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Group

Euro Dismantling Services Limited

**Directors' report and consolidated
financial statements**

Registered number 02917688

30 June 2008

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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 (resigned 31 January 2008) Mr T W Brankley Mr A Fenwick Mr A M Dale Mr R Shaw Mrs J Kirby Mr R A Booth Mr D J Palin (appointed 12 December 2007)
Secretary	Mrs J Kirby (appointed 31 March 2008)
Bankers	HSBC Bank plc 17 Church Street Sheffield S1 1HH
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 2008.

Principal activities

The principal activity of the group is the provision of dismantling, demolition, industrial services and asset recovery.

The profit for the year after taxation was £559,000 (2007: £2,594,000).

Business review

The directors are pleased to report turnover for the year of £32,378,000 (2007: 39,498,000). 2007/08 has been a year of consolidation for the group following the prior year restructuring, which has led to a refocus of core activities, with less emphasis on remediation projects.

Despite increasingly competitive markets, the gross margin remains strong at 25% (2007: 27%). The fall in contribution to £8,040,000 (2007: £10,673,000) is mainly attributable to the lower level of turnover. A programme of capital investment to replace all major items of equipment commenced during the year. This is designed to ensure improved efficiency and an increase in gross margin for the following year.

Administrative expenses have remained consistent with prior year expenditure at £6,766,000 (2007:£6,778,000). This continued expense includes significant marketing and tendering costs associated with securing major international projects aimed at re-establishing a substantial pattern of growth for 2008/09.

The group has started the new financial year strongly; a number of significant new projects are fully underway, with particular emphasis on a major contract in Turkey. This has introduced an additional business risk of volatile currency exchange rates. These are closely monitored and currency hedging is undertaken to minimise the financial impact on the business.

Post balance sheet events

An existing 99% owned Turkish subsidiary of Euro Dismantling Services Ltd, Toplam Muhendislik ve Taahhut Ithalat Ihracat Limited Sirketi, which was dormant at the year end, became active on 1 July 2008.

This company will be consolidated into the group accounts for the year ending 30 June 2009.

Proposed dividend

The directors recommend payment of a dividend to EDS Group Holdings Limited of £4,000,000 (2007: £5,000,000). This amount is not recognised as a liability at the year-end.

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
Mr D J Palin

Directors' report *(continued)*

Political and charitable contributions

The group made no political contributions during the year. Donations to UK charities amounted to £12,481 (2007: £6,841).

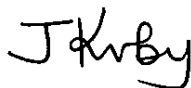
Disclosure of information to auditors

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 489 of the Companies Act 2006, 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

23 March 2009

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 UK 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 2008 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 2008 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

23 March 2009

Consolidated profit and loss account
for the year ended 30 June 2008

	<i>Note</i>	2008 £000	2007 £000
Group turnover	2	32,378	39,498
Cost of sales		(24,338)	(28,825)
		<hr/>	<hr/>
Gross profit		8,040	10,673
Administrative expenses		(6,766)	(6,778)
		<hr/>	<hr/>
Group operating profit		1,274	3,895
Interest receivable and similar income	6	143	137
Interest payable and similar charges	7	(310)	(112)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3-7	1,107	3,920
Tax on profit on ordinary activities	8	(548)	(1,326)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		559	2,594
		<hr/>	<hr/>
Profit for the financial year	18	559	2,594
		<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 2008

	Note	2008 £000	£000	2007 £000	£000
Fixed assets					
Tangible assets	9		4,346		4,117
Current assets					
Stocks	11	270		367	
Debtors (including £nil (2007: £nil) due after more than 1 year)	12	7,015		10,287	
Investments	13	-		1	
Cash at bank and in hand		1,833		3,344	
		<u>9,118</u>		<u>13,999</u>	
Creditors: amounts falling due within one year	14	<u>(6,804)</u>		<u>(7,680)</u>	
Net current assets			<u>2,314</u>		<u>6,319</u>
Total assets less current liabilities			<u>6,660</u>		<u>10,436</u>
Creditors: amounts falling due after more than one year	15		(1,749)		(891)
Provisions for liabilities and charges	16		(23)		(216)
Net assets			<u><u>4,888</u></u>		<u><u>9,329</u></u>
Capital and reserves					
Called up equity share capital	17		-		-
Profit and loss account	18		4,888		9,329
Equity			<u><u>4,888</u></u>		<u><u>9,329</u></u>

These financial statements were approved by the board of directors on 23 March 2009 and were signed on its behalf by:



