

**HAZ INDUSTRIAL SERVICES LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MAY 2003**



Bevan & Buckland  
Chartered Accountants  
And Registered Auditors  
Russell House  
Russell Street  
Swansea  
SA1 4HR

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FOR THE YEAR ENDED 31ST MAY 2003**

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**COMPANY INFORMATION  
FOR THE YEAR ENDED 31ST MAY 2003**

<b>DIRECTORS:</b>	O R Walters P Aston J Patel G D Perks
<b>SECRETARY:</b>	O R Walters
<b>REGISTERED OFFICE:</b>	Bullock Street West Bromwich West Midlands B70 7HE
<b>REGISTERED NUMBER:</b>	2790622 (England and Wales)
<b>AUDITORS:</b>	Bevan & Buckland Chartered Accountants And Registered Auditors Russell House Russell Street Swansea SA1 4HR
<b>BANKERS:</b>	The Royal Bank of Scotland plc 6 The Square Shrewsbury SY1 1LA
<b>SOLICITORS:</b>	Taylors Norwich House Poplar Road Solihull West Midlands B91 3AW

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MAY 2003**

The directors present their report with the financial statements of the company for the year ended 31st May 2003.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of industrial waste disposal.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIRECTORS**

The directors during the year under review were:

O R Walters  
P Aston  
J Patel  
G D Perks

The directors holding office at 31st May 2003 did not hold any beneficial interest in the issued share capital of the company at 1st June 2002 or 31st May 2003.

The company is a wholly owned subsidiary of Haz Holdings Limited. The interests of the directors in the shares of the holding company are in that company's accounts.

**STATEMENT OF 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 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;
- 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. 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.

**AUDITORS**

The auditors, Bevan & Buckland, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MAY 2003**

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

**ON BEHALF OF THE BOARD:**



.....  
O R Walters - Secretary

Date: ..... 10<sup>TH</sup> OCT 2003 .....

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
HAZ INDUSTRIAL SERVICES LIMITED**

We have audited the financial statements of Haz Industrial Services Limited for the year ended 31st May 2003 on pages six to fourteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 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**

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
HAZ INDUSTRIAL SERVICES LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bevan & Buckland  
Chartered Accountants  
And Registered Auditors  
Russell House  
Russell Street  
Swansea  
SA1 4HR

Date: .....20/10/03.....

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MAY 2003**

		2003	2002
	Notes	£	£
<b>TURNOVER</b>		1,324,632	1,260,155
Cost of sales		676,663	665,700
<b>GROSS PROFIT</b>		647,969	594,455
Administrative expenses		598,945	581,419
<b>OPERATING PROFIT</b>	2	49,024	13,036
Interest receivable and similar income		345	46
		49,369	13,082
Interest payable and similar charges		2,298	6,470
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		47,071	6,612
Tax on profit on ordinary activities	3	10,870	325
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		36,201	6,287
Dividends	4	2,714	-
		33,487	6,287
Retained profit brought forward		111,832	98,691
		145,319	104,978
Transfer of revaluation reserve		6,854	6,854
<b>RETAINED PROFIT CARRIED FORWARD</b>		£152,173	£111,832

The notes form part of these financial statements



**BALANCE SHEET**  
**31ST MAY 2003**

	Notes	2003		2002	
		£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	5		-		-
Tangible assets	6		88,780		115,101
			<u>88,780</u>		<u>115,101</u>
<b>CURRENT ASSETS:</b>					
Stocks		3,100		3,100	
Debtors	7	378,724		321,253	
Cash at bank and in hand		16,884		2,010	
		<u>398,708</u>		<u>326,363</u>	
<b>CREDITORS:</b> Amounts falling due within one year	8	252,090		231,747	
<b>NET CURRENT ASSETS:</b>			<u>146,618</u>		<u>94,616</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			235,398		209,717
<b>CREDITORS:</b> Amounts falling due after more than one year	9		1,103		8,909
			<u>£234,295</u>		<u>£200,808</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	10		17,556		17,556
Revaluation reserve	11		64,566		71,420
Profit and loss account			152,173		111,832
<b>SHAREHOLDERS' FUNDS:</b>			<u>£234,295</u>		<u>£200,808</u>

The notes form part of these financial statements

**BALANCE SHEET  
31ST MAY 2003**

These financial statements have been 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).

**ON BEHALF OF THE BOARD:**



.....  
P Aston - Director



.....  
O R Walters - Director

Approved by the Board on ..... 10<sup>TH</sup> OCT 2003 .....

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY 2003**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 15% on cost and Straight line over 13 years
Commercial vehicles	- 20% on cost
Motor vehicles	- 20% on cost
Office equipment	- 25% on cost

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss account.

**Stocks**

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

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY 2003****2. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation - owned assets	20,490	15,433
Depreciation - assets on hire purchase contracts	7,232	26,564
Loss/(Profit) on disposal of fixed assets	253	(3,304)
Auditors' remuneration	4,062	3,713
Pension costs	8,035	8,035
	<u>139,637</u>	<u>113,570</u>
Directors' emoluments and other benefits etc	<u>139,637</u>	<u>113,570</u>

**3. TAXATION****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	10,924	325
Over provision prior years	(54)	-
Total current tax	<u>10,870</u>	<u>325</u>
Tax on profit on ordinary activities	<u>10,870</u>	<u>325</u>

UK corporation tax has been charged at 19% (2002 - 20%).

