

Registration Number 2729607

Waste Exchange Services Limited
Annual Report
for the period ended 31 December 2001



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Waste Exchange Services Limited

Directors, officers and advisors

Director	J Donaldson
Secretary	L Donaldson
Company Number	2729607
Registered Office	Unit 59 Boathouse Lane Stockton on Tees TS18 3AW
Auditors	Frank Brown & Walford 314 Linthorpe Road Middlesbrough TS1 3QX
Business Address	Unit 59 Boathouse Lane Stockton on Tees TS18 3AW
Bankers	Lloyds TSB 27 High Street Stockton on Tees TS18 1SG

Waste Exchange Services Limited

Annual Report for the period ended 31 December 2001

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Waste Exchange Services Limited

Director's Report for the period ended 31 December 2001

The director presents his annual report, together with the audited financial statements of the company and the group, for the period ended 31 December 2001.

Principal Activity

The principal activities of the group are dealing with waste products, including exchange, recycling, trading and consultancy.

Director and his Interest

The director who served during the period and his interest in the company are as stated below:

	Ordinary shares	
	31 December 2001	1 December 2000
J Donaldson	70	70

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the group and of the profit or loss of the company and of the group for that period. In preparing these the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

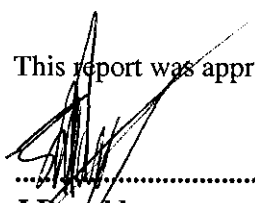
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Frank Brown & Walford be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 17 May 2002 and signed on its behalf by


.....
J Donaldson
Director

Waste Exchange Services Limited

Independent auditors' report to the shareholders of Waste Exchange Services Limited

We have audited the financial statements of Waste Exchange Services Limited for the period ended 31 December 2001 which comprise the profit and loss account the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

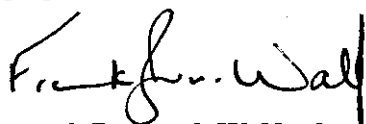
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2001 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Frank Brown & Walford
Registered Auditor
17 May 2002

314 Linthorpe Road
Middlesbrough
TS1 3QX

Waste Exchange Services Limited

Group Profit and Loss Account for the period ended 31 December 2001

		1/12/00 to 31/12/01	Year ended 30/11/00
	Notes	£	£
Turnover			
Continuing operations		2,490,260	1,701,318
Acquisitions		-	37,785
	2	<u>2,490,260</u>	<u>1,739,103</u>
Cost of sales		(2,028,443)	(1,377,096)
Gross profit		<u>461,817</u>	<u>362,007</u>
Administrative expenses		(409,249)	(304,684)
Other operating income		7,521	15,203
Group operating profit	3	<u>60,089</u>	<u>72,526</u>
Continuing operations		60,089	56,039
Acquisitions		-	16,487
		<u>60,089</u>	<u>72,526</u>
Interest receivable and similar income		1,672	2,005
Interest payable and similar charges		(15,043)	(6,623)
Profit on ordinary activities before taxation		<u>46,718</u>	<u>67,908</u>
Tax on profit on ordinary activities	5	(11,622)	(14,562)
Profit on ordinary activities after taxation		<u>35,096</u>	<u>53,346</u>
Dividends		(5,000)	(9,500)
Retained profit for the group		<u>30,096</u>	<u>43,846</u>
Retained profit brought forward		120,885	77,039
Retained profit carried forward		<u><u>150,981</u></u>	<u><u>120,885</u></u>

The notes on pages 6 to 13 form an integral part of these financial statements.

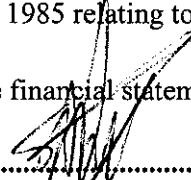
Waste Exchange Services Limited

Group Balance Sheet as at 31 December 2001

		2001		30 November 2000	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7		376,442		222,591
Current Assets					
Stocks	9	110,453		56,731	
Debtors	10	506,000		438,964	
Cash at bank and in hand		75,408		83,824	
		<u>691,861</u>		<u>579,519</u>	
Creditors: amounts falling due within one year	11	<u>(666,258)</u>		<u>(546,152)</u>	
Net Current Assets			<u>25,603</u>		<u>33,367</u>
Total Assets Less Current Liabilities			402,045		255,958
Creditors: amounts falling due after more than one year	12		(153,680)		(55,476)
Provision for Liabilities and Charges	13		(37,320)		(21,866)
Accruals and deferred income	14		(17,000)		(14,667)
Net Assets			<u>194,045</u>		<u>163,949</u>
Capital and Reserves					
Called up share capital	15		118		118
Share premium account	16		42,946		42,946
Profit and loss account	16		150,981		120,885
Shareholders' Funds			<u>194,045</u>		<u>163,949</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 17 May 2002 and signed on its behalf by

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J Donaldson
Director

The notes on pages 6 to 13 form an integral part of these financial statements.