Mrs J Kirby
Director

Company balance sheet
at 30 June 2008

	Note	2008	2007
		£000	£000
Fixed assets			
Tangible assets	9		
Investments	10	4,346	4,117
		<u>4,346</u>	<u>4,117</u>
Current assets			
Stocks	11	270	367
Debtors (including £nil (2007: £nil) due after more than 1 year)	12	6,883	10,142
Investments	13	-	1
Cash at bank and in hand		1,823	3,307
		<u>8,976</u>	<u>13,817</u>
Creditors: amounts falling due within one year	14	(6,813)	(7,707)
Net current assets		<u>2,163</u>	<u>6,110</u>
Total assets less current liabilities		<u>6,509</u>	<u>10,227</u>
Creditors: amounts falling due after more than one year	15	(1,749)	(891)
Provisions for liabilities and charges	16	(23)	(216)
Net assets		<u>4,737</u>	<u>9,120</u>
Capital and reserves			
Called up equity share capital	17	-	-
Profit and loss account	18	4,737	9,120
Equity		<u>4,737</u>	<u>9,120</u>

These financial statements were approved by the board of directors on 23 March 2009 and were signed on its behalf by:



Mrs J Kirby
Director

Consolidated cash flow statement
for the year ended 30 June 2008

	<i>Note</i>	2008 £000	2007 £000
Net cash flow from operating activities	20	4,804	2,515
Returns on investments and servicing of finance			
Interest received		143	137
Interest paid		(149)	(22)
Interest element of finance leases and hire purchase		(161)	(90)
		<hr/>	<hr/>
Net cash (outflow)/inflow from returns on investments and servicing of finance		(167)	25
Taxation		(967)	(1,099)
Capital expenditure			
Payments to acquire tangible fixed assets		365	(1,390)
Receipts from fixed assets held for sale		-	1,007
Receipts from sale of fixed assets		792	222
		<hr/>	<hr/>
Net cash inflow/(outflow) from capital expenditure		1,157	(161)
Cash inflow before management of liquid resources and financing		4,827	1,280
Management of liquid resources			
Cash released from liquid investments		1	98
		<hr/>	<hr/>
Net cash inflow from management of liquid resources		1	98
Financing			
Repayment of bank loans		(63)	(643)
New loan for insurance		-	29
Capital element of finance leases and hire purchase		(1,276)	(483)
Dividend paid		(5,000)	-
		<hr/>	<hr/>
Net cash outflow from financing		(6,339)	(1,097)
		<hr/>	<hr/>
(Decrease)/increase in cash in the period	22	(1,511)	281
		<hr/>	<hr/>

During the year, the Group acquired tangible fixed assets with an aggregate cost of £2,181,000 (2007: £2,171,000) of which £1,674,000 (2007: £781,000) was acquired by means of hire purchase.

The cash inflow on payments to acquire tangible fixed assets in 2008 is a result of new hire purchase of £872,000 in 2008 for an asset originally bought with cash in 2007.

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Profit for the financial year	559	2,594	617	2,541
Currency translation	-	8	-	-
Dividend paid in year	(5,000)	-	(5,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net (deduction from)/addition to shareholders' funds	(4,441)	2,602	(4,383)	2,541
Opening shareholders' funds	9,329	6,727	9,120	6,579
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	4,888	9,329	4,737	9,120
	<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 undertakings made up to 30 June 2008. 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.

Long term contracts

Certain of the contracts that the group enters into are considered to be long-term contracts under SSAP 9 and are accounted for as follows:

Notes (continued)

1 Accounting policies (continued)

Long term contracts (continued)

- The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.
- Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.
- Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

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.

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.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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:

	2008 £000	2007 £000
United Kingdom	29,434	32,465
Europe	968	6,769
Rest of the World	1,976	264
	<u>32,378</u>	<u>39,498</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2008 £000	2007 £000
Depreciation and other amounts written off tangible assets		
Owned	427	370
Leased	637	373
Auditors' remuneration:		
- Audit (includes £23,000 in respect of the parent company audit)	35	30
- Other services - taxation	21	15
Hire of plant and machinery - rentals payable under operating leases	2,221	2,861
Hire of other assets - operating leases	-	7
	<u>-</u>	<u>7</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 2008 No.	2007 No.
Group and company		
Management and administration	47	54
Site operatives	105	148
	<u>152</u>	<u>202</u>

The aggregate payroll costs of these persons were as follows:

	2008 £000	2007 £000
Group and company		
Wages and salaries	7,288	8,397
Social security costs	602	691
Other pension costs	42	122
	<u>7,932</u>	<u>9,210</u>

Notes *(continued)*

5 Remuneration of directors

	2008 £000	2007 £000
Directors' emoluments	1,583	1,495
Company contributions to money purchase pension schemes	34	9
	<u>1,617</u>	<u>1,504</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £500,000 (2007: £578,000).

