

# **Tilghman Wheelabrator Limited**

## **Directors' Report and financial statements**

**31 March 1997**

Registered number 33672



# Tilghman Wheelabrator Limited

## Directors' report and financial statements

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# Tilghman Wheelabrator Limited

## Directors' report

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the period ended 31 March 1997.

## Principal activities and business review

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

Turnover increased by £3,011,333 to £14,757,467 in the 15 month period to 31 March 1997 as compared with £2,969,358 to £11,746,134 for the 12 month period to 31 December 1995. Operating profit increased in the same period by £48,634 from £1,034,284 to £1,082,918. The entire share capital of the company was acquired by United States Filter Corporation on 30 November 1996.

## Results and dividends

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

	£000
Profit and loss account at 1 January 1996	3,304
Retained profit for the period	1,007
Profit and loss account at 31 March 1997	<u>4,311</u>

No dividend has been paid or proposed.

## Directors and directors' interests

The directors who held office during the period were as follows:

JD Barnes	
RL Melroy (USA)	(resigned 2 December 1996)
RL Patel (USA)	(resigned 2 December 1996)
HA Rodder (Germany)	(resigned 2 December 1996)
MCE Sturt	
WC Keightley (USA)	(appointed 3 June 1996, resigned 2 December 1996)
DP Sarna (USA)	(resigned 3 June 1996)
A Carmichael	(appointed 2 December 1996)
T Reyners	(appointed 2 December 1996)
J McAdam	(appointed 2 December 1996)

## 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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

# Tilghman Wheelabrator Limited

## Directors' report

### Employee consultation

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

### Fixed assets

Information relating to changes in tangible fixed assets is given in note 10 to the accounts.

### Auditors

Arthur Andersen resigned as auditors of the company during the period and in accordance with section 391 of the Companies Act 1985, KPMG were appointed in their place. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**MCE Sturt**

*Secretary*

PO Box 60  
Craven Road  
Broadheath  
Altrincham  
Cheshire

30 JANUARY 1998

# Tilghman Wheelabrator Limited

## Statement of Directors' Responsibilities

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 its profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St James' Square  
Manchester M2 6DS

## Report of the auditors to the members of Tilghman Wheelabrator Limited

We have audited the financial statements on pages 7 to 26.

### *Respective responsibilities of directors and auditors*

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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 affairs of the company as at 31 March 1997 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

**KPMG**

*Chartered Accountants*

*Registered Auditors*

*30 January 1998.*

# Tilghman Wheelabrator Limited

## Profit and loss account

for the period ended 31 March 1997

	Note	15 month period ended 31 March 1997 £000	Year end 31 December 1995 £000
<b>Turnover</b>	2	14,757	11,746
Cost of sales ( <i>including exceptional costs of £678,000 (1995:£Nil)</i> )	3	(12,166)	(9,784)
<b>Gross profit</b>		<u>2,591</u>	<u>1,962</u>
Other operating expenses (net) ( <i>including exceptional credit of £131,000 (1995:£Nil)</i> )	3	(1,508)	(930)
<b>Operating profit</b>		<u>1,083</u>	<u>1,032</u>
Profit on sale of tangible fixed assets	4	30	2,946
<b>Profit on ordinary activities before interest</b>		<u>1,113</u>	<u>3,978</u>
Interest received		169	64
Interest payable and similar charges	5	(50)	(113)
<b>Profit on ordinary activities before taxation</b>	6	<u>1,232</u>	<u>3,929</u>
Tax on profit on ordinary activities	8	(225)	(1,181)
<b>Retained profit for the financial period</b>		<u>1,007</u>	<u>2,748</u>
Retained profit at 31 December 1995		3,304	384
Transfer from foreign currency translation reserve		-	172
<b>Retained profit at 31 March 1997</b>		<u><u>4,311</u></u>	<u><u>3,304</u></u>

All activity has arisen from continuing operations. The company 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 19.

The notes form part of these financial statements.

