

Separation Technologies UK Limited
Annual report and financial statements
for the year ended 31 December 2012

Registered number: 04770944

Separation Technologies UK Limited

Annual report and financial statements for the year ended 31 December 2012

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Separation Technologies UK Limited

Company information

Directors:	JP Borders G Kyratos
Secretary:	Rollits Company Secretaries Limited
Registered Auditors:	Ernst & Young LLP 24 Marina Court Castle Street Hull HU1 1TJ
Bankers:	Bank of America PO Box 407 5 Canada Square London E14 5AQ
Solicitors:	Rollits Wilberforce Court High Street Hull HU1 1YJ
Registered office:	No. 12 Shed King George Dock Hull HU9 5PR
Registered number:	04770944

Separation Technologies UK Limited

Directors' report

for the year ended 31 December 2012

The directors present their annual report and audited financial statements for the year ended 31 December 2012.

Principal activity

The principal activity of the company is the processing and sale of ash.

The company is a limited liability company, domiciled and incorporated in the United Kingdom. The registered office and principal place of business is No. 12 Shed, King George Dock, Hull, HU9 5PR, United Kingdom.

Business review and future developments

In September 2012, the company's major supplier served notice to terminate its contract with the company, with effect from March 2013. Consequently, the directors have made the decision to cease trading when this contract ends. It is anticipated that the company will become dormant in the following year.

During 2012, the operational activity and the organic financial performance was greatly improved following renegotiation of the contractual terms with the company's major supplier in 2011.

The board has assessed that the key performance indicators that are the most effective indicators of performance include:

Gross return on sales - gross profit as a percentage of revenue

Net return on sales - total comprehensive income as a percentage of revenue

The company's key performance indicators during the year were as follows:

	2012	2011	Change
	£	£	%
Gross profit	1,151,186	295,383	289.7
Gross return on sales	65.7 %	39.7 %	65.5
Total comprehensive income	476,613	63,935	645.5
Net return on sales	27.2 %	8.6%	216.3

Principal risks and uncertainties

The major significant risk faced by the company is the availability of the main raw material which is related to the termination of the contract with the company's major supplier.

Financial risk management

The company's operations expose it to a variety of financial risks. Please see note 2 to the financial statements for further information.

Results and dividends

Total comprehensive income for the year amounted to £476,613 (2011: £63,935). The directors do not recommend the payment of a dividend for the year (2011: £Nil).

Separation Technologies UK Limited

Directors' report

for the year ended 31 December 2012

Directors

The directors who served during the year and up to the date of signing this report were:

JP Borders
G Kyratos

Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, providing that all terms and conditions have been complied with.

At 31 December 2012, the company had an average of 18 days purchases outstanding in trade creditors (2011: 14 days).

Going concern

As at 31 December 2012, the company had net liabilities of £823,533 (2011: £1,300,146). The financial statements have been prepared on a going concern basis as the ultimate parent has agreed to provide the necessary support to the company to enable it to meet its liabilities as they fall due.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In the absence of any notice proposing to terminate their appointment, Ernst & Young LLP will be deemed to be reappointed for the next financial year. Ernst & Young LLP have indicated their willingness to continue in office.

This report was approved by the board on _____ 2013 and signed on its behalf by:

G Kyratos
Director

Separation Technologies UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS's as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Separation Technologies UK Limited

Independent auditor's report to the members of Separation Technologies UK Limited

We have audited the financial statements of Separation Technologies UK Limited for the year ended 31 December 2012 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash flows and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Separation Technologies UK Limited

Independent auditor's report to the members of Separation Technologies UK Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Frostick (Senior Statutory Auditor)
for and on behalf of *Ernst & Young LLP*, Statutory Auditor
Hull
Date:

Separation Technologies UK Limited

Registered no: 04770944

Statement of financial position

as at 31 December 2012

	Note	2012 £	2011 £
Assets			
Non-current assets			
Property, plant and equipment	4	-	130,545
Intangible assets	5	-	134,375
		-	264,920
Current assets			
Inventories	7	-	70,584
Trade and other receivables	8	408,452	199,014
Cash and cash equivalents	9	1,384,553	609,966
		1,793,005	879,564
Total assets		1,793,005	1,144,484
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	10	1	1
Retained earnings	11	(823,534)	(1,300,147)
Total equity		(823,533)	(1,300,146)
Liabilities			
Non-current liabilities			
Trade and other payables	13	-	400,333
Current liabilities			
Trade and other payables	13	2,270,556	2,010,377
Current income tax liabilities		19,144	33,920
Provisions for other liabilities and charges	14	326,838	-
		2,616,538	2,044,297
Total liabilities		2,616,538	2,444,630
Total equity and liabilities		1,793,005	1,144,484

The notes on pages 11 to 27 are an integral part of these financial statements.

