

WATLING HOPE (SERVICE) LIMITED

(Registered No. 2837339)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY 1996**



**The Graham Fulford Partnership
Chartered Accountants
61 Bedford Street
Leamington Spa
Warwickshire
CV32 5DN**

WATLING HOPE (SERVICE) LIMITED

Directors

M.J. Palin

G. Mansell

Joint Secretaries

G. Mansell
Mrs M.J. Palin

Registered Office

The Chantry
Wroxton
Banbury
Oxon
OX15 6QS

Accountants

The Graham Fulford Partnership
Chartered Accountants
61 Bedford Street
Leamington Spa
CV32 5DN

WATLING HOPE (SERVICE) LIMITED

REPORT OF THE DIRECTORS

The Directors present their annual report and financial statements of the company for the year ended 31 July 1996.

PRINCIPAL ACTIVITY

The principle activity of the company during the year under review was that of waste water and environmental engineers.

DIRECTORS

The directors in office during the year and their beneficial interests in the company's issued ordinary shares were:

	31.7.96	31.7.95
M J Palin	Nil	Nil
G Mansell	12	12

In accordance with the company's Articles, no director is required to retire by rotation.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which 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 those financial statements, the directors are required to:

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates that are reasonable and prudent;
- * Follow applicable accounting standards, 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.

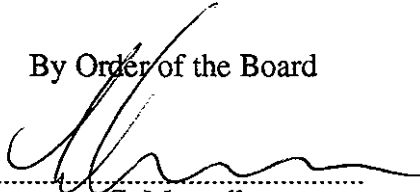
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WATLING HOPE (SERVICE) LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

SMALL COMPANY EXEMPTIONS

In preparing the above report, the directors have taken advantage of special exemptions applicable to small companies.

By Order of the Board



G. Mansell
Secretary

The Chantry
Wroxton
Banbury
Oxon
OX15 6QS

WATLING HOPE (SERVICE) LIMITED

ACCOUNTANTS REPORT TO THE SHAREHOLDERS

ON THE ACCOUNTS OF WATLING HOPE (SERVICE) LIMITED

We report on the accounts for the year ended 31 July 1996 set out on pages 5 to 9.

Respective responsibilities of the directors and reporting accountants. As described on page 2 the company's directors are responsible for the preparation of accounts and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our work was conducted in accordance with the Statement for Reporting Accountants, and so our procedures consisted of comparing the accounts with accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a) the accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records;
 - i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C Paragraph 6 of the Act; and
 - ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in Section 249A(4) of the Act and did not, at any time within the year, fall within any of the categories of the companies not entitled to the exemptions specified in Section 249B(1).

The Graham Fulford Partnership

61 Bedford Street
Leamington Spa
CV32 5DN

The Graham Fulford Partnership
Chartered Accountants.

20th May 1997

WATLING HOPE (SERVICE) LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 JULY 1996

	Notes	1996 £	1995 £
TURNOVER	2	211946	212608
Cost of Sales		(137152)	(162492)
		<hr/>	<hr/>
GROSS PROFIT		74794	50116
Administrative expenses		(74541)	(49577)
		<hr/>	<hr/>
OPERATING PROFIT	3	253	539
Interest payable	4	-	(2)
Interest Received		124	-
		<hr/>	<hr/>
PROFIT on ordinary activities before taxation		377	537
TAXATION	5	(90)	(134)
		<hr/>	<hr/>
PROFIT for the year		287	403
Profit and Loss account balance brought forward		625	222
		<hr/>	<hr/>
Profit and Loss account carried forward		£912	£625
		=====	=====

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial periods.

TOTAL RECOGNISED GAINS AND LOSSES

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

WATLING HOPE (SERVICE) LIMITED**BALANCE SHEET AS AT 31 JULY 1996**

	Notes	1996 £	1995 £
CURRENT ASSETS			
Stock and work in progress	6	9000	5192
Debtors	7	44146	34440
Cash at bank		17090	25499
		<hr/> 70236	<hr/> 65131
CREDITORS : amounts falling due within one year			
	8	69236	64418
NET CURRENT ASSETS:			
Less Current Liabilities		<hr/> £1000	<hr/> £713
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	9	88	88
Profit and loss account		912	625
Total Shareholders Funds	10	<hr/> £1000	<hr/> £713
		<hr/> <hr/>	<hr/> <hr/>

All the above is attributable to the equity shareholders.