# Tilghman Wheelabrator Limited

## Balance sheet at 31 March 1997

	Note	31 March 1997 £000	31 December 1995 £000
<b>Fixed assets</b>			
Intangible assets	9	90	-
Tangible assets	10	982	1,149
Investments	11	-	1,025
		<u>1,072</u>	<u>2,174</u>
<b>Current assets</b>			
Stocks	12	1,667	1,130
Debtors: Amounts falling due after more than one year	13	6,865	1,040
Debtors: Amounts falling due within one year	14	5,426	5,777
Cash at bank and in hand		609	1,194
		<u>14,567</u>	<u>9,141</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(3,931)</u>	<u>(5,326)</u>
<b>Net current assets</b>		<u>10,636</u>	<u>3,815</u>
Total assets less current liabilities		<u>11,708</u>	<u>5,989</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(4,148)</u>	<u>(50)</u>
Provisions for liabilities and charges	17	<u>(1,430)</u>	<u>(816)</u>
<b>Net assets</b>		<u>6,130</u>	<u>5,123</u>
<b>Capital and reserves</b>			
Called-up share capital	18	1,336	1,336
Share premium account	19	314	314
Revaluation reserve	19	169	169
Profit and loss account	19	4,311	3,304
<b>Total capital employed</b>		<u>6,130</u>	<u>5,123</u>
Attributable to:			
Equity interests		4,810	3,803
Non-equity interests		1,320	1,320
		<u>6,130</u>	<u>5,123</u>

Signed on behalf of the Board

MCE Sturt

Director

Date

30<sup>th</sup> January 1998

# Tilghman Wheelabrator Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

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

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirements of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of United States Filter Corporation and its cash flows are included within the consolidated cash flow statement of that company.

The Accounting Standards Board published Financial Reporting Standard No 8 - 'Related Party Disclosures' in October 1995. As a wholly owned subsidiary, the Company is exempt from disclosing transactions with other Group undertakings or with investees of the Group qualifying as related parties.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and provision for permanent diminution in value.

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

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

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

# Tilghman Wheelabrator Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stock (continued)*

Work-in-progress 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.

#### *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 period 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 periods 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.

#### *Pension costs*

The company offers pensions to substantially all employees through a defined benefit scheme.

The assets of the funded scheme are held independently of the company 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 the 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 21.

# Tilghman Wheelabrator Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currency*

Transaction 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 period end are reported at the rates of exchange prevailing at the period 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.

#### *Turnover*

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

#### *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 21.

### 2 Segment information

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Turnover by geographical area:		
United Kingdom	6,781	4,629
Overseas	7,976	7,117
	<u>14,757</u>	<u>11,746</u>

All turnover arises from the principal activities of the company.

# Tilghman Wheelabrator Limited

## Notes (continued)

### 3 Other operating expenses (net)

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Selling and distribution costs	1,154	739
Administrative expenses	545	599
	<u>1,699</u>	<u>1,338</u>
Other operating income	(116)	(88)
Profit on disposal of an investment	-	(172)
Exchange losses/(gains) on foreign currency transactions	276	(148)
Inter-company loan written off	(351)	-
	<u>1,508</u>	<u>930</u>

#### Exceptional Items

The following adjustments have been made following the acquisition by United States Filter Corporation and subsequent internal reorganisation:

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Inventory write-off	403	-
Increase in contract provision	275	-
Bad debt write-off	80	-
Accounting policy alignment	140	-
Inter-company loan written off	(351)	-
	<u>547</u>	<u>-</u>

# Tilghman Wheelabrator Limited

## 4 Profit on sale of tangible fixed assets

The profit on disposal in 1995 arose from the sale of the company's former premises. The profit on disposal during the current period arose from the disposal of motor vehicles.

