

Euro Dismantling Services Limited

**Directors' report and consolidated
financial statements**

Registered number 02917688

30 June 2006



Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Euro Dismantling Services Limited	5
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Reconciliation of movements in shareholders' funds	11
Notes	12

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 2006

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 £1,465,000(2005 £1,562,000)

Business review

The Directors are pleased to report a 130 % increase in turnover to £28,683,000 This continues the positive trend of previous years

Gross profit has been maintained at 30% with the increase in turnover generating significant additional contribution However, in order to support this business growth there has been a substantial investment in resources, both technical personnel and equipment, resulting in an increase in administrative expenses This increase in expenditure has offset the additional gross profit, resulting in operating profit which is similar to the previous year at £2,060,000

In an increasingly competitive market the Company has continued to focus on providing innovative and engineered turnkey solutions, covering all aspects of decommissioning for Blue Chip clients In order to maintain the current performance and financial success the Company is committed to delivering projects with the highest standard of quality, safety and environmental awareness This is further enhanced by achieving certification to the internationally recognised standards of ISO 9001 2000, ISO 14001 2004 and OHSAS 18001 1999 These standards not only provide assurance to our clients of continuity of performance in all aspects of our activities, but also provide a framework for us to manage key business risks by identifying areas where competence, control or audit is required and which in turn enables us to review performance against these and other criteria

The fluctuation in the price of scrap metal is a further risk to the business This risk is managed by programming the various sections of work to maximise return in conjunction with daily tracking of prices via the London Metal Exchange In addition, process equipment recovered during the decommissioning is sold as reusable kit rather than scrap, at greatly improved prices

With significant new contracts already underway and a strong forward order book, the Directors anticipate a year of further progress, building on the profitability now well established

Post balance sheet events

The Group disposed of a property with a net book value of £1,007,000 for a consideration of £1,087,500

Proposed dividend

The directors do not recommend the payment of a dividend (2005 £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

Directors' report (*continued*)

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

	Ordinary shares of £1 each	
	At 30 June 2006	At 1 July 2005
Mr A O McGee	90	90

Employees

None of the other directors who held office at the end of the financial year had any disclosable interest in shares of group companies

Political and charitable contributions

The group made no political contributions during the year. Donations to UK charities amounted to £8,330 (2005 £3,866)

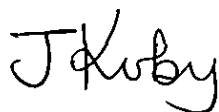
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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



Mrs J Kirby
Director

Loxley Manor
Loxley Road
Sheffield
S6 6RW
April 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Euro Dismantling Services Limited

We have audited the group and parent company financial statements (the "financial statements") of Euro Dismantling Services Limited for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliations of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Independent auditors' report to the members of Euro Dismantling Services Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

16 April 2007

Consolidated profit and loss account
for the year ended 30 June 2006

	<i>Note</i>	2006 £000	2005 £000
Group turnover	2	28,683	25,360
Cost of sales		20,090	(17,753)
		<hr/>	<hr/>
Gross profit		8,593	7,607
Administrative expenses		(6443)	(5,403)
		<hr/>	<hr/>
Group operating profit		2,150	2,204
Interest receivable and similar income	6	109	129
Interest payable and similar charges	7	(199)	(86)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3-7	2060	2,247
Tax on profit on ordinary activities	8	(595)	(685)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,465	1,562
		<hr/>	<hr/>
Profit for the financial year	18	1,465	1,562
		<hr/>	<hr/>

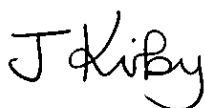
All of the above results derive from continuing operations

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

Consolidated balance sheet
at 30 June 2006

	Note	2006 £000	2005 £000
Fixed assets			
Tangible assets	9	2,911	3,500
Current assets			
Fixed asset held for sale		1,007	-
Stocks	11	2,041	2,735
Debtors	12	5,479	4,586
Investments	13	99	91
Cash at bank and in hand		3,063	2,620
		<u>11,689</u>	<u>10,032</u>
Creditors: amounts falling due within one year	14	<u>(6,383)</u>	<u>(6,866)</u>
Net current assets		<u>5,306</u>	<u>3,166</u>
Total assets less current liabilities		<u>8,217</u>	<u>6,666</u>
Creditors: amounts falling due after more than one year	15	<u>(1,317)</u>	<u>(1,195)</u>
Provisions for liabilities and charges	16	<u>(173)</u>	<u>(221)</u>
Net assets		<u><u>6,727</u></u>	<u><u>5,250</u></u>
Capital and reserves			
Called up equity share capital	17	-	-
Other reserves	18	-	-
Profit and loss account	18	6,727	5,250
Equity shareholders' funds		<u><u>6,727</u></u>	<u><u>5,250</u></u>