The financial statements on pages 7 to 27 were authorised for issue by the Board of Directors on 2013 and were signed on its behalf by:

G Kyrtatos
Director

Separation Technologies UK Limited

Statement of comprehensive income

for the year ended 31 December 2012

	Note	2012 £	2011 £
Revenue	3	1,751,926	743,870
Cost of sales	16	(600,740)	(448,487)
Gross profit		1,151,186	295,383
Other operating expenses	15	-	(36)
Distribution costs	16	-	(316)
Administrative expenses	16	(540,542)	(194,593)
Operating profit		610,644	100,438
Finance income	19	610	-
Finance costs	19	-	(2,583)
Finance income/(costs) - net	19	610	(2,583)
Profit before income tax		611,254	97,855
Income tax expense	20	(134,641)	(33,920)
Total comprehensive income		476,613	63,935

All of the activities of the company in 2012 and 2011 relate to continuing operations.

There are no items of other comprehensive income recorded directly in equity.

The notes on pages 11 to 27 are an integral part of these financial statements.

Separation Technologies UK Limited

Statement of changes in equity

for the year ended 31 December 2012

	Attributable to owners of the parent		
	Share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2011	1	(1,364,082)	(1,364,081)
Changes in equity 2011			
Total comprehensive income for the year	-	63,935	63,935
Balance at 31 December 2011	1	(1,300,147)	(1,300,146)
Changes in equity 2012			
Total comprehensive income for the year	-	476,613	476,613
Balance at 31 December 2012	1	(823,534)	(823,533)

The notes on pages 11 to 27 are an integral part of these financial statements.

Separation Technologies UK Limited

Statement of cash flows

for the year ended 31 December 2012

	Note	2012 £	2011 £
Cash flows from operating activities			
Cash generated from operations	21	923,395	707,974
Interest paid	19	-	(2,583)
Income tax paid		(149,418)	-
Net cash generated from operating activities		773,977	705,391
Cash flows from financing activities			
Repayment of loan from related party	22	-	(125,000)
Interest received	19	610	-
Net cash generated from/(used in) financing activities		610	(125,000)
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		609,966	29,575
Cash and cash equivalents at 31 December	9	1,384,553	609,966

The notes on pages 11 to 27 are an integral part of these financial statements.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), the Companies Act 2006 applicable to companies reporting under IFRS, and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

In September 2012, the company's major supplier served notice to terminate its contract with the company, with effect from March 2013. Consequently, the directors have made the decision to cease trading when this contract ends. It is anticipated that the company will become dormant in the following year.

As at 31 December 2012, the company had net liabilities of £823,533 (2011: £1,300,146). The financial statements have been prepared on a going concern basis as the ultimate parent has agreed to provide the necessary support to the company to enable it to meet its liabilities as they fall due.

Changes in accounting policy and disclosures

a. New and amended standards adopted by the company

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that have been adopted or have an impact on the financial statements of the company.

b. New standards, amendments and interpretations not yet effective or adopted

There are a number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2013, that have not been early adopted when preparing these financial statements. None of these will have an impact on the financial statements of the company.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Titan Group. The Group is responsible for allocating resources and assessing the performance of the operating segments.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Functional and presentation currency

The company's functional and presentational currency is sterling. All financial information presented in sterling has been rounded to the nearest pound.

Foreign currency translation

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Property, plant and equipment

All property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated so as to write off the cost less estimated residual value of assets on a straight line basis over the expected economic useful lives, commencing when the assets are first brought into use. The expected economic useful lives are:

Freehold property	10 years
Plant and machinery	4 - 10 years
Furniture, fittings and equipment	4 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

The residual values and the remaining economic useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Assets are tested for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the statement of comprehensive income.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less amortisation. Intangible assets are amortised by equal annual installments over the period that economic benefits are expected to be derived from the asset.

