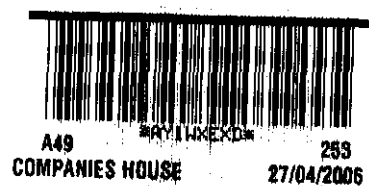


Euro Dismantling Services Limited

**Directors' report and consolidated
financial statements**

Registered number 02917688

30 June 2005



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Company information

Company registration number	02917688
Registered office	Loxley Manor Loxley Road Sheffield S6 6RW
Directors	Mr A O McGee Mr R C M Rushforth Mr T W Brankley Mr A Fenwick Mr A M Dale Mr R Shaw Mrs J Kirby Mr R A Booth
Secretary	Mr A O McGee
Bankers	HSBC Bank plc
Auditors	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Principal activities

The principal activity of the group is the provision of dismantling, demolition, industrial services and land remediation.

The profit for the year after taxation was £1,562,000 (2004: £1,347,000).

Business review

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend (2004: £nil).

Directors and directors interests

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

Mr A O McGee
Mr R C M Rushforth
Mr T W Brankley
Mr A Fenwick
Mr A M Dale
Mr R Shaw
Mrs J Kirby
Mr R A Booth

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Ordinary shares of £1 each	
	At 30 June 2005	At 1 July 2004 or date of appointment
Mr A O McGee	90	90

Political and charitable contributions

The group made no political contributions during the year. Donations to UK charities amounted to £3,866 (2004: £11,713).

Directors' report *(continued)*

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Mr AO McGee
Director

Loxley Manor
Loxley Road
Sheffield
S6 6RW

21 April 2006

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 group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- group the financial statements 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 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 group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of Euro Dismantling Services Limited

We have audited the financial statements on pages 6 to 23.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 and the group as at 30 June 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

21 April 2006

Consolidated profit and loss account
for the year ended 30 June 2005

	<i>Note</i>	2005 £000	2004 £000
Group turnover	2	25,360	26,138
Cost of sales		(17,753)	(18,971)
		<hr/>	<hr/>
Gross profit		7,607	7,167
Administrative expenses		(5,403)	(5,027)
		<hr/>	<hr/>
Group operating profit		2,204	2,140
Interest receivable and similar income	6	129	52
Interest payable and similar charges	7	(86)	(141)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3-7	2,247	2,051
Tax on profit on ordinary activities	8	(685)	(704)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,562	1,347
		<hr/>	<hr/>
Profit for the financial year	18	1,562	1,347
		<hr/> <hr/>	<hr/> <hr/>

All of the above results derive from continuing operations.

The group has no recognised gains or losses other than the profit for the current and prior year.

Consolidated balance sheet
at 30 June 2005

	<i>Note</i>	2005 £000	2004 £000
Fixed assets			
Tangible assets	9	3,500	2,531
Current assets			
Stocks	11	2,735	1,680
Debtors	12	4,586	2,590
Investments	13	91	85
Cash at bank and in hand		2,620	3,393
		<u>10,032</u>	<u>7,748</u>
Creditors: amounts falling due within one year	14	<u>(6,866)</u>	<u>(5,861)</u>
Net current assets		3,166	1,887
Total assets less current liabilities		6,666	4,418
Creditors: amounts falling due after more than one year	15	(1,195)	(525)
Provisions for liabilities and charges	16	(221)	(213)
Net assets		<u>5,250</u>	<u>3,680</u>
Capital and reserves			
Called up equity share capital	17	-	-
Other reserves	18	-	-
Profit and loss account	18	5,250	3,680
Equity shareholders' funds		<u>5,250</u>	<u>3,680</u>

These financial statements were approved by the board of directors on 21 April 2006 and were signed on its behalf by:



Mr AO McGee
Director

Company balance sheet
at 30 June 2005

	<i>Note</i>	2005	2004
		£000	£000
Fixed assets			
Tangible assets	9	3,500	2,531
Investments	10	111	110
		<u>3,611</u>	<u>2,641</u>
Current assets			
Stocks	11	2,735	1,540
Debtors	12	4,887	3,156
Investments	13	91	85
Cash at bank and in hand		2,571	3,332
		<u>10,284</u>	<u>8,113</u>
Creditors: amounts falling due within one year	14	<u>(7,273)</u>	<u>(6,285)</u>
Net current assets		<u>3,011</u>	<u>1,828</u>
Total assets less current liabilities		<u>6,622</u>	<u>4,469</u>
Creditors: amounts falling due after more than one year	15	<u>(1,195)</u>	<u>(524)</u>
Provisions for liabilities and charges	16	<u>(221)</u>	<u>(213)</u>
Net assets		<u>5,206</u>	<u>3,732</u>
Capital and reserves			
Called up equity share capital	17	-	-
Other reserves	18	-	-
Profit and loss account	18	5,206	3,732
Equity shareholders' funds		<u>5,206</u>	<u>3,732</u>

