



AARDVARK CLEAR MINE LIMITED

Report and Financial Statements

31 October 1995

Deloitte & Touche
Chartered Accountants
66 Queen's Road
Aberdeen
AB1 6YE





REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D A Sadler
J B Middlemass

SECRETARIES

Paull & Williamsons

REGISTERED OFFICE

Shevock Farm
Insch
Aberdeenshire

BANKERS

Barclays Bank
1 Rubislaw Terrace
Aberdeen

SOLICITORS

Paull & Williamsons
Investment House
6 Union Row
Aberdeen

AUDITORS

Deloitte & Touche
Chartered Accountants
66 Queen's Road
Aberdeen

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 1995.

ACTIVITIES

The company is primarily involved in the design and manufacture of mine flailing equipment.

RESULTS, FINANCIAL POSITION AND FUTURE PROSPECTS

The company made a profit after taxation of £107,336 (1994: loss £220,185). The balance sheet on page 6 shows net liabilities of £103,953 (1994: net liabilities £211,289). The directors are confident, provided sufficient orders are received, that the company will trade profitably in the future.

DIVIDENDS AND TRANSFERS FROM RESERVES

No dividend (1994: £Nil) is proposed by the directors and the profit for the year of £107,336 (1994: loss £220,185) has been transferred to/(from) reserves.

DIRECTORS

The present membership of the board is set out on page 1. Both directors served throughout the year.

The directors had no notifiable interest in the company's share capital at the beginning or end of the year. The directors' interests in the shares of the ultimate parent company, Aardvark Holdings Limited are disclosed in that company's accounts.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. 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



Director

18 June 1996



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 of the company 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 are being followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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
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AUDITORS' REPORT TO THE MEMBERS OF

AARDVARK CLEAR MINE LIMITED

We have audited the financial statements on pages 5 to 11 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 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.

Uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosure made in note 1 concerning the reliance of the company on the continued financial support of its ultimate parent company and shareholders. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued financial support being available. The financial statements do not include any adjustments that would result from the company being unable to continue trading. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

25 June 1996

PROFIT AND LOSS ACCOUNT
Year ended 31 October 1995

	Note	1995 £	1994 £
TURNOVER - continuing operations		1,033,214	1,382,739
Cost of sales		(466,752)	(1,155,632)
GROSS PROFIT		566,462	227,107
Distribution costs		(143,058)	(165,099)
Administrative expenses		(268,110)	(297,321)
OPERATING PROFIT/(LOSS) - continuing operations		155,294	(235,313)
Interest receivable and similar income		7,279	1,522
Interest payable and similar charges	2	(31,988)	(66,570)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	130,585	(300,361)
Tax (charge)/credit on profit/(loss) on ordinary activities	4	(23,249)	80,176
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR		107,336	(220,185)

A statement of total recognised gains and losses is not required as there are no recognised gains or losses other than the profit for the financial year.

A reconciliation of movements in shareholders' funds is not required as there are no movements in shareholders' funds other than the profit for the financial year.


BALANCE SHEET
31 October 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	6	101,380	131,558
CURRENT ASSETS			
Stocks and work in progress	7	246,511	316,422
Trade debtors		42,787	1,161,533
Prepayments and accrued income		576,751	20,897
Other debtors	8	165,539	309,062
Cash at bank and in hand		153,836	19,757
		<u>1,185,424</u>	<u>1,827,671</u>
CREDITORS: amounts falling due within one year			
Trade creditors		(66,243)	(656,374)
Accruals and deferred income		(201,295)	(362,617)
Other creditors including taxation and social security	9	(247,139)	(275,447)
Amounts owed to group companies	10	(876,080)	(876,080)
		<u>(1,390,757)</u>	<u>(2,170,518)</u>
NET CURRENT LIABILITIES		<u>(205,333)</u>	<u>(342,847)</u>
		<u>(103,953)</u>	<u>(211,289)</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	(104,053)	(211,389)
Equity shareholders' funds		<u>(103,953)</u>	<u>(211,289)</u>

These financial statements were approved by the Board of Directors on. 18/6/96

Signed on behalf of the Board of Directors

Director

**NOTES TO THE ACCOUNTS****Year ended 31 October 1995****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.

Going concern

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because during the year ended 31 October 1995, the company's liabilities exceeded its assets by £103,953. The company is reliant on the continued support of its ultimate parent company and shareholders. The financial statements do not include any adjustments that would result from the company being unable to continue trading.

Tangible fixed assets

Depreciation is provided on cost less residual value in equal annual instalments over the estimated lives of the assets. The rate of depreciation on all classes of fixed assets, except heritable land and buildings, is 25% per annum.

No depreciation is charged on land. The expected useful life of the heritable buildings is long and their residual value (as estimated at the date of acquisition) is high. Consequently the effective rate of depreciation applied to buildings is zero.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents invoice price or contract price.