## 5 Interest payable and similar charges

	<b>15 months ended 31 March 1997 £000</b>	<b>Year ended 31 December 1995 £000</b>
Interest payable to former parent undertaking	-	96
On finance leases and hire purchase contracts	7	17
Interest payable on inter-group loans	43	-
	<u>50</u>	<u>113</u>

## 6 Profit on ordinary activities before taxation

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

	<b>15 months ended 31 March 1997 £000</b>	<b>Year ended 31 December 1995 £000</b>
Rent receivable	(111)	(88)
Amortisation and amounts written off - goodwill	6	6
Depreciation and amounts written off tangible fixed assets		
- owned	170	115
- held under finance leases and hire purchase contracts	35	52
Hire of motor vehicles under operating leases	105	58
Auditors' remuneration		
- audit	20	29
- non-audit	5	22
Staff costs (see note 7)	3,202	2,323
	<u>3,202</u>	<u>2,323</u>

# Tilghman Wheelabrator Limited

## 7 Staff costs

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

	<b>15 months ended 31 March 1997 £000</b>	<b>Year ended 31 December 1995 £000</b>
Employee costs during the year amounted to:		
Wages and salaries	<b>2,946</b>	2,133
Social security costs	<b>245</b>	195
Pension costs	<b>100</b>	(4)
	<b><u>3,291</u></b>	<u>2,324</u>

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

	<b>15 months ended 31 March 1997</b>	<b>Year ended 31 December 1995</b>
Production	<b>95</b>	89
Sales	<b>20</b>	19
Administration	<b>10</b>	11
	<b><u>125</u></b>	<u>119</u>

# Tilghman Wheelabrator Limited

## Notes (continued)

### 7 Staff costs (continued)

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

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Remuneration for management services (including pension contributions)	304	139

The emoluments, excluding pension contributions, of the chairman were £nil (1995: £nil) and those of the highest paid director were £214,265 (1995: £139,091).

Directors (including the chairman and highest paid directors) received emoluments excluding pension contributions in the following ranges:

	15 months ended 31 March 1997	Year ended 31 December 1995
Up to - £5,000	7	5
£20,001 - £25,000	1	-
£40,001 - £45,000	-	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	1
£135,001 - £140,000	-	1
£210,001 - £215,000	1	1

# Tilghman Wheelabrator Limited

## Notes (continued)

### 8 Tax on profit on ordinary activities

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

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Corporation tax at 33% (1995 - 33%)	476	1,189
Deferred taxation arising from		
- capital allowances	-	(125)
- other timing differences	-	263
	<u>476</u>	<u>1,327</u>
Adjustment of current taxation in respect of prior years	(414)	(141)
Relieved ACT previously written off	-	(39)
Adjustment of deferred taxation in respect of timing differences from prior years		
- capital allowances	12	1
- other timing differences	151	33
	<u>225</u>	<u>1,181</u>

#### Deferred taxation

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

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Accelerated capital allowances	-	12
Other timing differences	-	151
	<u>-</u>	<u>163</u>

The amount of unprovided deferred taxation is an asset of £433,000 (1995 - £331,000). All unprovided deferred taxation relates to other timing differences.

# Tilghman Wheelabrator Limited

## Notes (continued)

### 8 Tax on profit on ordinary activities (continued)

The movement on deferred taxation comprises:

	15 months ended 31 March 1997 £000	Year ended 31 December 1995 £000
Beginning of period	163	335
Credited (charged) to profit and loss, in respect of		
- capital allowances	(12)	124
- other timing differences	(151)	(296)
End of period (see note 14)	-	163

### 9 Intangible fixed assets

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

	1997 £000	1995 £000
Design rights	90	-

The movement in the period was as follows:

	Patent fees £000
<b>Cost</b>	
Beginning of period	-
Additions	96
	96
<b>Amounts written off</b>	
Beginning of period	-
Amortisation	6
End of period	6
Net book value at 31 March 1997	90
Net book value at 31 December 1995	-

# Tilghman Wheelabrator Limited

## Notes (continued)

### 10 Tangible fixed assets

The movement in the period was as follows:

	Freehold buildings	Short leasehold buildings	Plant and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
Beginning of period	786	112	1,108	310	2,316
Additions	-	-	55	-	55
Disposals	-	-	-	(88)	(88)
End of period	786	112	1,163	222	2,283
<b>Depreciation</b>					
Beginning of period	53	98	893	123	1,167
Charge	24	3	92	86	205
Disposals	-	-	-	(71)	(71)
End of period	77	101	985	138	1,301
<b>Net book value</b>					
At 31 March 1997	709	11	178	84	982
At 31 December 1995	733	14	215	187	1,149
Leased assets included in the above:					
<b>Net book value</b>					
At 31 March 1997	-	-	-	64	64
At 31 December 1995	-	-	-	132	132

# Tilghman Wheelabrator Limited

## Notes (continued)

### 11 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:			
Blastrac Europe Limited	England	Dormant	100%
RBS Pension Trustees Limited	England	Dormant	100%

The movement in investments was as follows:

	1997 £000	1995 £000
Valuation, beginning of period	1,025	1,782
Cost of investments disposed of in the period	(1,025)	(757)
Valuation, end of period	-	1,025

The movement in investments consists of the transfer of shareholdings in Blast Cleaning Techniques Limited (formerly Tilghman Wheelabrator Special Products Limited) and Wheelabrator-Berger Maschinenfabriken GmbH to Wheelabrator Technologies (UK) Limited, the immediate parent company of Tilghman Wheelabrator Limited. This was performed as part of a group reorganisation.

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:

	1997 £000	1995 £000
Cost	-	855

# Tilghman Wheelabrator Limited

## Notes (continued)

### 12 Stocks

	At 31 March 1997 £000	At 31 December 1995 £000
Raw materials and manufactured parts	975	757
Work-in-progress balances		
- cost less foreseeable losses	1,260	475
- less related payments on account	(568)	(102)
	692	373
	1,667	1,130

### 13 Debtors: Amounts falling due after more than one year

	At 31 March 1997 £000	At 31 December 1995 £000
Amounts owed by other group undertakings	6,865	1,040

### 14 Debtors: Amounts falling due within one year

	At 31 March 1997 £000	At 31 December 1995 £000
Trade debtors	2,515	1,867
Amounts owed by subsidiary undertakings	130	130
Amounts owed by other group undertakings	2,768	3,514
VAT		-
Prepayments and accrued income	13	103
Deferred taxation (see note 8)	-	163
	5,426	5,777

# Tilghman Wheelabrator Limited

## Notes (continued)

### 15 Creditors: Amounts falling due within one year

	At 31 March 1997 £000	At 31 December 1995 £000
Bank loans and overdrafts	46	-
Obligations under finance leases and hire purchase contracts	17	63
Payments received on account	136	98
Trade creditors	1,816	1,371
Amounts owed to subsidiary undertakings	-	394
Amounts owed to other group undertakings	525	693
Other creditors:		
- UK corporation tax payable	400	1,066
- VAT	50	465
- social security and PAYE	77	125
- other creditors	41	-
Accruals and deferred income	823	1,051
	<u>3,931</u>	<u>5,326</u>

### 16 Creditors: Amounts falling due after more than one year

	At 31 March 1997 £000	At 31 December 1995 £000
Obligations under finance leases and hire purchase contracts	-	50
Amounts owed to other group undertakings	4,148	-
	<u>4,148</u>	<u>50</u>

# Tilghman Wheelabrator Limited

## Notes (continued)

### 16 Creditors: Amounts falling due after more than one year (Continued)

#### Analysis of borrowings

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

	At 31 March 1997 £000	At 31 December 1995 £000
Finance leases which expire:		
- within one year	17	63
- within 2-5 years	-	50
	<hr/> 17	<hr/> 113
	<hr/> <hr/>	<hr/> <hr/>

### 17 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	At 31 March 1997 £000	At 31 December 1995 £000
Provision for warranties	366	357
Provision for pensions	441	459
Other provisions	623	-
	<hr/> 1,430	<hr/> 816
	<hr/> <hr/>	<hr/> <hr/>

