

Registered number
SC229727

Shore Recycling Limited

Report and Accounts

30 April 2007

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Shore Recycling Limited
Report and accounts
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Shore Recycling Limited Company Information

Directors

S M Howie
M A Todd
T H M Liddell

Secretary

D M Cowper

Auditors

Finlaysons
4 Albert Place
Perth
PH2 8JE

Bankers

The Royal Bank of Scotland
12 Dunkeld Road
Perth
PH1 5RB

Solicitors

Thorntons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Registered office

Frarton Bridge Park
Perth
PH2 8DD

Registered number

SC229727

Shore Recycling Limited

Directors' Report

The directors present their report and accounts for the year ended 30 April 2007

Principal activities and review of the business

The company's principal activity during the year continued to be the recycling of fridges, freezers and waste electrical and electronic equipment

Turnover has increased by 277% during the year due to exceptional processing levels. The company is in a good position to take advantage of the opportunities that are arising following the introduction of the Waste Electrical and Electronic Equipment Regulations 2006

Results and dividends

The profit for the year, after taxation, amounted to £2,769,303. The directors do not recommend payment of a dividend and the whole profit is to be retained

Future developments

The directors aim to maintain the management policies that have resulted in the company's success in recent years. They consider that the next year is difficult to predict as the recycling market is maturing while volume of materials to be recycled is increasing. The biggest influence on results will be world commodity markets

Directors

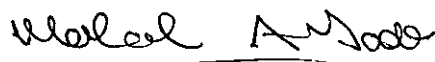
The following directors served during the year

S M Howie
M A Todd
T H M Liddell

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report was approved by the board on 18 December 2007



M A Todd
Director

Shore Recycling Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Shore Recycling Limited
Independent auditors' report
to the shareholder of Shore Recycling Limited

We have audited the accounts of Shore Recycling Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These accounts have been prepared under 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 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 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

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions with the company is not disclosed.

We read the Directors' 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
the accounts have been properly prepared in accordance with the Companies Act 1985, and
the information given in the Directors' Report is consistent with the accounts.

Finlaysons

Finlaysons
Registered auditors
19 December 2007

4 Albert Place
Perth
PH2 8JE

Shore Recycling Limited
Profit and Loss Account
for the year ended 30 April 2007

	Notes	2007 £	2006 £
Turnover	2	8,561,478	2,268,234
Cost of sales		(3,729,594)	(1,332,243)
Gross profit		<u>4,831,884</u>	<u>935,991</u>
Administrative expenses		(2,162,084)	(2,034,613)
Other operating income		1,296,690	1,092,588
Operating profit/(loss)	3	<u>3,966,490</u>	<u>(6,034)</u>
Exceptional items			
profit on the disposal of tangible fixed assets	4		4,224
		<u>3,966,490</u>	<u>(1,810)</u>
Interest receivable		30,774	165,848
Interest payable	7	(53,887)	(4,623)
Profit on ordinary activities before taxation		<u>3,943,377</u>	<u>159,415</u>
Tax on profit on ordinary activities	8	(1,174,074)	(47,556)
Profit for the financial year		<u>2,769,303</u>	<u>111,859</u>

Continuing operations

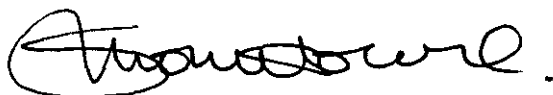
None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years

Shore Recycling Limited
Balance Sheet
as at 30 April 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	9	712,821	1,181,877
Investments	10	<u>2</u>	<u>2</u>
		712,823	1,181,879
Current assets			
Stocks	11	133,911	606,844
Debtors	12	6,960,591	2,278,843
Cash at bank and in hand		<u>440,658</u>	<u>2,941,710</u>
		7,535,160	5,827,397
Creditors: amounts falling due within one year	13	(3,364,397)	(4,532,797)
Net current assets		<u>4,170,763</u>	<u>1,294,600</u>
Total assets less current liabilities		<u>4,883,586</u>	<u>2,476,479</u>
Creditors: amounts falling due after more than one year	14	(785,390)	(1,051,200)
Provisions for liabilities			
Deferred taxation	17	(16,167)	(112,553)
Net assets		<u>4,082,029</u>	<u>1,312,726</u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account	19	4,082,028	1,312,725
Shareholder's funds	20	<u>4,082,029</u>	<u>1,312,726</u>



