

GREAT MARSH LIMITED

(Formerly South Western Tar Distilleries Limited)

Report and Financial Statements

31 March 1998



**Deloitte & Touche
Chartered Accountants
Mountbatten House
1 Grosvenor Square
Southampton
SO15 2BZ**

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

REPORT AND FINANCIAL STATEMENTS 1998

| CONTENTS | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Statement of Directors' Responsibilities | 3 |
| Auditors Report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the accounts | 7 |

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr H A Pearce
J Roberts
A R Tomkins

SECRETARY

G Thorley - Hemmings

REGISTERED OFFICE

5 - 6 The Square
Winchester
Hampshire
SO23 9WE

BANKERS

Lloyds Bank PLC

AUDITORS

Deloitte & Touche
Chartered Accountants
Mountbatten House
1 Grosvenor Square
Southampton
SO15 2BZ

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

ACTIVITIES

The principal activities of the company are the provision of services for the chemical and oil industries including storage, blending, toll manufacture and waste handling.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The sale of the company's road surface dressing binders, manufacturing and contracting, third party road surfacing binder blending and bulk liquid transport businesses was completed on 1 April 1997 with net sale proceeds being approximately £3 million. As a consequence of the sale, the company changed its name to Great Marsh Limited on 1 July 1997.

The company produced a satisfactory profit before taxation following an improved performance from continuing operations in 1997/98 and a significant increase in interest receivable due to the above sale.

It is expected that the company will produce a similar performance in 1998/99 and that there will be no significant change in the company's activities.

RESULTS AND DIVIDENDS

The results of the company for the year are set out on page 5. The directors do not recommend payment of a dividend (1997: £nil).

DIRECTORS

The directors who served throughout the year are listed on page 1.

The company is a wholly owned subsidiary undertaking of Thomas Roberts (Westminster) Limited. Under SI 1985 Number 802 declarations by J Roberts, who is the ultimate controlling party, and A R Tomkins of interests in the share capital of Thomas Roberts (Westminster) Limited are made in the accounts of that company. The other director did not have, either at the beginning or at the end of the year, any beneficial interests in the share capital of the company or parent company or a subsidiary of the company's parent company.

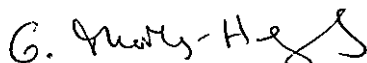
YEAR 2000

The directors have considered the risks and uncertainties surrounding year 2000 issues, and how they may affect the company. The directors are taking action to minimise the impact of such issues, and consider the anticipated cost to be immaterial.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



8th September 1998

G. THORLEY-HEMMINGS

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries 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 as at the end of the financial year and of the 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;
- prepare the financial statements on a 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 enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Mountbatten House
1 Grosvenor Square
Southampton SO15 2BZ

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Fax (Gp. 3): 01703 330948

AUDITORS' REPORT TO THE MEMBERS OF GREAT MARSH LIMITED (Formerly South Western Tar Distilleries Limited)

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

3 October 1998

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1998

| | Note | £ | 1998 £ | £ | 1997 £ |
|--|--------|-----------|--------------------------|-----------|--------------------------|
| TURNOVER | | | | | |
| Continuing operations | | 3,274,492 | | 2,582,053 | |
| Discontinued operations | | - | | 4,997,659 | |
| | | | | | |
| Cost of sales | 1 3 | | 3,274,492 (2,680,035) | | 7,579,712 (6,842,465) |
| | | | | | |
| GROSS PROFIT | | | 594,457 | | 737,247 |
| Distribution costs | 3 | | (22,508) | | (122,658) |
| Administration expenses | 3 | | (345,848) | | (401,420) |
| | | | | | |
| OPERATING PROFIT | | | | | |
| Continuing operations | 3 | 319,546 | | (139,626) | |
| Discontinued operations | 3 | (93,445) | | 352,795 | |
| | | | | | |
| TOTAL OPERATING PROFIT | | | 226,101 | | 213,169 |
| Profit on sale of discontinued operations | 2 | | - | | 1,454,757 |
| | | | | | |
| | | | 226,101 | | 1,667,926 |
| Interest receivable | | | 366,116 | | 74,082 |
| Interest payable | 5 | | (3,143) | | (1,720) |
| | | | | | |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 589,074 | | 1,740,288 |
| Tax charge on profit on ordinary activities | 6 | | 174,352 | | 404,702 |
| | | | | | |
| PROFIT FOR THE FINANCIAL YEAR | 13 | | 414,722 | | 1,335,586 |

There have been no gains or losses that have not been recognised in the profit and loss account for the current year or the prior year. Accordingly, a statement of total recognised gains and losses has not been prepared.

