

Registration Number 2729607

Waste Exchange Services Limited
Director's Report and Financial Statements
for the year ended 31 December 2003



Waste Exchange Services Limited

Directors, officers and advisors

Director	J Donaldson
Secretary	L Donaldson
Company Number	2729607
Registered Office	WES Building Plastics Road, Wilton International Redcar TS10 4RG
Auditors	Frank Brown & Walford 314 Linthorpe Road Middlesbrough TS1 3QX
Business Address	WES Building Plastics Road, Wilton International Redcar TS10 4RG
Bankers	Bank of Scotland 41/51 Grey Street Newcastle upon Tyne NE1 6EE

Waste Exchange Services Limited

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Waste Exchange Services Limited

Director's Report for the year ended 31 December 2003

The director presents his annual report and the financial statements of the company and the group, for the year ended 31 December 2003.

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 2003	1 January 2003
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.

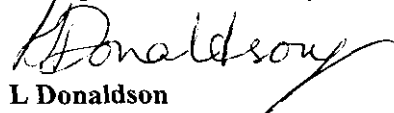
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding 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 25/10/04
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 2003. 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 group's shareholders, 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 group's shareholders those matters we are required to state to them in an auditors' 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 group and the group's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described on page 1 the company's director is 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.

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 are 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 whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

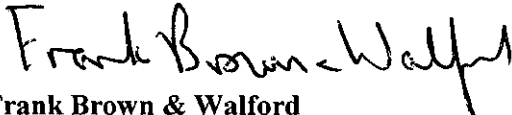
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Waste Exchange Services Limited

Independent auditors' report to the Shareholders of Waste Exchange Services Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 December 2003 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Frank Brown & Walford
Chartered Accountants and
Registered Auditor**

**314 Linthorpe Road
Middlesbrough
TS1 3QX**

26th October, 2004

Waste Exchange Services Limited

Group Profit and Loss Account for the year ended 31 December 2003

		2003	2002
	Notes	£	£
Turnover	2	3,325,260	3,077,740
Cost of sales		(2,678,659)	(2,593,497)
Gross profit		646,601	484,243
Administrative expenses		(590,209)	(372,438)
Other operating income		48,083	3,401
Group operating profit	3	104,475	115,206
Interest receivable and similar income	4	2,894	1,791
Interest payable and similar charges	5	(27,051)	(16,023)
Profit on ordinary activities before taxation		80,318	100,974
Tax on profit on ordinary activities	8	(20,100)	(21,387)
Profit on ordinary activities after taxation		60,218	79,587
Dividends		-	(11,000)
Retained profit for the group		60,218	68,587
Retained profit brought forward		219,568	150,981
Retained profit carried forward		279,786	219,568

The notes on pages 7 to 15 form an integral part of these financial statements.

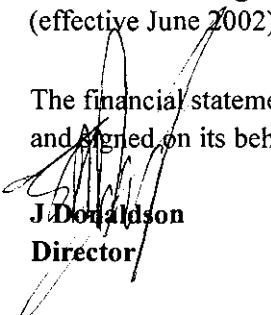
Waste Exchange Services Limited

Group Balance Sheet as at 31 December 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	10		1,029,613		561,468
Current Assets					
Stocks		244,391		116,094	
Debtors	12	664,606		604,650	
Cash at bank and in hand		105,256		174,189	
		<u>1,014,253</u>		<u>894,933</u>	
Creditors: amounts falling due within one year	13	<u>(1,225,317)</u>		<u>(921,515)</u>	
Net Current Liabilities			<u>(211,064)</u>		<u>(26,582)</u>
Total Assets Less Current Liabilities			818,549		534,886
Creditors: amounts falling due after more than one year	14		(396,958)		(179,563)
Provision for Liabilities and Charges	15		(78,741)		(53,941)
Accruals and deferred income	16		(20,000)		(38,750)
Net Assets			<u>322,850</u>		<u>262,632</u>
Capital and Reserves					
Called up share capital	17		118		118
Share premium account	18		42,946		42,946
Profit and loss account	18		279,786		219,568
Shareholders' Funds			<u>322,850</u>		<u>262,632</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 25/10/04
and signed on its behalf by


J. Donaldson
Director

The notes on pages 7 to 15 form an integral part of these financial statements.