Amortisation is provided at the following rate:

Franchise	10 years
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Assets are tested for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At 31 December 2011 and 31 December 2012, the company had only assets classified as loans and receivables held on its statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the end of the reporting period. These are classified as non current assets. The company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

a. Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectable it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Financial assets (continued)

Loans and receivables (continued)

b. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and bank and cash balances.

Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving inventory. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less, if not they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Deferred income

The contribution received in relation to capital expenditure on the company's processing operation has been credited to deferred income and is being released to the statement of comprehensive income over the period that the related assets are depreciated, being 10 years.

Current and deferred income taxation

The tax expense for the period comprises current income tax. Tax is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Current and deferred income taxation (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period in the United Kingdom and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Provisions

Provisions for decommissioning costs are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources will be required to settle the obligation, and the amount has been reliably estimated. The decommissioning provision comprises the dismantlement and removal of plant and machinery from the major supplier's site and the termination costs of the employees.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Revenue recognition

Revenue represents amounts receivable for goods and supplies invoiced in the United Kingdom net of VAT and other related taxes. All revenue is recognised on delivery of goods and supplies, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

2 Financial risk management

The company's operations expose it to a variety of financial risks which can be summarised under market risk (including credit risk, price risk and interest rate cash flow risk) and liquidity risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company. The policies set by the board are implemented by the company's management.

a. Market risk

i. Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made (see note 8).

ii. Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity price risk as it holds no listed or other equity instruments.

iii. Interest rate cash flow risk

The company has interest bearing assets, which include only cash balances earning interest at a floating rate. The company does not use derivative financial instruments to manage interest rate income/costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

b. Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for operations. The company also has access to longer term funding from its immediate parent and ultimate parent undertaking.

c. Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to provide returns to the immediate parent undertaking, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid, capital returned to the immediate parent undertaking, issue new shares or sell assets to reduce debt.

3 Segment information

The company has only one operating segment as described in the directors' report. The whole of revenue is attributable to this segment. All revenue arose within the United Kingdom from continuing operations.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

4 Property, plant and equipment

	Freehold property £	Plant and machinery £	Furniture, fittings and equipment £	Total £
At 1 January 2011				
Cost	1,682,451	1,453,862	25,262	3,161,575
Accumulated depreciation	(1,447,770)	(1,242,498)	(25,236)	(2,715,504)
Net book amount	234,681	211,364	26	446,071
Year ended 31 December 2011				
Opening net book amount	234,681	211,364	26	446,071
Depreciation charge	(168,245)	(147,255)	(26)	(315,526)
Closing net book amount	66,436	64,109	-	130,545
At 31 December 2011				
Cost	1,682,451	1,453,862	25,262	3,161,575
Accumulated depreciation	(1,616,015)	(1,389,753)	(25,262)	(3,031,030)
Net book amount	66,436	64,109	-	130,545
Year ended 31 December 2012				
Opening net book amount	66,436	64,109	-	130,545
Depreciation charge	(66,436)	(64,109)	-	(130,545)
Closing net book amount	-	-	-	-
At 31 December 2012				
Cost	1,682,451	1,453,862	25,262	3,161,575
Accumulated depreciation	(1,682,451)	(1,453,862)	(25,262)	(3,161,575)
Net book amount	-	-	-	-

Depreciation expense of £130,545 (2011: £315,526) has been charged in 'cost of sales' in the statement of comprehensive income.

Included in property, plant and equipment are assets amounting to £3,161,575 (2011: £25,262) which are fully depreciated but still in use.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

5 Intangible assets

	Franchise £
At 1 January 2011	
Cost	375,000
Accumulated amortisation	(203,125)
Net book amount	171,875
Year ended 31 December 2011	
Opening net book amount	171,875
Amortisation charge	(37,500)
Closing net book amount	134,375
At 31 December 2011	
Cost	375,000
Accumulated amortisation	(240,625)
Net book amount	134,375
Year ended 31 December 2012	
Opening net book amount	134,375
Amortisation charge	(37,500)
Impairment charge	(96,875)
Closing net book amount	-
At 31 December 2012	
Cost	375,000
Accumulated amortisation and impairment	(375,000)
Net book amount	-

Intangible assets represent an Industrial Franchise Agreement with a fellow group undertaking to develop Fly Ash Benefication Technology.

As a result of the planned cessation of trade, the Industrial Franchise Agreement has been reduced to its recoverable amount of £Nil, through recognition of an impairment charge of £96,875. The impairment charge has been included in 'cost of sales' in the statement of comprehensive income.