These financial statements were approved by the board of directors on 16 April 2007 and were signed on its behalf by



Mrs J Kirby
Director

Company balance sheet
at 30 June 2006

	<i>Note</i>	2006	2005
		£000	£000
Fixed assets			
Tangible assets	9	2,911	3,500
Investments	10	-	111
		<u>2,911</u>	<u>3,611</u>
Current assets			
Stocks	11	2,041	2,735
Debtors	12	5,745	4,887
Investments	13	99	91
Cash at bank and in hand		3,037	2,571
		<u>10,922</u>	<u>10,284</u>
Creditors: amounts falling due within one year	14	<u>(6,330)</u>	<u>(7,273)</u>
Net current assets		<u>4,592</u>	<u>3,011</u>
Total assets less current liabilities		<u>7,503</u>	<u>6,622</u>
Creditors: amounts falling due after more than one year	15	(751)	(1,195)
Provisions for liabilities and charges	16	(173)	(221)
		<u>6,579</u>	<u>5,206</u>
Net assets		<u>6,579</u>	<u>5,206</u>
Capital and reserves			
Called up equity share capital	17	-	-
Other reserves	18	-	-
Profit and loss account	18	6,579	5,206
		<u>6,579</u>	<u>5,206</u>
Equity shareholders' funds		<u>6,579</u>	<u>5,206</u>

These financial statements were approved by the board of directors on 16 APRIL 2007 and were signed on its behalf by

J Kirby

Mrs J Kirby
Director

Consolidated cash flow statement
for the year ended 30 June 2006

	<i>Note</i>	2006 £000	2005 £000
Net cash flow from operating activities	20	3,603	(716)
Returns on investments and servicing of finance			
Interest received		109	129
Interest paid		(110)	(22)
Interest element of finance leases and hire purchase		(89)	(64)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(90)	43
Taxation		(696)	(550)
		<hr/>	<hr/>
Capital expenditure			
Payments to acquire tangible fixed assets		(192)	(174)
Payments to acquire fixed assets held for sale		(1,007)	-
Receipts from sale of fixed assets		62	32
		<hr/>	<hr/>
Net cash outflow from capital expenditure		(1,137)	(142)
		<hr/>	<hr/>
Cash inflow/(outflow) before use of liquid resources and financing		1,680	(1,365)
Management of liquid resources			
Cash placed in other liquid investments		(8)	(6)
		<hr/>	<hr/>
Net cash outflow from management of liquid resources		(8)	(6)
Financing			
Repayment of bank loans		(8)	(12)
New bank loan		633	-
Capital element of finance leases and hire purchase		(641)	(603)
		<hr/>	<hr/>
Net cash outflow from financing		(16)	(615)
		<hr/>	<hr/>
Increase/(decrease) in cash	22	1,656	(1,986)
		<hr/>	<hr/>

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2006

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Profit for the financial year	1,465	1,562	1,373	1,474
Currency translation	12	8	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	1,477	1,570	1,373	1,474
Opening shareholders' funds	5,250	3,680	5,206	3,732
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	6,727	5,250	6,579	5,206
	<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

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

These standards have no material effect on the 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 undertakings made up to 30 June 2006. 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.

Under section 230 (4) of the Companies Act 1985 the company is exempt from the requirements to present its own profit and loss account.

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

No depreciation is provided on freehold land.

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 as 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

	2006 £000	2005 £000
United Kingdom	28,479	24,234
Europe	186	89
Rest of the World	18	1,037
	<u>28,683</u>	<u>25,360</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2006 £000	2005 £000
Depreciation and other amounts written off tangible assets	356	329
Owned	404	350
Leased		
Auditors' remuneration		
- Audit (includes £23,000 in respect of the parent company audit)	27	25
- Other services	8	6
Hire of plant and machinery-rentals payable under operating leases	3,588	4,643
Hire of other assets - operating leases	200	299
	<u>200</u>	<u>299</u>

4 Staff number and costs

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

	Number of employees 2006	2005
Group and company		
Management and administration	54	48
Site operatives	122	102
	<u>176</u>	<u>150</u>

The aggregate payroll costs of these persons were as follows

	2006 £000	2005 £000
Group and company		
Wages and salaries	7,191	6,002
Social security costs	590	496
Other pension costs	11	12
	<u>7,792</u>	<u>6,510</u>

Notes (continued)

5 Remuneration of directors

	2006 £000	2005 £000
Directors' emoluments	1,693	1,970
Company contributions to money purchase pension schemes	9	16
Amounts paid to third parties in respect of directors' services	-	-
	<u>1,702</u>	<u>1,986</u>

Emoluments of highest paid director

	2006 £000	2005 £000
Total emoluments excluding pension contributions	1,174	1,142
Value of company pension contributions to money purchase pension schemes	-	7
	<u>1,174</u>	<u>1,149</u>

