

Registration Number 2729607

Waste Exchange Services Limited
Annual Report
for the year ended 31 December 2002



Waste Exchange Services Limited

Company information

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 year ended 31 December 2002

Contents

	Page
Director's Report	1
Auditors' Report	2
Group Profit and Loss Account	3
Group Balance Sheet	4
Company Balance Sheet	5
Notes to the Financial Statements	6 - 14

Waste Exchange Services Limited

Director's Report for the year ended 31 December 2002

The director presents his annual report, together with the audited financial statements of the company and the group, for the year ended 31 December 2002.

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 year and his interest in the company are as stated below:

	Ordinary shares	
	31 December 2002	1 January 2002
J Donaldson	70	70

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year 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 year. 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.

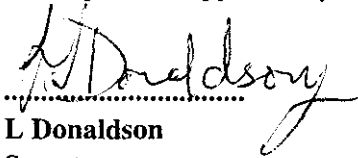
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding 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 12 May 2003 and signed on its behalf by


L Donaldson
Secretary

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 year ended 31 December 2002 which comprise the group profit and loss account, the group and company balance sheets and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 director and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of director's responsibilities.

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.

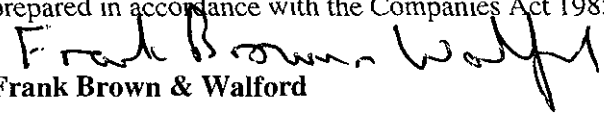
Basis of audit opinion

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 the affairs of the company and group as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Frank Brown & Walford
Registered Auditor

314 Linthorpe Road
Middlesbrough
TS1 3QX

15th May, 2003

Waste Exchange Services Limited

Group Profit and Loss Account for the year ended 31 December 2002

		2002	2001
	Notes	£	£
Turnover	2	3,077,740	2,490,260
Cost of sales		(2,593,497)	(2,028,443)
Gross profit		<u>484,243</u>	<u>461,817</u>
Administrative expenses		(372,438)	(409,249)
Other operating income		3,401	7,521
Group operating profit	3	<u>115,206</u>	<u>60,089</u>
Interest receivable and similar income	4	1,791	1,672
Interest payable and similar charges	5	<u>(16,023)</u>	<u>(15,043)</u>
Profit on ordinary activities before taxation		100,974	46,718
Tax on profit on ordinary activities	7	<u>(21,387)</u>	<u>(11,622)</u>
Profit on ordinary activities after taxation		79,587	35,096
Dividends		<u>(11,000)</u>	<u>(5,000)</u>
Retained profit for the group		68,587	30,096
Retained profit brought forward		150,981	120,885
Retained profit carried forward		<u>219,568</u>	<u>150,981</u>

None of the group's activities were acquired or discontinued during the above two financial years.

The notes on pages 6 to 14 form an integral part of these financial statements.

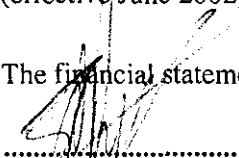
Waste Exchange Services Limited

Group Balance Sheet as at 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	9		561,468		376,442
Current Assets					
Stocks		116,094		110,453	
Debtors	11	604,650		506,000	
Cash at bank and in hand		174,189		75,408	
		<u>894,933</u>		<u>691,861</u>	
Creditors: amounts falling due within one year	12	<u>(921,515)</u>		<u>(666,258)</u>	
Net Current (Liabilities)/Assets			<u>(26,582)</u>		<u>25,603</u>
Total Assets Less Current Liabilities			534,886		402,045
Creditors: amounts falling due after more than one year	13		(179,563)		(153,680)
Provision for Liabilities and Charges	14		(53,941)		(37,320)
Accruals and deferred income	15		(38,750)		(17,000)
Net Assets			<u>262,632</u>		<u>194,045</u>
Capital and Reserves					
Called up share capital	16		118		118
Share premium account	17		42,946		42,946
Profit and loss account	17		219,568		150,981
Shareholders' Funds			<u>262,632</u>		<u>194,045</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 (effective June 2002).

The financial statements were approved by the Board on 12 May 2003 and signed on its behalf by


.....
J Donaldson
Director

The notes on pages 6 to 14 form an integral part of these financial statements.

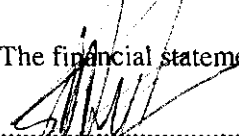
Waste Exchange Services Limited

Company Balance Sheet as at 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	9		561,468		376,442
Investments	10		2		2
			<u>561,470</u>		<u>376,444</u>
Current Assets					
Stocks		116,094		110,453	
Debtors	11	598,481		509,026	
Cash at bank and in hand		172,959		72,618	
		<u>887,534</u>		<u>692,097</u>	
Creditors: amounts falling due within one year	12	<u>(920,638)</u>		<u>(666,008)</u>	
Net Current (Liabilities)/Assets			<u>(33,104)</u>		<u>26,089</u>
Total Assets Less Current Liabilities			528,366		402,533
Creditors: amounts falling due after more than one year	13		(179,563)		(153,680)
Provision for Liabilities and Charges	14		(53,941)		(37,320)
Accruals and deferred income	15		<u>(38,750)</u>		<u>(17,000)</u>
Net Assets			<u><u>256,112</u></u>		<u><u>194,533</u></u>
Capital and Reserves					
Called up share capital	16		118		118
Share premium account	17		42,946		42,946
Profit and loss account	17		213,048		151,469
Shareholders' Funds			<u><u>256,112</u></u>		<u><u>194,533</u></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 (effective June 2002).