S M Howie
 Director

Approved by the board on 18 December 2007

Shore Recycling Limited
Cash Flow Statement
for the year ended 30 April 2007

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit/(loss)		3,966,490	(6,034)
Depreciation charges		490,984	426,024
Decrease/(increase) in stocks		472,933	(451,916)
Increase in debtors		(4,681,748)	(1,278,022)
(Decrease)/increase in creditors		(3,878,626)	3,674,513
Net cash (outflow)/inflow from operating activities		<u>(3,629,967)</u>	<u>2,364,565</u>
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(3,629,967)	2,364,565
Returns on investments and servicing of finance	21	(23,113)	161,225
Taxation		(270,489)	(329,439)
Capital expenditure	21	<u>1,978,072</u> <u>(1,945,497)</u>	<u>(404,556)</u> <u>1,791,795</u>
Financing	21	(555,555)	
(Decrease)/increase in cash		<u>(2,501,052)</u>	<u>1,791,795</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(2,501,052)	1,791,795
Decrease in debt and lease financing		555,555	
New finance leases		(2,000,000)	
Change in net debt	22	<u>(3,945,497)</u>	<u>1,791,795</u>
Net funds at 1 May		<u>2,941,710</u>	<u>1,149,915</u>
(Net debt)/net funds at 30 April		<u>(1,003,787)</u>	<u>2,941,710</u>

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Tenant's improvements	Between 20% reducing balance and 20% straight line
Plant and machinery	Between 20% reducing balance and 20% straight line
Motor vehicles	25% reducing balance

Stock and work in progress

Stock of raw materials and consumables consists of the cost of consumable items used in the recycling process. Work in progress is the cost of bringing arisings to the recycling plant. Stock of finished goods and goods for resale consists of recyclates from the recycling process and has been valued at net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

Government grants

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

Group accounts

The company and its parent comprise a medium sized group. The company has therefore taken advantage of the exemption provided in section 248 of the Companies Act 1985 not to prepare group financial statements and accordingly these financial statements present information about the company as a single undertaking.

2 Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Turnover is attributable to one continuing activity, the recycling of fridges, freezers and waste electrical and electronic equipment.

Analysis by geographical market	2007 %	2006 %
United Kingdom	96.38	97.07
Europe	0.16	
Rest of the World	3.46	2.93
	<u>100.00</u>	<u>100.00</u>

3 Operating profit

This is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	199,475	426,024
Depreciation of assets held under finance leases and hire purchase contracts	291,509	
Operating lease rentals – land buildings	357,958	521,617
Auditors' remuneration for audit services	2,200	2,000
Net (gains)/losses on foreign currency transactions	<u>48,265</u>	<u>84,944</u>

4 Exceptional items

	2007 £	2006 £
Profit on disposal of plant and machinery	<u></u>	<u>4,224</u>

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

5 Directors' emoluments	2007	2006
	£	£
Emoluments	138,002	150,000
Company contributions to money purchase pension schemes		12,000
	<u>138,002</u>	<u>162,000</u>
 Number of directors in company pension schemes	 2007	 2006
	Number	Number
Money purchase schemes		<u>2</u>
 6 Staff costs	 2007	 2006
	£	£
Wages and salaries	1,566,767	992,572
Social security costs	141,924	72,400
Other pension costs		14,500
	<u>1,708,691</u>	<u>1,079,472</u>
 Average number of employees during the year	 Number	 Number
Administration	9	8
Operations	85	43
	<u>94</u>	<u>51</u>
 7 Interest payable	 2007	 2006
	£	£
Bank loans and overdrafts	656	4,623
Corporation tax	1,360	
Finance charges payable under finance leases and hire purchase contracts		
	<u>51,871</u>	
	<u>53,887</u>	<u>4,623</u>

