notice has been deposited under subsection (2) of section 249B in relation to its Accounts for the financial period.

The Directors acknowledge their responsibility for:

1. Ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and

2. Preparing Accounts 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 its profit or loss for the financial period in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to Accounts, so far as applicable to the company.



S P Long Director

Approved by the Board 8th OCT 2001

The notes on pages 6 to 11 form part of these Financial Statements.

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

FINANCIAL REPORTING STANDARD NUMBER 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

TURNOVER

Turnover represents sales and services provided, net of value added tax.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life:

Plant and equipment	25%
Motor vehicle	25%
Computer equipment and software	33.33%

STOCKS

Stocks are valued at the lower of cost and net realisable value, on a first in, first out basis.

WORK IN PROGRESS

Long term work in progress is valued at cost plus the Directors' best estimate of profits attributable to the work performed to date. For this purpose the Directors' estimate of attributable profits will include a proportion of total profits anticipated to be made on each contract, to the extent that their realisation is reasonably foreseeable and after making provision for all future costs. Each contract is valued individually.

Other work in progress is valued at the cost of direct materials and labour plus attributable overheads based on a normal level of activity.

DEFERRED TAXATION

Deferred taxation is provided for, at the current rate of tax, on income and expenditure dealt with for taxation purposes in periods different from those for accounting purposes, to the extent that, in the opinion of the Directors, those differences will give rise to tax liabilities or reliefs in the foreseeable future.

LEASING

Rentals paid under operating leases are charged to profit and loss account on a straight-line basis over the lease term.

ACCOUNTING POLICIES (CONTINUED)

WARRANTIES

Provision is only made in respect of warranties granted by the company to the extent that a reasonable estimate of the financial impact can be made. No general provision is made in respect of warranties.

TAXATION

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2001

1. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company and arose wholly in the United Kingdom.

2. OPERATING PROFIT

	2001 £	2000 £
The operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	1,840	910
Director's emoluments	22,938	15,161

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

U.K. Corporation Tax based on the adjusted result for the year.	2,889	424

U.K Corporation Tax is charged at 21% for financial year 1998, and at 20% for financial years 1999 and 2000.

4. CAPITAL COMMITMENTS

Capital expenditure that has been contracted for but has not been provided for in the Accounts.	Nil	Nil

5. DIVIDENDS

Dividends paid	11,800	-

6. **TANGIBLE FIXED ASSETS**

	Plant & Equipment	Motor Vehicle	Computer Equipment & Software	Total
	£	£	£	£
COST				
At 1 February 2000	679	-	4,608	5,287
Additions	1,638	2,000	468	4,106
Disposals	(25)	-	-	(25)
At 31 January 2001	2,292	2,000	5,076	9,368
DEPRECIATION				
At 1 February 2000	105	-	805	910
Charge for the year	544	250	1,046	1,840
Disposals	(5)	-	-	(5)
At 31 January 2001	644	250	1,851	2,745
NET BOOK AMOUNT				
At 31 January 2001	1,648	1,750	3,225	6,623
At 31 January 2000	574	-	3,803	4,377

7. **STOCKS**

	2001	2000
	£	£
Raw materials and consumables	5,516	5,695
Work in progress	9,696	6,425
	15,212	12,120

8. **DEBTORS**

Trade debtors	250	2,890
Prepayments and accrued income	584	269
	834	3,159

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2001 (CONTINUED)

9. **CREDITORS:** amounts falling due within one year

	2001 £	2000 £
Trade creditors	8,325	11,457
Taxation	2,317	424
Social security and other taxes	3,565	2,001
Other creditors	5,459	10,635
Accruals and deferred income	1,950	1,750
	21,616	26,267

10. **OPERATING LEASE COMMITMENTS**

The company's operating lease commitments for the following financial year are as follows:

	Motor vehicle £
For leases expiring between 2 and 5 years	5,474

11. **DEFERRED TAXATION**

Deferred taxation provided in the Accounts and the amounts not provided are as follows:

	Provided £	Not Provided £	Provided £	Not Provided £
Accelerated capital allowances	-	690	-	241

There were no movements in the deferred taxation provision in the year.

12. **CALLED UP SHARE CAPITAL**

	2001 £	2000 £
Authorised:		
100 Ordinary shares of £1 each	100	100
Allotted, Issued & Fully Paid:		
100 Ordinary shares of £1 each	100	100

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2001 (CONTINUED)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001 £	2000 £
Profit for the financial year (2000: period)	15,557	2,098
Dividends	11,800	-
	3,757	2,098
Other recognised gains and losses relating to the year:		
New share capital subscribed	-	100
Net addition to shareholders' funds	3,757	2,198
Opening shareholders' funds	2,198	-
Closing shareholders' funds	5,955	2,198
Equity Interests	5,955	2,198

14. CONTINGENT LIABILITIES

No contingent liabilities exist.

15. RELATED PARTIES

S P Long and G Robertson, Directors and major shareholders of the company, are the controlling parties.