The financial statements were approved by the Board on 12 May 2003 and signed on its behalf by


J Donaldson
Director

The notes on pages 6 to 14 form an integral part of these financial statements.

Waste Exchange Services Limited
Notes to Financial Statements
for the year ended 31 December 2002

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 2002 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	-	5%-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 year ended 31 December 2002

..... 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 life of the project to which they relate. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. Turnover

Turnover represents the net invoiced amount of goods sold and services provided and excludes value added tax and other sales taxes.

Turnover attributable to geographical markets outside the United Kingdom amounted to £99,543 for the year. (2001 £33,014)

3. Operating profit

	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation of tangible assets	66,221	59,913
Auditors' remuneration	2,280	2,000
and after crediting:		
Profit on disposal of tangible fixed assets	1,796	8,615
Government grants	3,401	3,417

4. Interest receivable and similar income

	2002 £	2001 £
Bank interest	1,791	1,672

5. Interest payable and similar charges

	2002 £	2001 £
Included in this category is the following:		
On loans and overdrafts	5,836	5,195
Hire purchase interest	11,558	8,791

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

6. Director's emoluments

	2002	2001
	£	£
Remuneration and other benefits	<u>59,400</u>	<u>59,617</u>

7. Taxation

	2002	2001
	£	£
UK current year taxation		
UK Corporation Tax at 19% (2001 - 20%)	4,766	(3,832)
Transfer to deferred taxation	<u>16,621</u>	<u>15,454</u>
	<u>21,387</u>	<u>11,622</u>
	<u>21,387</u>	<u>11,622</u>

8. Profit for the year 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 year ended 31 December 2002 showed a profit of £72,577 (31 December 2001 - £38,160).

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

9. Tangible fixed assets

	Alterations to leasehold property	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Group and company					
Cost					
At 1 January 2002	23,985	384,759	3,133	41,386	453,263
Additions	2,815	254,446	99	2,741	260,101
Disposals	-	(12,750)	-	-	(12,750)
At 31 December 2002	<u>26,800</u>	<u>626,455</u>	<u>3,232</u>	<u>44,127</u>	<u>700,614</u>
Depreciation					
At 1 January 2002	7,914	55,117	1,018	12,772	76,821
On disposals	-	(3,896)	-	-	(3,896)
Charge for the year	8,401	48,761	619	8,440	66,221
At 31 December 2002	<u>16,315</u>	<u>99,982</u>	<u>1,637</u>	<u>21,212</u>	<u>139,146</u>
Net book values					
At 31 December 2002	<u>10,485</u>	<u>526,473</u>	<u>1,595</u>	<u>22,915</u>	<u>561,468</u>
At 31 December 2001	<u>16,071</u>	<u>329,642</u>	<u>2,115</u>	<u>28,614</u>	<u>376,442</u>

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

	2002		2001	
Asset description	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Group and company				
Plant and machinery	<u>397,292</u>	<u>21,897</u>	<u>226,487</u>	<u>14,022</u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

10. Fixed Asset Investments

Company	2002 £	2001 £
Subsidiary undertakings	<u>2</u>	<u>2</u>

Holdings of 20% or more

The group or the company holds 20% or more of the nominal value of the share capital of the following companies:

Company	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.

11. Debtors

	2002 £	2001 £
Group		
Trade debtors	576,402	493,021
Other debtors	7,618	6,157
Prepayments and accrued income	20,630	6,822
	<u>604,650</u>	<u>506,000</u>
Company		
Trade debtors	553,032	467,048
Amounts owed by group undertakings	8,145	27,389
Other debtors	16,674	7,767
Prepayments and accrued income	20,630	6,822
	<u>598,481</u>	<u>509,026</u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

12. Creditors: amounts falling due within one year	2002 £	2001 £
Group		
Bank overdraft	-	56,958
Bank loan (secured)	6,500	6,500
Net obligations under finance leases and hire purchase contracts	131,452	60,610
Trade creditors	622,269	459,352
Corporation tax	4,766	732
Other taxes and social security costs	13,895	13,264
Other creditors	287	2,825
Accruals and deferred income	132,851	62,296
Proposed dividend	9,495	3,721
	<u>921,515</u>	<u>666,258</u>
Company		
Bank overdraft	-	56,958
Bank loan (secured)	6,500	6,500
Net obligations under finance leases and hire purchase contracts	131,452	60,610
Trade creditors	622,269	459,352
Corporation tax	4,139	732
Other taxes and social security costs	13,895	13,264
Other creditors	287	2,825
Accruals and deferred income	132,601	62,046
Proposed dividend	9,495	3,721
	<u>920,638</u>	<u>666,008</u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