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

	2008 No.	2007 No.
Money purchase schemes	<u>3</u>	<u>3</u>

6 Interest receivable and similar income

	2008 £000	2007 £000
Bank interest	<u>143</u>	<u>137</u>

7 Interest payable and similar charges

	2008 £000	2007 £000
On bank loans and overdrafts	19	8
Finance charges payable in respect of finance leases and hire purchase contracts	161	90
Other interest	130	14
	<u>310</u>	<u>112</u>

Notes (continued)

8 Taxation

<i>Analysis of charge in year:</i>	2008	2007
	£000	£000
<i>UK Corporation tax</i>		
Current tax on income for the year	454	1,200
Adjustments in respect of prior years	208	83
	<hr/> 662	<hr/> 1,283
<i>Foreign tax</i>		
Current tax on income for the year	60	-
Adjustments in respect of prior years	19	-
	<hr/> 79	<hr/> -
Total current tax	<hr/> 741	<hr/> 1,283
<i>Deferred tax (see note 16)</i>		
Origination/reversal of timing differences	(99)	50
Adjustment in respect of prior years	(94)	(7)
	<hr/> Tax on profit on ordinary activities	<hr/> 1,326
	<hr/> 548	<hr/> 1,326

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2007: *higher*) than the standard rate of corporation tax in the UK of 29.5% (2007: 30%). The differences are explained below:

	2008	2007
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,107	3,920
Current tax at 29.5% (2007: 30%)	327	1,176
<i>Effects of:</i>		
Expenses not deductible for tax purposes	78	89
Fixed asset timing differences	3	-
Short term timing differences	96	-
Capital allowances for the period in excess of depreciation	-	(65)
UK tax not at standard rate	10	-
Adjustments to tax charge in respect of previous years	227	83
Total current tax charge (see above)	<hr/> 741	<hr/> 1,283

On 1 April 2008, the UK standard rate of corporation tax changed from 30% to 28%. The standard rate noted above, of 29.5%, is an average for the financial year ending 30 June 2008.

Notes (continued)

9 Tangible fixed assets

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	5,671	329	1,258	7,619
Additions	-	-	1,765	37	379	2,181
Disposals	(47)	-	(1,525)	(227)	(636)	(2,435)
At end of year	115	199	5,911	139	1,001	7,365
<i>Depreciation</i>						
At beginning of year	58	138	2,433	228	645	3,502
Charge for the year	12	20	824	35	173	1,064
On disposals	-	-	(937)	(215)	(395)	(1,547)
At end of year	70	158	2,320	48	423	3,019
<i>Net book value</i>						
At 30 June 2008	45	41	3,591	91	578	4,346
At 30 June 2007	104	61	3,238	101	613	4,117

Included in the total net book value of £4,346,000 is £2,932,000 (2007: £1,870,000) 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 £637,000 (2007: £373,000).

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 and end of year	130
<i>Net book value</i>	
At 30 June 2008	-
At 30 June 2007	-

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 consultancy	Ordinary 100%

11 Stocks

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Work in progress	32	12	32	12
Goods for resale	238	355	238	355
	<u>270</u>	<u>367</u>	<u>270</u>	<u>367</u>

12 Debtors

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Trade debtors	4,031	5,937	3,996	5,937
Amounts recoverable on contracts	1,553	1,112	1,553	1,112
Amounts owed by fellow group undertakings	19	-	41	175
Other debtors	1,133	1,758	1,014	1,469
Prepayments and accrued income	279	1,480	279	1,449
	<u>7,015</u>	<u>10,287</u>	<u>6,883</u>	<u>10,142</u>

The debtors above include a director loan of £626,000 (note 23) and do not include any amounts falling due after more than one year.

Notes (continued)

13 Investments (held as current assets)

	2008 £000	2007 £000
Group and company		
Cash	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Bank loans and overdrafts	-	38	-	38
Trade creditors	2,699	4,482	2,699	4,482
Payments on account	452	542	452	542
Amounts owed to subsidiary undertakings	-	-	39	38
Corporation tax	372	598	353	598
Other taxation and social security	766	279	755	275
Obligations under finance leases and hire purchase contracts	1,012	625	1,012	625
Other creditors	1,480	873	1,480	873
Accruals and deferred income	23	243	23	236
	<u>6,804</u>	<u>7,680</u>	<u>6,813</u>	<u>7,707</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	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank loans and overdrafts	-	25	-	25
Amounts due under finance leases and hire purchase agreements	1,749	866	1,749	866
	<u>1,749</u>	<u>891</u>	<u>1,749</u>	<u>891</u>

There is one loan, which falls due within one year and is included in other creditors above. This loan relates to financing of the annual insurance premium.