Amortisation of £37,500 (2011: £37,500) is included within 'cost of sales' in the statement of comprehensive income.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

6 Financial instruments by category

	2012	2011
	£	£
Assets as per statement of financial position		
<i>Loans and receivables</i>		
Trade and other receivables excluding prepayments	403,515	166,299
Cash and cash equivalents	1,384,553	609,966
Total	1,788,068	776,265
Liabilities as per statement of financial position		
<i>Other financial liabilities at amortised cost</i>		
Trade and other payables excluding non-financial liabilities	1,837,321	1,818,801
Total	1,837,321	1,818,801

7 Inventories

	2012	2011
	£	£
Consumables	-	70,584

The cost of inventories recognised as an expense and included in the statement of comprehensive income within cost of sales amounted to £44,398 (2011: £46,980).

At the year end, inventories with a cost of £67,229 were written down to their recoverable value of £Nil.

8 Trade and other receivables

		2012	2011
	Note	£	£
Trade receivables		403,515	166,156
Receivables from related parties	22	-	143
Prepayments and accrued income		4,937	32,715
		408,452	199,014

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

8 Trade and other receivables (continued)

Trade receivables that are less than 2 months past due are not considered impaired. As at 31 December 2012, trade receivables of £294,803 (2011: £94,489) were past due but not impaired. The ageing analysis of trade receivables is as follows:

	2012	2011
	£	£
Not yet due	108,712	71,667
Up to one month overdue	225,138	76,061
Two to three months overdue	-	18,428
More than three months overdue	69,665	-
	403,515	166,156

All trade receivables are denominated in sterling.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The company does not hold any collateral as security. The company has checked the unrelated parties credit history and there is no recent history of default.

9 Cash and cash equivalents

	As at 1 January 2012	Cash flows	As at 31 December 2012
	£	£	£
Cash at bank and in hand	609,966	774,587	1,384,553

10 Ordinary shares

	2012	2011
	£	£
Issued and fully paid		
1 ordinary share of £1	1	1

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

11 Retained earnings

	£
At 1 January 2011	(1,364,082)
Total comprehensive income for the year	63,935
At 31 December 2011	(1,300,147)
At 1 January 2012	(1,300,147)
Total comprehensive income for the year	476,613
At 31 December 2012	(823,534)

12 Deferred income tax

No provision has been made for deferred tax assets on decelerated capital allowances carried forward totalling £72,375 (2011: £95,000). These allowances will only be available for use if the company has suitable profits against which they can be off set.

13 Trade and other payables

	2012 £	2011 £
Amounts owed after more than one year		
Deferred income	-	400,333

	Note	2012 £	2011 £
Amounts owed within one year			
Trade payables		551	3,583
Payables to related parties	22	1,814,086	1,815,218
Other payables		22,684	16,610
Accrued expenses		32,902	20,000
Deferred income		400,333	154,966
		2,270,556	2,010,377

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

14 Provisions for other liabilities and charges

	Decommissioning £
At 1 January 2012	-
Charged to the statement of comprehensive income	326,838
At 31 December 2012	326,838

A provision for decommissioning is recognised for the present value of costs to be incurred for the dismantlement and removal of plant and machinery from the major supplier's site and the termination costs of the employees. Total costs of £326,838 are expected to be wholly incurred in 2013.

15 Other operating expenses

	2012 £	2011 £
Compensation	-	36

Under a service agreement between the company and its major supplier of Pulverised Fuel Ash ("PFA"), if a minimum annual tonnage of non-processed PFA is not made available to the company compensation is due.

16 Expenses by nature

	Note	2012 £	2011 £
Marketing costs		-	(17,000)
Release of deferred income		(154,967)	(154,967)
Franchise fee		103,254	34,006
Employee benefit expenses	18	320,303	233,447
Depreciation and amortisation	4, 5	168,045	353,026
Impairment of intangible assets	5	96,875	-
Transportation expense/(income)		26,673	(35,860)
Maintenance and repairs		16,107	7,696
Insurance costs		11,707	9,738
Legal and professional		148,209	152,108
Other expenses		360,678	14,222
Cost of inventory	7	44,398	46,980
Total cost of sales, distribution costs and administrative expenses		1,141,282	643,396

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

17 Auditor remuneration

The company obtained the following service from the company's auditor.