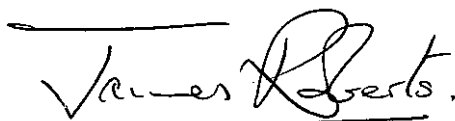
GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

BALANCE SHEET
31 March 1998

| | Note | £ | 1998 £ | £ | 1997 £ |
|---|------|-------------|-----------|-------------|-----------|
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 7 | | 581,236 | | 780,784 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 101,715 | | 99,675 | |
| Debtors | 9 | 5,207,038 | | 5,288,826 | |
| Cash at bank and in hand | | 2,061 | | 2,457 | |
| | | 5,310,814 | | 5,390,958 | |
| CREDITORS: amounts falling due within one year | 10 | (1,529,123) | | (2,180,386) | |
| NET CURRENT ASSETS | | | 3,781,691 | | 3,210,572 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 4,362,927 | | 3,991,356 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 11 | | (72,760) | | (115,911) |
| NET ASSETS | | | 4,290,167 | | 3,875,445 |
| CAPITAL RESERVES | | | | | |
| Called up share capital | 12 | | 250,000 | | 250,000 |
| Profit and loss account | 13 | | 4,040,167 | | 3,625,445 |
| EQUITY SHAREHOLDERS' FUNDS | 14 | | 4,290,167 | | 3,875,445 |

These financial statements were approved by the Board of Directors on 8-9-1998.

Signed on behalf of the Board of Directors


A. R. Tomlin

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises sales to external customers, excluding value added tax.

Tangible fixed assets

For all tangible fixed assets, depreciation is provided to write off their cost on a straight line basis over their estimated useful lives, which are considered to be:

| | |
|------------------------------------|--------------|
| Short leasehold land and buildings | 4 - 20 years |
| Commercial vehicles | 7 years |
| Plant, equipment and fittings | 5-15 years |

Stocks

Raw materials, consumable stores and saleable products are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pension costs

The company is a member of the group pension scheme of Thomas Roberts (Westminster) Limited. Contribution rates are based on periodic recommendations by the Actuary to the scheme. The company has been advised that no contribution needs to be made for the current year.

Particulars of the scheme, including the latest actuarial assessment which was made on 5 April 1995, are given in the financial statements of Thomas Roberts (Westminster) Limited.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals under operating leases are charged to profit and loss account in equal annual amounts over the lease term.

Cash flow statement

The company has not prepared a cash flow statement as it is a wholly owned subsidiary undertaking and its ultimate parent company has prepared a cash flow statement.

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

2. DISPOSAL OF BUSINESS

| | 1998 £'000 | 1997 £'000 |
|-------------------------------|---------------|---------------|
| Analysis of disposals | | |
| Tangible fixed assets | - | 1,128 |
| Stocks | - | 339 |
| | <hr/> | <hr/> |
| Net assets disposed of | - | 1,467 |
| Profit on disposal | - | 1,455 |
| | <hr/> | <hr/> |
| | - | 2,922 |
| | <hr/> | <hr/> |
| Satisfied by: | | |
| Cash received net of expenses | - | 2,922 |
| | <hr/> | <hr/> |

On 21 February 1997 the Group entered into an unconditional contract for the disposal of part of the tangible fixed assets and business of South Western Tar Distilleries Limited. Completion of the sale was on 1 April 1997, but the effective date of disposal was deemed to be 31 March 1997. Sale proceeds are included in other debtors at 31 March 1997. Further proceeds may become receivable depending on certain conditions being fulfilled in the future.