These financial statements were approved by the board of directors on 21 April 2006 and were signed on its behalf by:



Mr AO McGee
Director

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2005

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Profit for the financial year	1,562	1,347	1,474	1,390
Currency translation	8	(9)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	1,570	1,338	1,474	1,390
Opening shareholders' funds	3,680	2,342	3,732	2,342
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	5,250	3,680	5,206	3,732
	<hr/>	<hr/>	<hr/>	<hr/>

Consolidated cash flow statement
for the year ended 30 June 2005

	<i>Note</i>	2005 £000	2004 £000
Net cash flow from operating activities	20	(716)	3,698
Returns on investments and servicing of finance			
Interest received		129	52
Interest paid		(22)	(84)
Interest element of finance leases and hire purchase		(64)	(56)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		43	(88)
Taxation		(550)	(391)
		<hr/>	<hr/>
Capital expenditure			
Payments to acquire tangible fixed assets		(174)	(228)
Receipts from sale of fixed assets		32	12
		<hr/>	<hr/>
Net cash outflow from capital expenditure		(142)	(216)
		<hr/>	<hr/>
Cash (outflow)/inflow before use of liquid resources and financing		(1,365)	3,003
Management of liquid resources			
Cash placed in other liquid investments		(6)	(45)
		<hr/>	<hr/>
Net cash outflow from management of liquid resources		(6)	(45)
		<hr/>	<hr/>
Financing			
Repayment of bank loans		(12)	(3)
Capital element of finance leases and hire purchase.		(603)	(310)
		<hr/>	<hr/>
Net cash outflow from financing		(615)	(313)
		<hr/>	<hr/>
(Decrease)/increase in cash	22	(1,986)	2,645
		<hr/> <hr/>	<hr/> <hr/>

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 group's financial statements.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 30 June 2005. 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.

In preparing the 30 June 2003 financial statements the directors considered the operations of the company's subsidiary undertakings to be immaterial in a group context, and took advantage of the exemption provided by section 229 of the Companies' Act 1985 not to prepare group accounts. The 30 June 2004 financial statements therefore include the results of the company's subsidiary undertaking from incorporation to 30 June 2004.

Under section 230 (4) of the Companies Act 1985 the company is exempt from the requirements to present its own profit and loss account. The profit dealt with within the financial statements of the parent company amounts to £1,474,000 (2004: £1,390,000).

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover is recognised in the period in which goods are supplied, services provided and contract work is performed.

Investments

Investments are included at cost less any provision for diminution in value.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimate residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	10% straight line
Leasehold building improvements	10% straight line
Plant & machinery	20% reducing balance
Fixtures, fittings & equipment	10% reducing balance/25% straight line
Motor vehicles	25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress represents costs incurred before the year end which had not been invoiced at the year end.

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Employee benefit trust

Assets held by the company's Employment Benefit Trust (EBT) are included in the group's balance sheet as current asset investments, subject to any provision for diminution in value, until they are unconditionally distributed to beneficiaries at the unfettered discretion of the trustees of the EBT.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

Notes (continued)

2 Segmental information

The turnover and profit before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2005 £000	2004 £000
United Kingdom	24,234	18,493
Europe	89	573
Rest of the World	1,037	7,072
	<u>25,360</u>	<u>26,138</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2005 £000	2004 £000
Depreciation of owned fixed assets	329	374
Depreciation of assets held under finance leases and hire purchase agreements	350	217
Auditors' remuneration:		
- Audit (includes £23,000 in respect of the parent company audit)	25	25
- Other services	6	4
Hire of plant and machinery-rentals payable under operating leases	4,643	5,316
Hire of other assets - operating leases	299	56
	<u>4,643</u>	<u>5,316</u>

4 Staff number and costs

The average number of persons employed by the group (including directors) during the year analysed by category, was as follows:

	2005 No	2004 No
Management and administration	48	38
Site operatives	102	81
	<u>150</u>	<u>119</u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	6,002	5,749
Social security costs	496	402
Other pension costs	12	13
	<u>6,510</u>	<u>6,164</u>

Notes (continued)

5 Remuneration of directors

	2005 £000	2004 £000
Directors' emoluments	1,970	2,053
Company pension contributions to money purchase pension schemes	16	10
	<u>1,986</u>	<u>2,063</u>

Emoluments of highest paid director:

	2005 £000	2004 £000
Total emoluments excluding pension contributions:	1,142	1,134
Value of company pension contributions to money purchase pension schemes	7	2
	<u>1,149</u>	<u>1,136</u>

Retirement benefits are accruing to the following number of directors under:

	2005 No.	2004 No.
Money purchase schemes	4	4

6 Interest receivable and similar income

	2005 £000	2004 £000
Bank interest	129	52

7 Interest payable and similar charges

	2005 £000	2004 £000
On bank loans and overdrafts	22	14
Payable in respect of finance leases and hire purchase contracts	64	56
Net exchange losses	-	71
	<u>86</u>	<u>141</u>

Notes (continued)

8 Taxation

Analysis of charge in year:	2005 £000	2004 £000
<i>UK Corporation tax</i>		
Current tax on income for the year	665	670
Adjustments in respect of prior years	(9)	53
	<hr/>	<hr/>
<i>Foreign tax</i>	656	723
Current tax on income for the year	21	17
	<hr/>	<hr/>
Total current tax	677	740
<i>Deferred tax (see note 16)</i>		
Origination/reversal of timing differences	8	-
Adjustment in respect of prior years	-	(36)
	<hr/>	<hr/>
	685	704
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2004: higher) than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:

<i>Current tax reconciliation</i>	2005 £000	2004 £000
Profit on ordinary activities before tax	2,247	2,051
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	674	615
Expenses not deductible for tax purposes	12	17
Capital allowances for the period in excess of depreciation	(8)	42
Short term timing differences	19	(12)
Overseas tax not at standard rate	(11)	25
Adjustments to tax charge in respect of previous years	(9)	53
	<hr/>	<hr/>
Total current tax charge (see above)	677	740
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

Group and company	Freehold, land & buildings £000	Leasehold building improvements £000	Plant & machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>						
At beginning of year	162	199	2,924	235	902	4,422
Additions	-	-	1,262	6	412	1,680
Disposals	-	-	-	-	(63)	(63)
At end of year	162	199	4,186	241	1,251	6,039
<i>Depreciation</i>						
At beginning of year	25	78	1,292	109	387	1,891
Charge for the year	10	20	416	42	191	679
On disposals	-	-	-	-	(31)	(31)
At end of year	35	98	1,708	151	547	2,539
<i>Net book value</i>						
At 30 June 2005	127	101	2,478	90	704	3,500
At 30 June 2004	137	121	1,632	126	515	2,531

Included in the total net book value of £3,500,000 is £2,252,000 (2004: £1,209,000) relating to assets held under finance leases and similar hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £350,000 (2004: £217,000).

10 Fixed asset investments

Company	Share in group undertakings £000
<i>Cost</i>	
At beginning and end of year	130
<i>Provisions</i>	
At beginning of year	20
Movement in foreign currency exchange rate	(1)
At end of year	19
<i>Net book value</i>	
At 30 June 2005	111
At 30 June 2004	110

Notes (continued)

10 Fixed asset investments (continued)

	Country of incorporation	Principal	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Euro Decommissioning Services Philippines Inc.	Philippines	Dismantling, demolition and industrial services	Ordinary 100%

11 Stocks

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Work in progress	2,273	1,276	2,273	1,276
Finished goods	462	404	462	264
	<u>2,735</u>	<u>1,680</u>	<u>2,735</u>	<u>1,540</u>

12 Debtors

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Trade debtors	4,397	2,357	4,397	2,345
Amounts owed by group undertakings	-	-	308	612
Other debtors	81	163	74	129
Prepayments and accrued income	108	70	108	70
	<u>4,586</u>	<u>2,590</u>	<u>4,887</u>	<u>3,156</u>

The debtors above include the following amounts falling due after more than one year:

	2005 £000	2004 £000	2005 £000	2004 £000
Other debtors	<u>10</u>	<u>32</u>	<u>10</u>	<u>32</u>

Notes (continued)

13 Investments (held as current assets)

Group and company	2005 £000	2004 £000
Unquoted investments	89	82
Cash	2	3
	<u>91</u>	<u>85</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Bank loans and overdrafts	1,217	8	1,217	8
Trade creditors	2,374	1,995	2,374	1,767
Amounts owed to subsidiary undertakings	-	-	286	605
Corporation tax	467	340	467	329
Other taxation and social security	383	296	505	357
Obligations under finance leases and hire purchase contracts	646	421	646	421
Other creditors	1,134	1,016	1,134	1,016
Director's current account	327	319	327	319
Accruals and deferred income	318	1,466	317	1,463
	<u>6,866</u>	<u>5,861</u>	<u>7,273</u>	<u>6,285</u>

The bank loans and overdrafts are secured by fixed and floating charges over all the company's assets.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Bank loans and overdrafts	48	56	48	55
Amounts due under finance leases and hire purchase agreements	1,147	469	1,147	469
	<u>1,195</u>	<u>525</u>	<u>1,195</u>	<u>524</u>

Interest is charged on the bank loan repayable after five years at a rate of 2.25% above the bank's base rate. The loan is repayable in equal repayments over a period of 8 years.