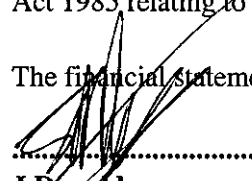
Waste Exchange Services Limited

Company Balance Sheet as at 31 December 2001

		2001		30 November 2000	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7		376,442		222,591
Investments	8		2		2
			<u>376,444</u>		<u>222,593</u>
Current Assets					
Stocks	9	110,453		56,731	
Debtors	10	509,026		440,328	
Cash at bank and in hand		72,618		75,447	
		<u>692,097</u>		<u>572,506</u>	
Creditors: amounts falling due within one year	11	(666,008)		(541,717)	
Net Current Assets			<u>26,089</u>		<u>30,789</u>
Total Assets Less Current Liabilities			402,533		253,382
Creditors: amounts falling due after more than one year	12		(153,680)		(55,476)
Provision for Liabilities and Charges	13		(37,320)		(21,866)
Accruals and deferred income	14		(17,000)		(14,667)
Net Assets			<u>194,533</u>		<u>161,373</u>
Capital and Reserves					
Called up share capital	15		118		118
Share premium account	16		42,946		42,946
Profit and loss account	16		151,469		118,309
Shareholders' Funds			<u>194,533</u>		<u>161,373</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 17 May 2002 and signed on its behalf by


J Donaldson
Director

The notes on pages 6 to 13 form an integral part of these financial statements.

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of Waste Exchange Services Limited and all its subsidiary undertakings made up to 31 December 2001 each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	10%-20% straight line
Fixtures, fittings and equipment	-	25% straight line
Computer equipment	-	25% straight line

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

..... continued

1.9. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to £33,014 for the period.(2000 £29,396)

3. Operating profit

	2001 £	2000 £
Operating profit is stated after charging:		
Depreciation of tangible assets	59,913	17,841
Auditors' remuneration	2,000	1,300
	<u> </u>	<u> </u>
and after crediting:		
Profit/(loss) on disposal of tangible fixed assets	8,615	(1,972)
Government grants	3,417	6,999
	<u> </u>	<u> </u>

4. Director's emoluments

	2001 £	2000 £
Remuneration and other benefits	59,617	48,450
	<u> </u>	<u> </u>

5. Taxation

	2001 £	2000 £
UK current year taxation		
UK Corporation Tax at 20% (2000 - 20%)	(3,832)	7,393
Transfer to deferred taxation	15,454	7,206
	<u> </u>	<u> </u>
	11,622	14,599
 Prior years		
UK Corporation Tax	-	(37)
	<u> </u>	<u> </u>
	11,622	14,562
	<u> </u>	<u> </u>

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

..... continued

6. Profit for the period attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Waste Exchange Services Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking for the period ended 31 December 2001 showed a profit of £38,160 (30 November 2000 - £50,770).

7. Tangible fixed assets

	Alterations to leasehold property	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Group and company					
Cost					
At 1 December 2000	-	245,225	1,827	32,093	279,145
Additions	23,985	262,748	1,306	13,711	301,750
Disposals	-	(123,214)	-	(4,418)	(127,632)
At 31 December 2001	<u>23,985</u>	<u>384,759</u>	<u>3,133</u>	<u>41,386</u>	<u>453,263</u>
Depreciation					
At 1 December 2000	-	46,787	502	9,265	56,554
On disposals	-	(35,228)	-	(4,418)	(39,646)
Charge for the period	7,914	43,558	516	7,925	59,913
At 31 December 2001	<u>7,914</u>	<u>55,117</u>	<u>1,018</u>	<u>12,772</u>	<u>76,821</u>
Net book values					
At 31 December 2001	<u>16,071</u>	<u>329,642</u>	<u>2,115</u>	<u>28,614</u>	<u>376,442</u>
At 30 November 2000	<u>-</u>	<u>198,438</u>	<u>1,325</u>	<u>22,828</u>	<u>222,591</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	2001		2000	
Asset description	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Group and company				
Plant and machinery	<u>226,487</u>	<u>14,022</u>	<u>12,350</u>	<u>650</u>

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

..... continued

8. Fixed Asset Investments

Company	2001 £	2000 £
Subsidiary undertakings	2	2

	Country of incorporation	Holding	Proportion Held
Subsidiary undertaking			
Adroit Chemicals Limited	England and Wales	Ordinary	100%

The principal business activity of the above company is the sale of domestic cleaning products.