Retirement benefits are accruing to the following number of directors under

	2006 No.	2005 No.
Money purchase schemes	<u>4</u>	<u>4</u>

6 Interest receivable and similar income

	2006 £000	2005 £000
Bank interest	<u>109</u>	<u>129</u>

7 Interest payable and similar charges

	2006 £000	2005 £000
On bank loans and overdrafts	94	22
Finance charges payable in respect of finance leases and hire purchase contracts	89	64
Net exchange losses	-	-
Other interest	16	-
	<u>199</u>	<u>86</u>

Notes (continued)

8 Taxation

<i>Analysis of charge in year</i>	2006 £000	2005 £000
<i>UK Corporation tax</i>		
Current tax on income for the year	643	665
Adjustments in respect of prior years	-	(9)
	<hr/>	<hr/>
<i>Foreign tax</i>	643	656
Current tax on income for the year	-	21
	<hr/>	<hr/>
Total current tax	643	677
<i>Deferred tax (see note 16)</i>		
Origination/reversal of timing differences	(46)	8
Adjustment in respect of prior years	(2)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<hr/> 595 <hr/>	<hr/> 685 <hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2005 higher) than the standard rate of corporation tax in the UK 30% (2005 30%)
The differences are explained below

<i>Current tax reconciliation</i>	2006 £000	2005 £000
Profit on ordinary activities before tax	2,060	2,247
	<hr/>	<hr/>
Current tax at 30% (2005 30%)	618	674
<i>Effects of</i>		
Expenses not deductible for tax purposes	36	12
Capital allowances for the period in excess of depreciation	(15)	(8)
Short term timing differences	-	19
UK tax not at standard rate	2	-
Overseas tax not at standard rate	2	(11)
Adjustments to tax charge in respect of previous years	-	(9)
	<hr/>	<hr/>
Total current tax charge (see above)	<hr/> 643 <hr/>	<hr/> 677 <hr/>

Notes (continued)

9 Tangible fixed assets

Notes (continued)

Group & 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	4,186	241	1,251	6,039
Additions	-	-	27	59	147	233
Disposals	-	-	-	-	(248)	(248)
At end of year	162	199	4,213	300	1,150	6,024
<i>Depreciation</i>						
At beginning of year	35	98	1,708	151	547	2,539
Charge for the year	12	20	509	40	179	760
On disposals	-	-	-	-	(186)	(186)
At end of year	47	118	2,217	191	540	3,113
<i>Net book value</i>						
At 30 June 2006	115	81	1,996	109	610	2,911
At 30 June 2005	127	101	2,478	90	704	3,500

Included in the total net book value of £2,911,000 is £1,510,000 (2005 £2,252,000) 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 £404,000 (2005 £350,000).

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	19
Movement in foreign currency exchange rate	3
Impairment of investment	108
At end of year	130
<i>Net book value</i>	
At 30 June 2006	-
At 30 June 2005	111

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%
EDS Mayer Parry Limited	United Kingdom	Property rental	Ordinary 100%

11 Stocks

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Work in progress	1,560	2,273	1,560	2,273
Goods for resale	481	462	481	462
	<u>2,041</u>	<u>2,735</u>	<u>2,041</u>	<u>2,735</u>

12 Debtors

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Trade debtors	4,662	4,397	4,662	4,397
Amounts owed by group undertakings	-	-	380	308
Other debtors	614	81	500	74
Prepayments and accrued income	203	108	203	108
	<u>5,479</u>	<u>4,586</u>	<u>5,745</u>	<u>4,887</u>

The debtors above include a director loan of £198,000

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

	2006 £000	2005 £000	2006 £000	2005 £000
Other debtors	<u>7</u>	<u>10</u>	<u>7</u>	<u>10</u>

Notes (continued)

13 Investments (held as current assets)

	2006 £000	2005 £000
Group and company		
Unquoted investments	98	89
Cash	1	2
	<u>99</u>	<u>91</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Bank loans and overdrafts	76	1,217	8	1,217
Trade creditors	3,464	2,374	3,455	2,374
Amounts owed to subsidiary undertakings	-	-	36	286
Corporation tax	414	467	414	467
Other taxation and social security	945	383	934	505
Obligations under finance leases and hire purchase contracts	477	646	477	646
Other creditors	773	1,134	773	1,134
Director's current account	-	327	-	327
Accruals and deferred income	234	318	233	317
	<u>6,383</u>	<u>6,866</u>	<u>6,330</u>	<u>7,273</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	
	2006 £000	2005 £000	2006 £000	2005 £000
Bank loans and overdrafts	601	48	35	48
Amounts due under finance leases and hire purchase agreements	716	1,147	716	1,147
	<u>1,317</u>	<u>1,195</u>	<u>751</u>	<u>1,195</u>

There are two bank loans. Interest is charged on the first loan repayable after five years at a rate of 2.25% above the bank's base rate. This loan is repayable in equal repayments over a period of 8 years. Interest on the second loan is charged at a rate of 1.35% above the bank's base rate. This loan has now been repaid.