Analysis of debt

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Debt can be analysed as falling due:				
In one year or less or on demand	-	38	-	38
In more than one year but not more than two years	-	8	-	8
In more than two years but not more than five years	-	17	-	17
	<u>-</u>	<u>63</u>	<u>-</u>	<u>63</u>

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

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Within one year	1,012	625	1,012	625
In the second to fifth year	1,749	866	1,749	866
	<u>2,761</u>	<u>1,491</u>	<u>2,761</u>	<u>1,491</u>

Notes (continued)

16 Provisions for liabilities and charges

Group and company	Deferred taxation		Deferred taxation	
	Provided 2008 £000	Unprovided 2008 £000	Provided 2007 £000	Unprovided 2007 £000
At beginning of year	216	-	173	-
(Credit)/charge to the profit and loss for the year	(193)	-	43	-
At end of year	23	-	216	-

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

	2008 £000	2007 £000
Differences between accumulated depreciation and capital allowances	23	216

17 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
Equity: 100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Equity: 90 ordinary shares of £1 each	90	90

Notes (continued)

18 Reserves

Group	Profit and loss account £000
At beginning of year	9,329
Profit for the financial year	559
Dividend paid	(5,000)
At end of year	<u>4,888</u>
Company	Profit and loss account £000
At beginning of year	9,120
Profit for the financial year	617
Dividend paid	(5,000)
At end of year	<u>4,737</u>

19 Commitments

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

Group	Land & buildings 2008 £000	Other 2008 £000	Land & Buildings 2007 £000	Other 2007 £000
Operating leases which expire:				
Within one year	29	-	11	-
In two to five years	19	-	18	-
Over five years	734	-	791	-
	<u>782</u>	<u>-</u>	<u>820</u>	<u>-</u>

The company does not hold any operating leases.

20 Reconciliation of operating profit to operating cash flows

	2008 £000	2007 £000
Operating profit	1,274	3,895
Depreciation	1,064	743
Loss / (profit) on disposal of fixed assets	96	-
Decrease in stocks	97	347
Decrease/(increase) in debtors	3,272	(3,398)
(Decrease)/increase in creditors	(999)	920
Gain on retranslation of foreign investment	-	8
Net cash inflow from operating activities	<u>4,804</u>	<u>2,515</u>

Notes (continued)

21 Analysis of net funds

	At beginning of year £000	Cash flows £000	Non-cash movements £000	At end of year £000
Cash:				
Cash in hand and at bank	3,344	(1,511)	-	1,833
	<u>3,344</u>	<u>(1,511)</u>	<u>-</u>	<u>1,833</u>
Liquid resources:				
Current asset investments	1	(1)	-	-
	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Debt:				
Debt due within one year	(38)	38	-	-
Debt due after one year	(25)	25	-	-
Finance leases and hire purchase agreements	(1,491)	1,276	(2,546)	(2,761)
	<u>(1,554)</u>	<u>1,339</u>	<u>(2,546)</u>	<u>(2,761)</u>
Total	<u>1,791</u>	<u>(173)</u>	<u>(2,546)</u>	<u>(928)</u>

22 Reconciliation of net cash flow to movement in net funds/(debt)

	2008 £000	2007 £000
(Decrease) / increase in cash in the year	(1,511)	281
Net cash outflow from bank loans	63	643
Net cash from new loans	-	(29)
Cash outflow in respect of finance leases and hire purchase	1,276	483
Cash used to increase liquid resources	(1)	(98)
	<u>(173)</u>	<u>1,280</u>
Change in net funds resulting from cash flows	(173)	1,280
New finance leases	(2,546)	(781)
	<u>(2,719)</u>	<u>499</u>
Movement in net funds in the year	(2,719)	499
Net funds/(debt) at beginning of year	1,791	1,292
	<u>1,791</u>	<u>1,292</u>
Net funds at end of year	(928)	1,791
	<u>(928)</u>	<u>1,791</u>

Notes (continued)

23 Related party transactions

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

	2008 £000	2007 £000
At the 30 June the amount shown below was due from the following:		
Loan to Director	626	1,325

The loan to director relates to amounts due from Andrew McGee. The maximum outstanding balance during the year was £1,708,000. Interest is charged on the loan at 1.2% above Bank of England base rate. The loan is unsecured and repayable on demand. The loan was repaid in full on 22 August 2008.

24 Ultimate parent company and ultimate controlling party

The company is a subsidiary undertaking of EDS Group Holdings Limited. The results of the company are consolidated in the group headed by EDS Group Holdings Limited.