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

8 Taxation	2007	2006
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	1,270,460	72,551
Deferred tax		
Origination and reversal of timing differences	(96,386)	(24,995)
Tax on profit on ordinary activities	1,174,074	47,556

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2007	2006
	£	£
Profit on ordinary activities before tax	3,943,377	159,415
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	1,183,013	47,825
Effects of		
Expenses not deductible for tax purposes	536	129
Depreciation for period in excess of capital allowances	86,911	24,995
Utilisation of tax losses		(398)
Current tax charge for period	1,270,460	72,551

Factors that may affect future tax charges

There are no particular factors expected to affect future tax charges

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

9 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 May 2006	156,493	2,369,650	2,526,143
Additions	5,000	16,928	21,928
At 30 April 2007	<u>161,493</u>	<u>2,386,578</u>	<u>2,548,071</u>
Depreciation			
At 1 May 2006	66,304	1,277,962	1,344,266
Charge for the year	22,239	468,745	490,984
At 30 April 2007	<u>88,543</u>	<u>1,746,707</u>	<u>1,835,250</u>
Net book value			
At 30 April 2007	<u>72,950</u>	<u>639,871</u>	<u>712,821</u>
At 30 April 2006	<u>90,189</u>	<u>1,091,688</u>	<u>1,181,877</u>
		2007 £	2006 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts		<u>145,753</u>	

10 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 May 2006	2
At 30 April 2007	<u>2</u>

The company holds 20% or more of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Shore Recycling (Ozone) Limited	England and Wales	Ordinary	100

At 30 April 2007 Shore Recycling (Ozone) Limited had net assets of £135,560 and its profit for the year then ended was £61,259. The main activity of the company is the collection and recycling of fridges and freezers.

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

11 Stocks	2007	2006
	£	£
Raw materials and consumables	26,151	38,830
Work in progress	10,048	463,362
Finished goods and goods for resale	97,712	104,652
	<u>133,911</u>	<u>606,844</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

12 Debtors	2007	2006
	£	£
Trade debtors	864,131	943,605
Amounts owed by group undertakings and undertakings in which the company has a participating interest	6,096,460	1,138,305
Corporation tax		165,432
Prepayments and accrued income		31,501
	<u>6,960,591</u>	<u>2,278,843</u>

13 Creditors: amounts falling due within one year	2007	2006
	£	£
Obligations under finance lease and hire purchase contracts	666,667	
Trade creditors	240,543	1,388,255
Amounts owed to group undertakings and undertakings in which the company has a participating interest	20,456	2
Corporation tax	999,971	
Other taxes and social security costs	148,970	109,398
Other creditors	9,238	9,238
Accruals and deferred income	1,278,552	3,025,904
	<u>3,364,397</u>	<u>4,532,797</u>

14 Creditors amounts falling due after one year	2007	2006
	£	£
Obligations under finance lease and hire purchase contracts	777,778	
Accruals and deferred income	7,612	1,051,200
	<u>785,390</u>	<u>1,051,200</u>

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

15 Obligations under finance leases and hire purchase contracts			2007	2006
			£	£
Amounts payable				
Within one year			666,667	
Within two to five years			777,778	
			<u>1,444,445</u>	<u> </u>
 16 Government grants			 2007	 2006
			£	£
At 1 May			15,196	18,988
Grants received in year			35,000	
Amortisation in year			(38,792)	(3,792)
			<u>11,404</u>	<u>15,196</u>
At 30 April				
 17 Deferred taxation			 2007	 2006
			£	£
Accelerated capital allowances			16,167	112,553
Undiscounted provision for deferred tax			16,167	112,553
			<u> </u>	<u> </u>
			2007	2006
			£	£
At 1 May			112,553	137,548
Deferred tax charge in profit and loss account			(96,386)	(24,995)
			<u>16,167</u>	<u>112,553</u>
At 30 April				
 18 Share capital			 2007	 2006
			£	£
Authorised				
Ordinary shares of £1 each			500,000	500,000
			<u> </u>	<u> </u>
	2007	2006	2007	2006
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1
			<u> </u>	<u> </u>