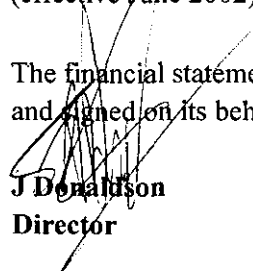
Waste Exchange Services Limited

Company Balance Sheet as at 31 December 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	10		1,029,613		561,468
Investments	11		2		2
			<u>1,029,615</u>		<u>561,470</u>
Current Assets					
Stocks		244,391		116,094	
Debtors	12	661,412		581,807	
Cash at bank and in hand		<u>102,948</u>		<u>172,959</u>	
		1,008,751		870,860	
Creditors: amounts falling due within one year	13	<u>(1,220,272)</u>		<u>(903,964)</u>	
Net Current Liabilities			<u>(211,521)</u>		<u>(33,104)</u>
Total Assets Less Current Liabilities			818,094		528,366
Creditors: amounts falling due after more than one year	14		(396,958)		(179,563)
Provision for Liabilities and Charges	15		(78,741)		(53,941)
Accruals and deferred income	16		<u>(20,000)</u>		<u>(38,750)</u>
Net Assets			<u><u>322,395</u></u>		<u><u>256,112</u></u>
Capital and Reserves					
Called up share capital	17		118		118
Share premium account	18		42,946		42,946
Profit and loss account	18		<u>279,331</u>		<u>213,048</u>
Shareholders' Funds			<u><u>322,395</u></u>		<u><u>256,112</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 25/10/04 and signed on its behalf by


J Donaldson
Director

The notes on pages 7 to 15 form an integral part of these financial statements.

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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 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. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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

1.6. Stock

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

1.7. Pensions

The pension costs charged in the financial statements represent the contributions payable by the group during the year.

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

..... continued

1.8. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	91,029	66,221
Loss on disposal of tangible fixed assets	12,662	(1,796)
Auditors' remuneration	2,250	2,280
	<u> </u>	<u> </u>
and after crediting:		
Government grants	28,750	3,401
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	2003	2002
	£	£
Bank interest	2,894	1,791
	<u> </u>	<u> </u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

..... continued

5. Interest payable and similar charges	2003	2002
	£	£
Included in this category is the following:		
Bank loans and overdrafts	8,383	5,836
Hire purchase interest	<u>15,309</u>	<u>11,558</u>
6. Director's emoluments	2003	2002
	£	£
Remuneration and other benefits	<u>63,800</u>	<u>59,400</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1
7. Pension costs		
The company operates a defined contribution pension scheme in respect of the director. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £5,400 (2002 - £5,400).		
8. Tax on profit on ordinary activities		
Analysis of charge in period	2003	2002
	£	£
UK current year taxation		
UK Corporation Tax	-	4,766
Transfer to deferred taxation	24,800	16,621
Prior years		
UK Corporation Tax	(4,700)	-
	<u>20,100</u>	<u>21,387</u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

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9. 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 2003 showed a profit of £66,283 (31 December 2002 - £72,577).

10. Tangible fixed assets

	Long leasehold property	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Group and Company					
Cost					
At 1 January 2003	26,800	626,455	3,232	44,127	700,614
Additions	11,088	559,169	-	1,579	571,836
Disposals	(26,800)	(37,247)	-	(2,091)	(66,138)
At 31 December 2003	11,088	1,148,377	3,232	43,615	1,206,312
Depreciation					
At 1 January 2003	16,315	99,982	1,637	21,212	139,146
On disposals	(25,567)	(26,381)	-	(1,528)	(53,476)
Charge for the year	9,528	71,934	636	8,931	91,029
At 31 December 2003	276	145,535	2,273	28,615	176,699
Net book values					
At 31 December 2003	10,812	1,002,842	959	15,000	1,029,613
At 31 December 2002	10,485	526,473	1,595	22,915	561,468