13. Creditors: amounts falling due after more than one year

2002	2001
£	£

Group and company

Bank loan (secured)	33,042	39,542
Net obligations under finance leases and hire purchase contracts	146,521	114,138
	<u>179,563</u>	<u>153,680</u>

Loans

Repayable in five years or more	<u>7,046</u>	<u>13,542</u>
---------------------------------	--------------	---------------

14. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	Provided	
	2002	2001
	£	£
Group and company		
Accelerated capital allowances	<u>53,941</u>	<u>37,320</u>

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 1 January 2002	37,320	21,866
Transferred from profit and loss account	<u>16,621</u>	<u>15,454</u>
At 31 December 2002	<u>53,941</u>	<u>37,320</u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

15.	Accruals and deferred income	2002	2001
		£	£
	Group and company		
	Government grants		
	At 1 January 2002	17,000	16,667
	Increase in year	25,000	3,750
		42,000	20,417
	Released in year	(3,250)	(3,417)
	At 31 December 2002	38,750	17,000

16.	Share capital	2002	2001
		£	£
	Authorised		
	100,000 Ordinary shares of £1 each	100,000	100,000
	Allotted, called up and fully paid		
	118 Ordinary shares of £1 each	118	118

17.	Reserves	Share premium account	Profit and loss account	Total
		£	£	£
	Group			
	At 1 January 2002	42,946	150,981	193,927
	Retained profit for the year	-	68,587	68,587
	At 31 December 2002	42,946	219,568	262,514
	Company			
	At 1 January 2002	42,946	151,471	194,417
	Retained profit for the year	-	61,577	61,577
	At 31 December 2002	42,946	213,048	255,994

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2002

..... continued

18. Financial commitments

	Land and buildings		Other operating leases		Total
	2002	2001	2002	2001	2002
	£	£	£	£	£
Expiry date:					
Within one year	12,000	-	11,484	4,965	23,484
Between one and five years	-	12,000	4,770	16,254	4,770
	<u>12,000</u>	<u>12,000</u>	<u>16,254</u>	<u>21,219</u>	<u>28,254</u>

19. Controlling interest

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

Waste Exchange Services Limited

Detailed trading and profit and loss account for the period ended 31 December 2002

	2002		2001	
	£	£	£	£
Sales				
Sales		2,796,607		2,282,289
Commissions receivable		4,000		25,000
Royalties receivable		37,993		-
		<u>2,838,600</u>		<u>2,307,289</u>
Cost of sales				
Opening stock	110,453		56,731	
Direct costs	2,258,105		1,715,582	
Recharge to Adroit Chemicals Limited	(203,434)		(158,083)	
Wages, salaries and agency staff	341,033		366,530	
	<u>2,506,157</u>		<u>1,980,760</u>	
Closing stock	(116,094)		(110,453)	
		<u>(2,390,063)</u>		<u>(1,870,307)</u>
Gross profit	16%	448,537	19%	436,982
Administrative expenses	371,180		407,339	
		<u>(371,180)</u>		<u>(407,339)</u>
		77,357		29,643
Other operating income				
Government grants	3,401		3,417	
Management charge receivable	26,804		26,396	
Sundry income	-		4,104	
		<u>30,205</u>		<u>33,917</u>
Operating profit	4%	107,562	3%	63,560
Other income and expenses				
Interest receivable				
Bank deposit interest	1,791		1,672	
		<u>1,791</u>		<u>1,672</u>
Interest payable				
Bank interest	4,526		3,437	
Loan interest	1,301		1,755	
Currency exchange	(1,384)		1,057	
HP interest and fin. lease charges	11,558		8,791	
Interest on overdue tax	13		-	
		<u>(16,014)</u>		<u>(15,040)</u>
Net profit for the period		<u>93,339</u>		<u>50,192</u>

Waste Exchange Services Limited

Administrative expenses for the period ended 31 December 2002

	2002	2001
	£	£
Administrative expenses		
Wages and salaries	93,227	99,683
Directors' remuneration	54,000	53,767
Directors' pension costs	5,400	5,850
Staff training	2,754	1,879
Rent payable	14,800	24,674
Rates	13,985	23,766
Insurance	16,812	9,693
Light and heat	11,150	4,273
Cleaning	1,563	1,242
Repairs and maintenance	3,753	6,770
Printing, postage and stationery	5,222	8,778
Advertising	1,970	6,107
Telephone	12,961	14,435
Computer costs	1,264	3,622
Hire of equipment	1,868	1,704
Motor expenses	15,713	22,618
Travelling and entertainment	21,951	25,443
Legal and professional	9,820	14,379
Accountancy	-	665
Audit	2,030	1,750
Bank charges	2,529	3,534
Bad debts	8,186	4,948
Recruitment costs	1,819	4,600
General expenses	2,349	5,685
Subscriptions	1,629	6,176
Depreciation on alterations to leasehold property	8,401	7,914
Depreciation on plant and machinery	48,761	43,558
Depreciation on FF & equipment	619	516
Profits/losses on disposal of tangible assets	(1,796)	(8,615)
Depreciation of computer equipment	8,440	7,925
	<u>371,180</u>	<u>407,339</u>