The directors consider that the company is entitled to exemption from the requirements to have an audit under the provisions of section 249a (2) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's share capital have not issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31 July 1996 and of its profit for the year then ended. They are in accordance with the requirements of section 226, which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The directors have taken advantage in the preparation of these accounts, of special exemptions applicable to small companies under section 247 of the Companies Act 1985 on the grounds that in the opinion of the directors, the company qualifies as a small company and is entitled to make use of the special exemptions.

..... Signed SH May 1997 Date

M.J. Palin
Director

WATLING HOPE (SERVICE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 1996

1. ACCOUNTING POLICIES

(a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing.

The company has taken advantage of the exemption in FRS1 from the requirements to prepare a cash flow statement on the grounds that it is a small company.

(b) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

(c) Stock and Work in progress

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

Cost is defined as the cost incurred in bringing each product to its present location and condition as follows:-

Raw materials

Purchase cost on a first in first out basis.

Net realisable value is based on the estimated selling price, less further costs expected to be incurred to completion and disposal.

2. TURNOVER

Turnover represents the invoiced amount of services provided stated net of Value Added Tax.

The Turnover and profit on ordinary activities, before taxation, is attributable to one activity, that of waste and environmental engineering and one market, the United Kingdom.

WATLING HOPE (SERVICE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31ST JULY 1996**

	1996 £	1995 £
3. OPERATING PROFIT		
The operating profit is stated after charging:		
Management charges	58000	42000
Hire charges	1526	374
	=====	=====
The management charges are from Watling Hope (Installations) Limited a company effectively controlled by the directors, who have drawn no remuneration directly from the company.		
4. INTEREST PAYABLE		
Bank interest	-	£2
	=====	=====
5. TAXATION		
The charge for taxation is based upon the result for the year as follows:		
Corporation tax at 24% (1995 25%)	£90	£134
	=====	=====
6. STOCK AND WORK IN PROGRESS		
	£	£
Goods for resale	1000	2498
Work in progress	8000	2694
	£9000	£5,192
	=====	=====
7. DEBTORS		
	£	£
Trade Debtors	40827	21290
Due from associated company	-	12909
Other debtors	3319	241
	£44146	£34440
	=====	=====

WATLING HOPE (SERVICE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 JULY 1996****8. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1996	1995
	£	£
Trade creditors	26741	44094
Accruals	1200	2750
Advance contracts	23811	17440
Corporation tax	90	134
Due to Associated Company	17394	-
	<u>£69236</u>	<u>£64418</u>
	=====	=====

9. CALLED UP SHARE CAPITAL

Authorised		
10000 ordinary shares of £1 each	£10000	£10000
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid		
88 ordinary shares of £1 each	£88	£88
	<u>=====</u>	<u>=====</u>

10. MOVEMENT IN SHAREHOLDERS FUNDS

Profit for the year after taxation	287	403
	<u>=====</u>	<u>=====</u>
Net addition to shareholders fund	287	403
Opening shareholders fund at		
1 August 1995	713	310
	<u>=====</u>	<u>=====</u>
Shareholders funds at 31 July 1996	£1000	£713
	<u>=====</u>	<u>=====</u>

11. TRANSACTIONS WITH DIRECTORS

During the year the company purchased goods and services amounting to £1470 and £6164 from Watling Hope (Products) Limited and Watling Hope (Installations) Ltd. M J Palin is a director of both companies. The company also incurred a management charge of £58000 payable to Watling Hope (Installations) Ltd. All transactions are at arms length.

12. CONTINGENT LIABILITIES

The company has a set-off agreement with its bankers in respect of any bank borrowings of Watling Hope (Installations) Limited. At 31st July 1996 Watling Hope (Installations) Limited had a credit bank balance of £12,688.