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

Asset description	2003		2002	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Group and Company				
Plant and machinery	819,365	34,836	397,292	21,897

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

..... continued

11. Fixed Asset Investments

Company	2003 £	2002 £
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 or operation	Holding	Proportion Held
Subsidiary undertaking			
Adroit Chemicals Limited	England	Ordinary	100%

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

12. Debtors

	2003 £	2002 £
Group		
Trade debtors	634,489	576,402
Other debtors	4,700	7,618
Prepayments and accrued income	25,417	20,630
	<u>664,606</u>	<u>604,650</u>
Company		
Trade debtors	596,129	553,032
Amounts owed by group undertakings	35,766	8,145
Other debtors	4,100	-
Prepayments and accrued income	25,417	20,630
	<u>661,412</u>	<u>581,807</u>

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

..... continued

13. Creditors: amounts falling due within one year	2003 £	2002 £
Group		
Bank overdraft (secured)	179,343	-
Bank loan (secured)	42,000	6,500
Net obligations under finance leases and hire purchase contracts	198,190	131,452
Trade creditors	602,725	622,269
Corporation tax	-	4,766
Other taxes and social security costs	35,056	13,895
Other creditors	287	287
Accruals and deferred income	167,716	132,851
Proposed dividend	-	9,495
	<u>1,225,317</u>	<u>921,515</u>
Company		
Bank overdraft (secured)	179,343	-
Bank loan (secured)	42,000	6,500
Net obligations under finance leases and hire purchase contracts	198,190	131,452
Trade creditors	602,725	622,269
Corporation tax	-	4,139
Other taxes and social security costs	30,261	(2,779)
Other creditors	287	287
Accruals and deferred income	167,466	132,601
Proposed dividend	-	9,495
	<u>1,220,272</u>	<u>903,964</u>

Waste Exchange Services Limited

**Notes to Financial Statements
for the year ended 31 December 2003**

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14. Creditors: amounts falling due after more than one year	2003 £	2002 £
Group and Company		
Bank loan (secured)	160,209	33,042
Net obligations under finance leases and hire purchase contracts	236,749	146,521
	<u>396,958</u>	<u>179,563</u>
Loans		
Repayable in five years or more	<u>1,084</u>	<u>7,046</u>
15. Provisions for liabilities and charges		

Deferred tax is analysed over the following timing differences:

	Provided	
	2003 £	2002 £
Group and Company		
Accelerated capital allowances	<u>78,741</u>	<u>53,941</u>
 Movements on the provision for deferred taxation are:		
	2003 £	2002 £
At 1 January 2003	53,941	37,320
Transferred from profit and loss account	<u>24,800</u>	<u>16,621</u>
At 31 December 2003	<u>78,741</u>	<u>53,941</u>

Waste Exchange Services Limited

**Notes to Financial Statements
for the year ended 31 December 2003**

..... continued

16.	Accruals and deferred income	2003	2002
		£	£
	Group and Company		
	Government grants		
	At 1 January 2003	38,750	17,000
	Increase in year	10,000	25,000
		48,750	42,000
	Released in year	(28,750)	(3,250)
	At 31 December 2003	20,000	38,750
17.	Share capital	2003	2002
		£	£
	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
18.	Reserves		
		Share premium account	Profit and loss account
		£	£
	Group		Total
	At 1 January 2003	42,946	219,568
	Retained profit for the year		60,218
	At 31 December 2003	42,946	279,786
	Company		
	At 1 January 2003	42,946	213,048
	Retained profit for the year		66,283
	At 31 December 2003	42,946	279,331

Waste Exchange Services Limited

Notes to Financial Statements for the year ended 31 December 2003

..... continued

19. Financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as follows:

	2003	2002
	£	£
Expiry date:		
Within one year	-	23,484
Between one and five years	15,197	4,770
In over five years	89,430	-
	<u>104,627</u>	<u>28,254</u>

20. Ultimate parent undertaking

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