9. Stocks	2001 £	2000 £
Group and company		
Stocks	110,453	56,731

10. Debtors	2001 £	2000 £
Group		
Trade debtors	493,021	406,147
Other debtors	6,157	-
Prepayments and accrued income	6,822	32,817
	506,000	438,964
Company		
Trade debtors	467,048	394,011
Amounts owed by group undertakings	27,389	13,500
Other debtors	7,767	-
Prepayments and accrued income	6,822	32,817
	509,026	440,328

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

..... continued

11. Creditors: amounts falling due within one year	2001 £	2000 £
Group		
Bank overdraft (secured)	56,958	22,559
Bank loan (secured)	6,500	6,500
Net obligations under finance leases and hire purchase contracts	60,610	2,594
Trade creditors	459,352	363,973
Corporation tax	732	7,393
Other taxes and social security costs	13,264	21,007
Director's accounts	-	6,300
Other creditors	2,825	3,553
Accruals and deferred income	62,296	112,273
Proposed dividend	3,721	-
	<u>666,258</u>	<u>546,152</u>
Company		
Bank overdraft (secured)	56,958	22,559
Bank loan (secured)	6,500	6,500
Net obligations under finance leases and hire purchase contracts	60,610	2,594
Trade creditors	459,352	356,190
Amounts owed to group undertaking	-	10,002
Corporation tax	732	6,983
Other taxes and social security costs	13,264	15,013
Director's accounts	-	6,300
Other creditors	2,825	3,553
Accruals and deferred income	62,046	112,023
Proposed dividend	3,721	-
	<u>666,008</u>	<u>541,717</u>

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

..... continued

12. Creditors: amounts falling due after more than one year	2001 £	2000 £
Group and company		
Bank loan (secured)	39,542	46,583
Net obligations under finance leases and hire purchase contracts	114,138	8,893
	<u>153,680</u>	<u>55,476</u>
Loans		
Repayable by instalments in five years or more	<u>13,542</u>	<u>20,583</u>

13. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	Provided	
	2001 £	2000 £
Group and company		
Accelerated capital allowances	<u>37,320</u>	<u>21,866</u>

Movements on the provision for deferred taxation are:

	2001 £	2000 £
At 1 December 2000	21,866	14,660
Transferred from profit and loss account	15,454	7,206
At 31 December 2001	<u>37,320</u>	<u>21,866</u>

Waste Exchange Services Limited

**Notes to Financial Statements
for the period ended 31 December 2001**

..... continued

14. Accruals and deferred income	2001	2000
	£	£
Group and company		
Government grants		
Deferred income	<u>17,000</u>	<u>14,667</u>
15. Share capital	2001	2000
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
118 Ordinary shares of £1 each	<u>118</u>	<u>118</u>
16. Reserves		
	Share premium account £	Profit and loss account £
Group		Total £
At 1 December 2000	42,946	120,885
Retained profit for the period	<u>-</u>	<u>30,096</u>
At 31 December 2001	<u>42,946</u>	<u>150,981</u>
Company		
At 1 December 2000	42,946	118,309
Retained profit for the period	<u>-</u>	<u>33,160</u>
At 31 December 2001	<u>42,946</u>	<u>151,469</u>

Waste Exchange Services Limited

Notes to Financial Statements for the period ended 31 December 2001

..... continued

17. Financial commitments

At 31 December 2001 the group had annual commitments under non-cancellable operating leases as follows:

	Land Buildings		Other operating leases		Total
	2001	2000	2001	2000	2001
	£	£	£	£	£
Expiry date:					
Within one year	-	-	4,965	3,412	4,965
Between one and five years	12,000	12,000	16,254	16,449	28,254
	<u>12,000</u>	<u>12,000</u>	<u>21,219</u>	<u>19,861</u>	<u>33,219</u>

18. Related party transactions

Mr I Stark is a shareholder in the company and was a director of Ascot International Plc until 1 June 2001. During the period to 1 June 2001 the company entered into transactions at arms length with Ascot International Plc, making sales of £32,484 in the period (2000 £14,978) and purchasing goods totalling £72,415 (2000 £87,768).

During the period the company made sales of £14,505 to its subsidiary Adroit Chemicals Limited and charged management charges of £184,729. At 31 December 2001 Adroit Chemicals Limited owed the company £27,389 which is included in debtors.

19. Controlling interest

The group company is controlled by the director by virtue of his interest in the share capital of the company.