Analysis of debt

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Debt can be analysed as falling due				
In one year or less or on demand	76	1,217	8	1,217
In more than one year but not more than two years	76	4	8	4
In more than two years but not more than five years	231	12	27	12
In more than five years	294	32	-	32
	<u>677</u>	<u>1,265</u>	<u>43</u>	<u>1,265</u>

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

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Within one year	477	646	477	646
In the second to fifth year	716	1,147	716	1,147
Over five years	-	-	-	-
	<u>1,193</u>	<u>1,793</u>	<u>1,193</u>	<u>1,793</u>

Notes (continued)

16 Provisions for liabilities and charges

Group and company	Deferred taxation		Deferred taxation	
	Provided 2006 £000	Unprovided 2006 £000	Provided 2005 £000	Unprovided 2005 £000
At beginning of year	221	-	213	-
(Credit)/Charge to the profit and loss for the year	(48)	61	8	-
At end of year	<u>173</u>	<u>61</u>	<u>221</u>	<u>-</u>

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

	2006 £000	2005 £000
Differences between accumulated depreciation and capital allowances	<u>173</u>	<u>221</u>

17 Called up share capital

	2006 £	2005 £
Authorised		
Equity 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
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	5,250
Profit for the financial year	-	1,465
Other movements – exchange gain on foreign currency	-	12
	<hr/>	<hr/>
At end of year	10	6,727
	<hr/>	<hr/>
Company	Capital redemption reserve £	Profit and loss account £000
At beginning of year	10	5,206
Profit for the financial year	-	1,373
	<hr/>	<hr/>
At end of year	10	6,579
	<hr/>	<hr/>

19 Commitments

Annual commitments under non-cancellable operating leases are as follows

Group	Land & buildings 2006 £000	Other 2006 £000	Land & Buildings 2005 £000	Other 2005 £000
Operating leases which expire				
Within one year	11	-	8	-
In two to five years	-	31	-	31
Over five years	481	-	428	-
	<hr/>	<hr/>	<hr/>	<hr/>

20 Reconciliation of operating profit to operating cash flows

	2006 £000	2005 £000
Operating profit	2,150	2,204
Depreciation	760	679
(Increase)/decrease in stocks	694	(1,055)
(Increase)/decrease in debtors	(893)	(1,996)
(Decrease)/increase in creditors	880	(555)
Gain on retranslation of foreign investment	12	7
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	3,603	(716)
	<hr/>	<hr/>

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	2,620	443	-	3,063
Bank overdraft	(1,213)	1,213	-	-
	<u>1,407</u>	<u>1,656</u>		<u>3,063</u>
Liquid resources				
Current asset investments	91	8	-	99
	<u>91</u>	<u>8</u>		<u>99</u>
Debt				
Debt due within one year	(4)	4	(76)	(76)
Debt due after one year	(48)	4	(557)	(601)
Finance leases and hire purchase agreements	(1,793)	641	(41)	(1,193)
	<u>(1,845)</u>	<u>649</u>	<u>(674)</u>	<u>(1,870)</u>
Total	<u>(347)</u>	<u>2,313</u>	<u>(674)</u>	<u>1,292</u>

22 Reconciliation of net cash flow to movement in net debt

	2006 £000	2005 £000
Increase/(decrease) in cash in the year	1,656	(1,986)
Net cash outflow from bank loans	(625)	12
Cash outflow in respect of finance leases and hire purchase	641	603
Cash used to increase liquid resources	8	6
	<u>1,680</u>	<u>(1,365)</u>
Change in net funds/(debt) resulting from cash flows	(41)	(1,506)
New finance leases		
	<u>1,639</u>	<u>(2,871)</u>
Movement in net (debt)/funds in the year		
Net (debt)/funds at beginning of year	(347)	2,524
	<u>1,292</u>	<u>(347)</u>
Net funds/(debt) at end of year		

Notes (continued)

23 Related party transactions

Euro Dismantling Services Limited has related party balances as shown below

	2006 £000	2005 £000
At the 30 June the amount shown below was due from the following entity		
Euro Dismantling Pension Scheme	7	10
Loan to Director - Andrew McGee	198	-
	<u> </u>	<u> </u>

24 Post balance sheet events

The Group disposed of a property with a net book value of £1,007,000 for a consideration of £1,087,500