	2012	2011
	£	£
Fees payable to company's auditor for the audit of the company's financial statements	2,300	-

18 Employees and directors

	2012	2011
	£	£
Employee benefit expenses during the year were as follows:		
Wages and salaries	246,760	212,176
Social security costs	23,543	21,271
Termination benefits	50,000	-
	320,303	233,447

	2012	2011
	No.	No.
Average monthly number of employees (including directors) during the year were as follows:		
Administration	2	2
Operational	7	7
Total average headcount	9	9

A number of identified key management including directors are remunerated by the ultimate parent undertaking with no recharge to the company. Therefore no disclosure of directors' emoluments is presented.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

19 Finance income and costs

	Note	2012 £	2011 £
Finance income:			
Interest income on bank deposits		610	-
Finance income		610	-
Finance costs:			
Interest payable on loans from related parties	22	-	(2,583)
Finance costs		-	(2,583)
Net finance income/(costs)		610	(2,583)

20 Income tax expense

	Note	2012 £	2011 £
Current tax:			
UK corporation tax on profits for the year		134,643	33,920
Adjustment in respect of prior periods		(2)	-
Total current tax		134,641	33,920
Deferred tax:			
Origination and reversal of temporary differences		-	-
Total deferred tax	12	-	-
Income tax expense		134,641	33,920

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

20 Income tax expense (continued)

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entity as follows:

	2012 £	2011 £
Profit before income tax	611,254	97,855
Profit before income tax multiplied by the weighted average rate of corporation tax in the UK of 24.5% (2011: 26.5%)	149,741	25,931
Tax effects of:		
Expenses not deductible for tax purposes	60,214	38,285
Deferred tax movement not recognised	(15,872)	(30,296)
Adjustments to income tax charge in respect of prior years	(2)	-
Effects of other tax rates/credits	1	-
Group relief	(59,441)	-
Income tax expense	134,641	33,920

Factors affecting current and future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 25% to 23% that was substantively enacted on 3 July 2012 and that will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured for the purposes of the reconciliation above.

Further reductions to the main rate are proposed to reduce the rate to 20% by 1 April 2015. These further reductions are expected to be enacted in future Finance Acts and, therefore, are not recognised in these financial statements.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

21 Cash generated from operations

	Note	2012 £	2011 £
Profit before income tax		611,254	97,855
Adjustments for:			
Provision for restructuring	14	326,838	-
Depreciation	4	130,545	315,526
Amortisation	5	37,500	37,500
Impairment	5	96,875	-
Finance income	19	(610)	-
Finance costs	19	-	2,583
Changes in working capital:			
Inventories		70,584	37,844
Trade and other receivables		(209,438)	587,802
Trade and other payables		(140,153)	(371,136)
Cash generated from operations		923,395	707,974

22 Related party transactions

The following transactions were carried out with related parties:

a. Purchases of goods and services

	2012 £	2011 £
Purchases of goods and services		
Immediate parent undertaking	-	1,635
Fellow group undertakings	185,203	124,303
Total purchases	185,203	125,938

Purchases from related parties were carried out on commercial terms and at market prices.

Separation Technologies UK Limited

Notes to the financial statements for the year ended 31 December 2012

22 Related party transactions (continued)

b. Year end balances arising from purchases of goods and services

	Note	2012 £	2011 £
Receivables from related parties			
Immediate parent undertaking		-	143
Total receivables from related parties	8	-	143

	Note	2012 £	2011 £
Payables to related parties			
Immediate parent undertaking		1,797,109	1,797,111
Fellow group undertakings		16,977	18,107
Total payables to related parties	13	1,814,086	1,815,218

	Note	2012 £	2011 £
Loan from fellow group undertaking			
At 1 January		-	125,000
Loan repaid during year		-	(125,000)
Interest paid		-	(2,583)
Interest charged	19	-	2,583
At 31 December		-	-

The loan carried interest at LIBOR plus 1.35 percent and was repaid during the prior year.

23 Parent undertakings and controlling party

The company's immediate parent undertaking is Titan Cement Company UK Limited, a company incorporated in the United Kingdom.

The company's ultimate parent undertaking and controlling party is Titan Cement Company S.A., a company incorporated in Greece.

The largest and smallest group in which the results of the company are consolidated is that headed by Titan Cement Company S.A.. The consolidated financial statements of this group may be obtained from Titan Cement Company S.A., 22A Halkidos Street, Athens, 111-43 Greece.