**4. DIVIDENDS**

	2003 £	2002 £
Interim - share type 1	<u>2,714</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY 2003**

**5. INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u>
	£
<b>COST:</b>	
At 1st June 2002	
and 31st May 2003	<u>3,055</u>
<b>AMORTISATION:</b>	
At 1st June 2002	
and 31st May 2003	<u>3,055</u>
<b>NET BOOK VALUE:</b>	
At 31st May 2003	<u>-</u>

**6. TANGIBLE FIXED ASSETS**

	<u>Plant and machinery</u>	<u>Commercial vehicles</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Totals</u>
	£	£	£	£	£
<b>COST OR VALUATION:</b>					
At 1st June 2002	167,685	74,867	19,563	12,106	274,221
Additions	5,824	-	-	1,030	6,854
Disposals	-	-	(9,915)	-	(9,915)
	<u>173,509</u>	<u>74,867</u>	<u>9,648</u>	<u>13,136</u>	<u>271,160</u>
<b>DEPRECIATION:</b>					
At 1st June 2002	87,382	61,294	4,738	5,706	159,120
Charge for year	14,124	7,234	3,582	2,782	27,722
Eliminated on disposals	-	-	(4,462)	-	(4,462)
	<u>101,506</u>	<u>68,528</u>	<u>3,858</u>	<u>8,488</u>	<u>182,380</u>
<b>NET BOOK VALUE:</b>					
At 31st May 2003	<u>72,003</u>	<u>6,339</u>	<u>5,790</u>	<u>4,648</u>	<u>88,780</u>
At 31st May 2002	<u>80,303</u>	<u>13,573</u>	<u>14,825</u>	<u>6,400</u>	<u>115,101</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY 2003**

**6. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31st May 2003 is represented by:

	Plant and machinery	Commercial vehicles	Motor vehicles	Office equipment	Totals
	£	£	£	£	£
Valuation in 1998	100,000	-	-	-	100,000
Cost	73,509	74,867	9,648	13,136	171,160
	<u>173,509</u>	<u>74,867</u>	<u>9,648</u>	<u>13,136</u>	<u>271,160</u>

Included within plant and machinery is the value of the transfer station which was revalued during the year ended 31st May 1998 by the directors to market value of £100,000. As at 31st May 2003 the historical cost and accumulated depreciation was £13,163 and £9,097 respectively.

The company has followed the transitional provisions of FRS 15 and has not updated the valuation of the transfer station.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Commercial vehicles	Motor vehicles	Totals
	£	£	£
<b>COST:</b>			
At 1st June 2002	74,867	19,563	94,430
Disposals	-	(9,915)	(9,915)
Transferred to ownership	(56,617)	-	(56,617)
At 31st May 2003	<u>18,250</u>	<u>9,648</u>	<u>27,898</u>
<b>DEPRECIATION:</b>			
At 1st June 2002	61,294	4,738	66,032
Charge for year	3,650	3,582	7,232
Eliminated on disposals	-	(4,462)	(4,462)
Transferred to ownership	(50,345)	-	(50,345)
At 31st May 2003	<u>14,599</u>	<u>3,858</u>	<u>18,457</u>
<b>NET BOOK VALUE:</b>			
At 31st May 2003	<u>3,651</u>	<u>5,790</u>	<u>9,441</u>
At 31st May 2002	<u>13,573</u>	<u>14,825</u>	<u>28,398</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY 2003****7. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2003 £	2002 £
Trade debtors	366,724	302,353
Prepayments & accrued income	500	9,400
Haz Holdings Limited		
- Ultimate Parent Company	11,500	9,500
	<u>378,724</u>	<u>321,253</u>

Haz Holdings Limited is a company of which O R Walters and P Aston are directors.

**8. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2003 £	2002 £
Hire purchase contracts	6,013	12,381
Trade creditors	128,693	155,036
Other creditors	52,425	21,779
V.A.T.	34,267	22,051
Social security & other taxes	10,118	6,979
Taxation	10,924	325
Accrued expenses	9,650	13,196
	<u>252,090</u>	<u>231,747</u>

Included in other creditors is a balance due to Royal Bank Invoice Finance of £52,425 (2002 £21,779) relating to invoices discounted in the year. This balance is secured by a debenture dated 14th October 1999 creating a fixed charge on all specified debts and a floating charge on all the remaining assets of the company.

**9. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	2003 £	2002 £
Hire purchase contracts	<u>1,103</u>	<u>8,909</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MAY 2003**

**10. CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	2003 £	2002 £
18,000	Ordinary	£1	<u>18,000</u>	<u>18,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003 £	2002 £
17,556	Ordinary	£1	<u>17,556</u>	<u>17,556</u>

**11. REVALUATION RESERVE**

	2003 £	2002 £
Brought forward	71,420	78,274
Transfer to profit and loss account	<u>(6,854)</u>	<u>(6,854)</u>
	<u>64,566</u>	<u>71,420</u>

**12. ULTIMATE PARENT COMPANY**

Haz Holdings Limited own 100% of the companys' issued share capital and therefore has ultimate control of the company.

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

At the year end there was unprovided deferred tax of £16,564 in relation to capital gains on revaluation. Deferred taxation is based on a tax rate of 19%.