3. OPERATING PROFIT

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| Operating profit is arrived at after charging: | | |
| Depreciation of tangible fixed assets | 160,143 | 547,875 |
| Auditors' remuneration | 10,500 | 10,500 |
| Rentals under operating leases: | | |
| Hire of plant and machinery | 42,085 | 27,982 |
| Other operating leases | 20,465 | 49,644 |
| Profit/(loss) on disposal of fixed assets (excluding those items included in note 2) | 12,400 | (231,767) |
| | <hr/> | <hr/> |

| | Continuing £ | 1998 Discontinued £ | Total £ | Continuing £ | 1997 Discontinued £ | Total £ |
|-------------------------|-----------------|---------------------------|------------|-----------------|---------------------------|------------|
| Cost of sales | 2,586,590 | 93,445 | 2,680,035 | 2,258,214 | 4,584,251 | 6,842,465 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Distribution costs | 22,508 | - | 22,508 | 76,592 | 46,066 | 122,658 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Administrative expenses | 345,848 | - | 345,848 | 386,873 | 14,547 | 401,420 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 1998 £ | 1997 £ |
|--|----------------------|----------------------|
| Directors' emoluments (including pension contributions) | | |
| Emoluments | <u>87,634</u> | <u>146,846</u> |
| Number of directors with benefits accruing under defined benefit schemes | <u>No. 1</u> | <u>No. 2</u> |
| | £ | £ |
| Staff costs during the year | | |
| Wages and salaries | 922,533 | 1,566,064 |
| Social security costs | <u>84,150</u> | <u>146,834</u> |
| | <u>1,006,683</u> | <u>1,712,898</u> |
| Average number of persons employed | <u>No.</u> | <u>No.</u> |
| Production staff | 30 | 52 |
| Sales staff | - | 3 |
| Administration staff | <u>17</u> | <u>25</u> |
| | <u>47</u> | <u>80</u> |

5. INTEREST PAYABLE

| | 1998 £ | 1997 £ |
|--|--------------|--------------|
| Interest payable in respect of finance leases repayable within 5 years | <u>3,143</u> | <u>1,720</u> |

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1998 £ | 1997 £ |
|---|-----------------------|-----------------------|
| The taxation charge/(credit) is based on the result for the year and comprises: | | |
| Corporation tax at 31% (1997 – 33%) | 234,052 | 322,702 |
| Deferred taxation | (51,325) | 82,000 |
| | <u>182,727</u> | <u>404,702</u> |
| Adjustments in respect of previous years: | | |
| Corporation tax | (2,700) | - |
| Deferred taxation | (5,675) | - |
| | <u><u>174,352</u></u> | <u><u>404,702</u></u> |

7. TANGIBLE FIXED ASSETS

| | Short leasehold land and buildings £ | Plant equipment and vehicles £ | Total £ |
|--------------------------|--|--|-----------------------|
| Cost | | | |
| At 1 April 1997 | 125,172 | 2,184,473 | 2,309,645 |
| Additions | 23,001 | 91,999 | 115,000 |
| Disposals | - | (241,202) | (241,202) |
| | <u>148,173</u> | <u>2,035,270</u> | <u>2,183,443</u> |
| At 31 March 1998 | | | |
| Accumulated depreciation | | | |
| At 1 April 1997 | 96,406 | 1,432,455 | 1,528,861 |
| Charge for the year | 8,975 | 151,168 | 160,143 |
| Disposals | - | (86,797) | (86,797) |
| | <u>105,381</u> | <u>1,496,826</u> | <u>1,602,207</u> |
| At 31 March 1998 | | | |
| Net book value | | | |
| At 31 March 1998 | <u><u>42,792</u></u> | <u><u>538,444</u></u> | <u><u>581,236</u></u> |
| At 31 March 1997 | <u><u>28,766</u></u> | <u><u>752,018</u></u> | <u><u>780,784</u></u> |

The net book value of the company's fixed assets includes £21,717 (1997 £30,122) in respect of assets held under hire purchase contracts.