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 operates a defined contribution pension scheme. Amounts due to the pension scheme are charged to the profit and loss account in the year in which they are payable.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

2. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges are in respect of bank overdrafts and other loans repayable within five years.

Included with this expense is interest recharged by the company's ultimate parent company of £15,877 (1994: £16,644).


NOTES TO THE ACCOUNTS
Year ended 31 October 1995
3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is after charging:

	1995 £	1994 £
Depreciation	37,474	47,396
Auditors' remuneration	5,000	6,550
	<u> </u>	<u> </u>

4. TAX (CHARGE)/CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1995 £	1994 £
UK corporation tax (charge)/credit at 33% (1994: 33%) based on the profit/(loss) for the year	(24,254)	80,176
Prior year over provision	1,005	-
	<u> </u>	<u> </u>
	<u>(23,249)</u>	<u>80,176</u>

The tax charge for the year is disproportionate to the profit before tax due to the movement in the deferred tax asset not provided in the accounts (note 14).

NOTES TO THE ACCOUNTS
Year ended 31 October 1995

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	£	£
Directors' emoluments:		
Other emoluments	127,070	132,463
	<u> </u>	<u> </u>
Remuneration of the highest paid director	52,269	54,997
	<u> </u>	<u> </u>
	No	No
Scale of other directors' remuneration:		
£40,001 - £45,000	1	-
£50,001 - £55,000	-	1
	<u> </u>	<u> </u>
	£	£
Employee costs:		
Wages and salaries	148,792	184,065
Social security cost	15,625	19,199
Other pension costs	30,000	22,500
	<u> </u>	<u> </u>
	194,417	225,764
	<u> </u>	<u> </u>
	£	£
Average number of persons employed:		
Distribution and manufacture	2	2
Administration	3	4
	<u> </u>	<u> </u>
	5	6
	<u> </u>	<u> </u>

6. TANGIBLE FIXED ASSETS

	Heritable land and buildings £	Property improve- ments £	Plant and machinery £	Office equipment £	Total £
Cost					
At 1 November 1994	40,500	56,638	246,761	37,806	381,705
Additions	-	-	-	7,296	7,296
Disposals	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 1995	40,500	56,638	246,761	45,102	389,001
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated depreciation					
At 1 November 1994	-	56,638	162,292	31,217	250,147
Charge for the year	-	-	33,596	3,878	37,474
Disposals	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 1995	-	56,638	195,888	35,095	287,621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 31 October 1995	40,500	-	50,873	10,007	101,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 1994	40,500	-	84,469	6,589	131,558
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 October 1995

7. STOCKS AND WORK IN PROGRESS

	1995 £	1994 £
Work in progress	246,511	316,422

8. OTHER DEBTORS

Other debtors includes £158,410 (1994: £158,410) of advance corporation tax which is recoverable outwith one year.

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

Other creditors includes £195,078 (1994: £160,602) which relates to taxation and social security costs.

10. AMOUNTS OWED TO GROUP COMPANIES

	1995 £	1994 £
Unpaid dividend due to parent company	606,896	606,896
Parent company loan	247,885	247,885
Ultimate parent company loan	21,299	21,299
	<u>876,080</u>	<u>876,080</u>

The loans outstanding at 31 October 1994 and 1995 are interest free. There are no written terms of repayment.

11. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised 10,000 £1 ordinary shares	<u>10,000</u>	<u>10,000</u>
Allotted and fully paid 100 £1 ordinary shares	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
Year ended 31 October 1995

12. RESERVES

	Profit and Loss Account £
At 1 November 1994	(211,389)
Profit for the year	<u>107,336</u>
At 31 October 1995	<u><u>(104,053)</u></u>

13. ULTIMATE PARENT COMPANY

The ultimate parent company of Aardvark Clear Mine Limited is Aardvark Holdings Limited, a company registered in Scotland. The financial statements of the ultimate parent company can be obtained from Aardvark Holdings Limited, Investment House, 6 Union Row, Aberdeen.

14. DEFERRED TAXATION

The amounts of deferred taxation provided and unprovided at 33% in the accounts are as follows:

	1995 Total potential asset £	Provided £	1994 Total potential asset £	Provided £
Depreciation in excess of capital allowances	10,798	-	6,195	-
Other timing differences	<u>-</u>	<u>-</u>	<u>22,184</u>	<u>-</u>
	<u><u>10,798</u></u>	<u><u>-</u></u>	<u><u>28,379</u></u>	<u><u>-</u></u>

15. PENSION SCHEME

The company operates a defined contribution pension scheme.

Pension costs charged amounted to £30,000 (1994: £22,500). There were outstanding contributions of £Nil (1994: £45,000) payable to the scheme at the year end.