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

19 Profit and loss account	2007 £	2006 £
At 1 May	1,312,725	1,200,866
Profit for the financial year	2,769,303	111,859
At 30 April	<u>4,082,028</u>	<u>1,312,725</u>

20 Reconciliation of movement in shareholder's funds	2007 £	2006 £
At 1 May	1,312,726	1,200,867
Profit for the financial year	2,769,303	111,859
At 30 April	<u>4,082,029</u>	<u>1,312,726</u>

21 Gross cash flows	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	30,774	165,848
Interest paid	(2,016)	(4,623)
Interest element of finance lease rental payments	<u>(51,871)</u>	<u>161,225</u>
	<u>(23,113)</u>	<u>161,225</u>
Capital expenditure		
Payments to acquire tangible fixed assets	1,978,072	(414,564)
Payments to acquire investments		(2)
Receipts from sales of tangible fixed assets		10,010
	<u>1,978,072</u>	<u>(404,556)</u>
Financing		
Capital element of finance lease rental payments	<u>(555,555)</u>	

22 Analysis of changes in net debt	At 1 May 2006 £	Cash flows £	Non-cash changes £	At 30 Apr 2007 £
Cash at bank and in hand	2,941,710	<u>(2,501,052)</u>		440,658
Finance leases		<u>(1,444,445)</u>		(1,444,445)
Total	<u>2,941,710</u>	<u>(3,945,497)</u>		<u>(1,003,787)</u>

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

23 Major non-cash transactions

2007
£

Capital value of new finance lease arrangements	<u>2,000,000</u>
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24 Other financial commitments

At the year end the company had annual commitments under non cancellable operating leases as set out below

	Land and buildings 2007 £	Land and buildings 2006 £	Other 2007 £	Other 2006 £
Operating leases which expire in over five years	<u>136,000</u>	<u>136,000</u>	<u> </u>	<u> </u>

25 Transactions with directors

Mr Simon Howie has granted a personal life assurance policy as security for the company's bankers dated 31 July 2002

Included in Other creditors is an unsecured interest free director's loan of £9,238 (2006 £9,238) due to Mr Simon Howie and repaid to him on 30 May 2007

Shore Recycling Limited
Notes to the Accounts
for the year ended 30 April 2007

26 Related parties

Ledge 806 Limited, Shore Recycling (Ozone) Limited, Shore Laminate Fabricators Limited, Shore Laminates (South) Limited, Findony Limited and Simon Howie Butchers Limited are considered related parties on the basis of their control by Mr Simon Howie. A M Howie Haulage is considered a related party on the basis of its close family control.

During the year ended 30 April 2007, the company had the following transactions with these entities

	Shore Laminate Fabricators Limited £	Simon Howie Butchers Limited £	Shore Recycling (Ozone) Limited £	A M Howie Haulage Contractor £
Sales		3,154	288,267	
Management fees			77,500	
Expenses recharged to	<u>11,388</u>	<u>28,887</u>	<u>57,569</u>	
Purchases	2,470			757,937
Expenses recharged from	<u>133</u>	<u>2,271</u>		

At the year end, the following amounts are owing to and from related parties

Debtors	<u>3,707</u>	<u>2,874</u>	<u>74,674</u>	
Creditors	<u>239</u>	<u>223</u>		<u>58,454</u>

Expenses totalling £167,640 were recharged to the company from Rossco Properties, a business run by the director Mr Simon Howie. These were recharged as follows

	£
Rent	143,767
Consultancy fees	23,741
Expenses recharged	<u>132</u>
	<u>167,640</u>

At the year end £42,579 was due to Rossco Properties. The company provided management services totalling £51,064 to Rossco Properties for the year ended 31 March 2006 all of which was paid before the year end.

Mr Malcolm Todd, a director of the company, is a partner in the business of M Todd Consulting. During the year the company paid £600 in respect of consultancy fees to M Todd Consulting. At the balance sheet date, there was nothing due to M Todd Consulting.

27 Controlling party

The company was under the control of Ledge 806 Limited throughout the year. Ledge 806 Limited owns 100% of the issued share capital. There were no transactions during the year between the company and Ledge 806 Limited other than that disclosed in note 12 to the accounts.