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

8. STOCKS

| | 1998 £ | 1997 £ |
|--------------------------------------|----------------|---------------|
| Raw materials and consumables stores | 16,255 | 46,236 |
| Saleable products | 85,460 | 53,439 |
| | <u>101,715</u> | <u>99,675</u> |

9. DEBTORS

| | 1997 £ | 1996 £ |
|-------------------------------------|------------------|------------------|
| Trade debtors | 563,686 | 937,548 |
| Amounts owed by parent company | 4,500,000 | 1,139,763 |
| Amounts owed by fellow subsidiaries | 1,635 | - |
| Other debtors | 29,748 | 3,081,583 |
| Prepayments and accrued income | 111,969 | 129,932 |
| | <u>5,207,038</u> | <u>5,288,826</u> |

All amounts are due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1998 £ | 1997 £ |
|---|------------------|------------------|
| Bank overdraft | 156,350 | 447,914 |
| Trade creditors | 127,166 | 364,638 |
| Amounts owed to parent company | 62,098 | 40,301 |
| Amounts owed to fellow subsidiaries | 96,146 | - |
| Other creditors | 429,031 | 532,489 |
| Corporation tax | 234,052 | 322,702 |
| Other taxes and social security | 71,269 | 102,363 |
| Accruals and deferred income | 327,386 | 340,790 |
| Obligations under hire purchase contracts | 25,625 | 29,189 |
| | <u>1,529,123</u> | <u>2,180,386</u> |

Hire purchase obligations are secured by the assets to which they relate.

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

11. PROVISIONS FOR LIABILITIES AND CHARGES

| | 1998 £ | 1997 £ |
|-----------------------|---------------|----------------|
| Deferred taxation | 25,000 | 82,000 |
| Provisions | 47,760 | 33,911 |
| | <u>72,760</u> | <u>115,911</u> |
| a) Deferred taxation | | £ |
| Movement in year: | | |
| At 1 April 1997 | | 82,000 |
| Credit for the year | | (51,325) |
| Prior year adjustment | | (5,675) |
| At 31 March 1998 | | <u>25,000</u> |

The amounts provided and the full potential liabilities for deferred taxation comprises:

| | Amounts Provided | | Amounts Unprovided | |
|--|------------------|---------------|--------------------|-----------|
| | 1998 £ | 1997 £ | 1998 £ | 1997 £ |
| Capital allowances in excess of depreciation | 141,731 | 222,026 | - | - |
| Other timing differences | (116,731) | (140,026) | - | - |
| | <u>25,000</u> | <u>82,000</u> | <u>-</u> | <u>-</u> |

| | | |
|---------------------|---------------|---------------|
| b) Provisions | 1998 £ | 1997 £ |
| Movement in year: | | |
| At 1 April 1997 | 33,911 | 18,539 |
| Charge for the year | 13,849 | 15,372 |
| At 31 March 1998 | <u>47,760</u> | <u>33,911</u> |

The provision all relates to future dredging costs.

12. CALLED UP SHARE CAPITAL

| | 1998 £ | 1997 £ |
|---|----------------|----------------|
| Authorised, allotted and fully paid: 250,000 shares of £1 each | <u>250,000</u> | <u>250,000</u> |

GREAT MARSH LIMITED
(Formerly South Western Tar Distilleries Limited)

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

13. PROFIT AND LOSS ACCOUNT

| | £ |
|--|-------------------------|
| Balance at 1 April 1997 | 3,625,445 |
| Retained profit for the financial year | <u>414,722</u> |
| Balance at 31 March 1998 | <u><u>4,040,167</u></u> |

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 1998 £ | 1997 £ |
|-------------------------------|-------------------------|-------------------------|
| Opening shareholders' funds | 3,875,445 | 2,539,859 |
| Profit for the financial year | <u>414,722</u> | <u>1,335,586</u> |
| Closing shareholders' funds | <u><u>4,290,167</u></u> | <u><u>3,875,445</u></u> |

15. OPERATING LEASES

At 31 March 1998 the company was committed to making the following payments during the next year in respect of operating leases:

| | £ |
|------------------------------|----------------------|
| Plant & machinery | |
| Leases which expire: | |
| Within one year | 457 |
| Within two to five years | <u>62,568</u> |
| | <u><u>63,025</u></u> |

16. CONTINGENT LIABILITIES

Under a group registration the company is jointly and severally liable for value added tax due by other companies. At 31 March 1998 this contingent liability amounted to £229,810 (1997: £235,242).

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained within FRS 8 as it is 100% subsidiary of Thomas Roberts (Westminster) Limited, whose consolidated financial statements are publicly available.

18. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Thomas Roberts (Westminster) Limited which is incorporated in Great Britain. Copies of the financial statements of this company can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.