#### Provision for warranties

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

	At 31 March 1997 £000	At 31 December 1995 £000
Beginning of period	357	198
Charge to profit and loss account	9	159
	<hr/> 366	<hr/> 357
	<hr/> <hr/>	<hr/> <hr/>

# Tilghman Wheelabrator Limited

## Notes (continued)

### 17 Provisions for liabilities and charges (Continued)

#### *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 21c).

The movement in the provision for pension costs for the period is as follows:

	At 31 March 1997 £000	At 31 December 1995 £000
Beginning of period	459	517
Charge to profit and loss account	100	(4)
Contributions paid	(118)	(54)
	<hr/>	<hr/>
End of period	441	459
	<hr/>	<hr/>

#### *Other provisions*

	At 31 March 1997	At 31 December 1995
Beginning of period	-	-
Charge to profit and loss account	623	-
	<hr/>	<hr/>
End of period	623	-
	<hr/>	<hr/>

### 18 Called-up share capital

	At 31 March 1997 £000	At 31 December 1995 £000
<i>Authorised, allotted, called-up and fully paid</i>		
16,201 ordinary shares of £1 each (equity)	16	16
1,320,000 deferred shares of £1 each (non-equity)	1,320	1,320
	<hr/>	<hr/>
	1,336	1,336
	<hr/>	<hr/>

#### *Voting and dividend rights*

The deferred shares do not have any voting rights and are not entitled to receive distributions.

# Tilghman Wheelabrator Limited

## *Priority on a winding up*

In the event of a winding up, the assets of the company will be distributed as follows:

- firstly, the holders of the ordinary shares receive £10 per share;
- secondly, the holders of the deferred shares receive the amount paid up on those shares;
- finally, the balance of such assets are distributed to the holders of the ordinary shares.

## 19 Reserves

The movement in reserves for the period ended 31 March 1997 is as follows:

	Non distributable		Distributable	
	Share premium account £000	Capital reserve £000	profit and loss account £000	Total £000
Beginning of period	314	169	3,304	3,787
Transfer from revaluation reserve				
Retained profit for the period	-	-	1,007	1,007
End of period	314	169	4,311	4,794

## 20 Reconciliation of movements in shareholders' funds

	1997 £000	1995 £000
Profit for the financial period	1,007	2,748
Opening shareholders' funds	5,123	2,375
Closing shareholders' funds	6,130	5,123

# Tilghman Wheelabrator Limited

## Notes (continued)

### 21 Guarantees and other financial commitments

#### a) Capital commitments

	1997 £000	1995 £000
Contracted for but not provided for	-	10
Authorised but not contracted for	-	-
	<u>          </u>	<u>          </u>

#### b) Contingent liabilities

The company has given bank guarantees to customers in respect of advance payments and the performance of goods sold totalling £374,342 (1995 - £238,984).

#### c) Pension arrangements

The pension charge for the period was £100,000 (1995-£4,455, credit). The pension provision is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was at 6 April 1996 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 £9,498,353 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 surplus will be assessed in the next actuarial valuation, as at 6 April 1999. A provision of £440,583 (1995- £458,982) is included in provisions, being the excess of the accumulated pension cost over the amount funded.

#### d) Lease commitments

The company 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 March 1997 was £105,000 (1995 - £58,000).

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

	1997 £000	1995 £000
Operating leases which expire		
- within one year	67	38
- within 2-5 years	17	4
	<u>          </u>	<u>          </u>
	84	42
	<u>          </u>	<u>          </u>

# Tilghman Wheelabrator Limited

## Notes *(continued)*

### **22 Ultimate parent company**

The company is a subsidiary undertaking of Wheelabrator Technologies (UK) Limited incorporated in England.

The largest group of which Tilghman Wheelabrator Limited is a member and for which group accounts are drawn up is that headed by United States Filter Corporation. Copies of the group accounts of this company are available from 40-004 Cook Street, Palm Desert, CA9221, USA.

The smallest such group is that headed by Wheelabrator Technologies (UK) Limited, registered in England and Wales.