

WATLING HOPE (SERVICE) LIMITED
FINANCIAL STATEMENTS
FOR
31ST JULY 2001

Company Registration Number 2837339



THE GRAHAM FULFORD PARTNERSHIP

Chartered Accountants & Registered Auditors
61 Bedford Street
Leamington Spa
Warwickshire
CV32 5DN

WATLING HOPE (SERVICE) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2001

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WATLING HOPE (SERVICE) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST JULY 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st July 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company continues to be that of servicing waste water and environmental equipment.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 July 2001	At 1 August 2000
Mr M J Palin	76	76
Mr G Mansell	<u>12</u>	<u>12</u>

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

A resolution to re-appoint The Graham Fulford Partnership as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

WATLING HOPE (SERVICE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST JULY 2001

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

The Chantry

Wroxton

Banbury

Oxon

OX15 6QS

Signed by order of the directors



MRS M PALIN

Company Secretary

Approved by the directors on 10.5.02

WATLING HOPE (SERVICE) LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST JULY 2001

We have audited the financial statements on pages 4 to 7 which 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 on page 6 .

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the 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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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 directors 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 company's affairs as at 31st July 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

61 Bedford Street
Leamington Spa
Warwickshire
CV32 5DN

16th May 2002

The C.A. Fulford P. M. H.

THE GRAHAM FULFORD PARTNERSHIP
Chartered Accountants
& Registered Auditors

WATLING HOPE (SERVICE) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST JULY 2001

	Note	2001 £	2000 £
TURNOVER		1,016,905	829,391
Cost of sales		<u>691,692</u>	<u>570,955</u>
GROSS PROFIT		325,213	258,436
Distribution Costs		89	-
Administrative expenses		<u>275,292</u>	<u>243,340</u>
OPERATING PROFIT	2	49,832	15,096
Interest receivable		921	596
Interest payable		<u>(315)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50,438	15,692
Tax on profit on ordinary activities	3	<u>(10,838)</u>	<u>(3,346)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		39,600	12,346
Equity dividends paid		<u>35,000</u>	<u>18,000</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		4,600	(5,654)
Balance brought forward		<u>4,439</u>	<u>10,093</u>
Balance carried forward		<u><u>9,039</u></u>	<u><u>4,439</u></u>

The notes on pages 6 to 7 form part of these financial statements.

WATLING HOPE (SERVICE) LIMITED**BALANCE SHEET****31ST JULY 2001**

	Note	2001 £	2000 £
CURRENT ASSETS			
Stocks		15,102	20,878
Debtors	4	188,778	219,408
Cash at bank		32,225	30,336
		<u>236,105</u>	<u>270,622</u>
CREDITORS: Amounts falling due within one year	5	<u>(226,978)</u>	<u>(266,095)</u>
NET CURRENT ASSETS		<u>9,127</u>	<u>4,527</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,127</u>	<u>4,527</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	88	88
Profit and Loss Account		9,039	4,439
SHAREHOLDERS' FUNDS		<u>9,127</u>	<u>4,527</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the10-5-02....., and are signed on their behalf by:

.....
MR M J PALIN



WATLING HOPE (SERVICE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2001 £	2000 £
Directors' emoluments	-	3,000
Auditors' fees	<u>1,295</u>	<u>-</u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (2000 - 30%)	10,171	3,346
Adjustment in respect of previous years:		
Corporation Tax	<u>667</u>	<u>-</u>
	<u>10,838</u>	<u>3,346</u>

4. DEBTORS

	2001 £	2000 £
Trade debtors	169,817	172,753
Amounts owed by undertakings in which the company has a participating interest	12,298	26,667
VAT recoverable	6,663	-
Prepayments and accrued income	-	19,988
	<u>188,778</u>	<u>219,408</u>

WATLING HOPE (SERVICE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2001

5. CREDITORS: Amounts falling due within one year

	2001		2000
	£	£	£
Trade creditors	135,899		107,332
Amounts owed to undertakings in which the company has a participating interest	-		43,428
Other creditors including taxation:			
Corporation Tax	10,171		14,744
VAT	-		15,578
Other creditors	<u>1,000</u>		<u>5,800</u>
	11,171		36,122
Accruals and deferred income	<u>79,908</u>		<u>79,213</u>
	<u>226,978</u>		<u>266,095</u>

6. RELATED PARTY TRANSACTIONS

The company was under the control of Mr M J Palin throughout the current year and previous year. Mr M J Palin is the managing director and controlling shareholder.

During the year the company incurred management charges amounting to £270,000 (2000 £220,000) to Watling Hope Installations Limited, and it sold goods and services amounting to £87,974 to Watling Hope (Products) Limited. At 31st July 2001 the company was owed £7,370 (2000 Creditor £43,428) by Watling Hope (Products) Limited, and Watling Hope Installations Limited owed the company £4,928 (2000 £26,667).

Mr M J Palin is a director of both companies and is the controlling shareholder.

During the year the company purchased goods and services amounting to £230,836 (2000 £47,479) from WPL Limited, a company of which Mr M J Palin is a director. At 31st July 2001 the company owed WPL Limited £37,180 (2000 £24,423).

A composite guarantee dated 30 April 1998 was given by Watling Hope (Installations) Limited as security on the company's overdraft facility.

All the above transactions were made at arms length.

7. SHARE CAPITAL**Authorised share capital:**

	2001	2000
	£	£
10,000 Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2001	2000
	£	£
Ordinary share capital	<u>88</u>	<u>88</u>