Analysis of debt

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Debt can be analysed as falling due::				
In one year or less or on demand	1,217	8	1,217	7
In more than one year but not more than two years	4	8	4	8
In more than two years but not more than five years	12	24	12	24
In more than five years	32	24	32	24
	<u>1,265</u>	<u>64</u>	<u>1,265</u>	<u>63</u>

The maturity of obligations under finance leases and hire purchase contract is as follows:

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Within one year	646	421	646	421
In the second to fifth year	1,147	286	1,147	286
Over five years	-	183	-	183
	<u>1,793</u>	<u>890</u>	<u>1,793</u>	<u>890</u>

Notes (continued)

16 Provisions for liabilities and charges

Group and company	Deferred taxation	
	2005 £000	2004 £000
At beginning of year	213	249
Charge/(credit) to the profit and loss for the year	8	(36)
At end of year	<u>221</u>	<u>213</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £000	2004 £000
Differences between accumulated depreciation and capital allowances	<u>221</u>	<u>213</u>

17 Called up share capital

	2005 £	2004 £
<i>Authorised</i> Equity: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i> Equity: 90 ordinary shares of £1 each	<u>90</u>	<u>90</u>

Notes (continued)

18 Reserves

Group	Capital redemption reserve £	Profit and loss account £000
At beginning of year	10	3,680
Profit for the financial year	-	1,562
Other movements – exchange gain on foreign currency borrowings against subsidiary investments	-	8
At end of year	10	5,250

Company	Capital redemption reserve £	Profit and loss account £000
At beginning of year	10	3,732
Profit for the financial year	-	1,474
At end of year	10	5,206

19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

Group	Land & buildings 2005 £000	Other 2005 £000	Land & Buildings 2004 £000	Other 2004 £000
Operating leases which expire:				
Within on year	8	-	3	-
In two to five years	-	31	-	35
Over five years	428	-	44	-

20 Reconciliation of operating profit to operating cash flows

	2005 £000	2004 £000
Operating profit	2,204	2,140
Depreciation	679	591
Increase in stocks	(1,055)	(216)
(Increase)/decrease in creditors	(1,996)	134
(Decrease)/increase in creditors	(555)	1,058
Gain/(loss) on retranslation of foreign investment	7	(9)
Net cash (outflow)/inflow from operating activities	(716)	3,698

Notes (continued)

21 Analysis of net debt

	At beginning of year £000	Cash flows £000	Other changes £000	At end of year £000
Cash:				
Cash in hand and at bank	3,393	(773)	-	2,620
Bank overdraft	-	(1,213)	-	(1,213)
	<u>3,393</u>	<u>(1,986)</u>	<u>-</u>	<u>1,407</u>
Liquid resources:				
Current asset investments	85	6	-	91
	<u>85</u>	<u>6</u>	<u>-</u>	<u>91</u>
Debt:				
Debt due within one year	(8)	8	(4)	(4)
Debt due after one year	(56)	4	4	(48)
Finance leases and hire purchase agreements	(890)	603	(1,506)	(1,793)
	<u>(954)</u>	<u>615</u>	<u>(1,506)</u>	<u>(1,845)</u>
Total	<u>2,524</u>	<u>(1,365)</u>	<u>(1,506)</u>	<u>(347)</u>

22 Reconciliation of net cash flow to movement in net debt

	2005 £000	2004 £000
(Decrease)/increase in cash in the year	(1,986)	2,645
Net cash outflow from bank loans	12	3
Cash outflow in respect of finance leases and hire purchase	603	310
Cash used to increase liquid resources	6	45
	<u>(1,365)</u>	<u>3,003</u>
Change in net debt resulting from cash flows	(1,506)	(60)
New finance leases		
	<u>(2,871)</u>	<u>2,942</u>
Movement in net (debt)/funds in the year		
Net funds/(debt) at beginning of year	2,524	(419)
	<u>(347)</u>	<u>2,524</u>
Net (debt)/funds at end of year		

Notes *(continued)*

23 Related party transactions

Euro Dismantling Services Limited has related party balances as shown below:

	2005 £000	2004 £000
At the 30 June the amount shown below was due from the following entity:		
Euro Dismantling Pension Scheme	10	32
	<u>10</u>	<u>32</u>