

5652564

GREENCYCLE PLC

(FORMERLY REGIONAL WASTE RECYCLING PLC)

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31ST DECEMBER, 2007

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COMPANIES HOUSE

GREENCYCLE PLCREPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st December, 2007. The company changed its name from Regional Waste Recycling PLC on 10th July, 2007.

RESULTS

The profit before taxation for the year ended 31st December, 2007 amounted to £356,811. The profit after taxation transferred to reserves amounted to £300,706.

PRINCIPAL ACTIVITY & REVIEW OF BUSINESS

The principal activity of the company was that of waste management services.

The directors consider the results of the period to be very satisfactory.

During the period the company divested itself of most of its waste disposal operations for the private sector and it is now focused on services for local authorities.

A number of significant new contracts were obtained towards the end of 2007 mostly to come into effect in 2008 and the directors look forward to the future with confidence.

The directors consider the principal risk faced by the company to be that a significant proportion of the company's turnover is derived from fixed term contracts of varying lengths and that one or more of these contracts could fail to be renewed upon expiry.

The risk is addressed and minimised as far as possible by providing an excellent service to customers and in particular by aiming to exceed the various operational targets, eg. for recycling, set under the contracts. In addition, the company will work towards spreading risk by diversifying into other contracts. Risk is also reduced as there is a trend amongst local authorities to set longer terms for contracts.

ENVIRONMENTAL POLICIES

Greencycle PLC's management and employees are committed to the care of the environment and the control and prevention of pollution arising from its recycling and collection activities.

Greencycle PLC

- is committed to the continuous improvement of its management operation of all its recycling and collection activities, which have an impact upon the environment.
- seeks to minimise waste, promote recycling initiatives, reduce energy consumption, reduce harmful emissions and, where possible, to work with companies who also have and maintain environmental policies.
- does not own or have any interest in landfills and will wherever possible divert waste from them.
- wherever sensible, will use recycled products and those from sustainable sources.

GREENCYCLE PLCREPORT OF THE DIRECTORSDIVIDENDS

The directors do not recommend the payment of a dividend.

PAYMENTS TO SUPPLIERS

The company's policy is to settle liabilities owed to suppliers in accordance with agreed credit terms. Creditor days outstanding at 31st December, 2007 amounted to 43 days.

DIRECTORS

The directors who have served during the year were:-

D.M. Dervish
N.A. Rippon (Appointed 17th January, 2007)

The directors have interests in the company's shares at the end of the year as follows:-

		<u>Ordinary shares of fl each</u>
D.M. Dervish	-	50,000
N.A. Rippon	-	-

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- (i) Select suitable accounting policies and apply them consistently.
- (ii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- (iii) Make judgements and estimates that are reasonable and prudent.
- (iv) 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 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.

GREENCYCLE PLC

REPORT OF THE DIRECTORS

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company has made charitable contributions of £1,000 during the year.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

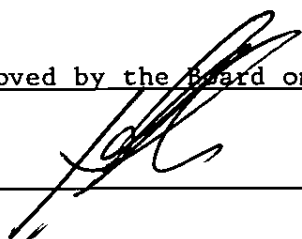
We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- There is no relevant audit information of which the company's auditors are unaware; and
- We have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

A resolution in accordance with Section 385, Companies Act 1985, for the re-appointment of Newton & Garner as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the Board on 16th July 2008 and signed on its behalf



- SECRETARY

GREENCYCLE PLCNO. OF COMPANY - 5652564YEAR ENDED 31ST DECEMBER, 2007INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GREENCYCLE PLC

We have audited the financial statements of Greencycle PLC for the year ended 31st December, 2007 which comprise the Profit & Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with 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 auditor's 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 the directors and auditors

The directors' responsibilities for preparing the financial statements 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 financial statements 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 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 information given in the Directors' Report is consistent with the financial statements.

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 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.

GREENCYCLE PLCNO. OF COMPANY - 5652564YEAR ENDED 31ST DECEMBER, 2007INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GREENCYCLE PLCBasis of audit opinion

We conducted our audit in accordance with the 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs at 31st December, 2007 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

The information given in the Directors' Report is consistent with the financial statements.

APEX HOUSE,
GRAND ARCADE,
NORTH FINCHLEY,
LONDON. N12 0EJ.

Newton & Garner

NEWTON & GARNER
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
DATE: 18th July 2008

GREENCYCLE PLCPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST DECEMBER, 2007

		Year ended <u>31.12.07</u>	19.04.06 to <u>31.12.06</u>
	<u>Notes</u>		
<u>TURNOVER</u>	2	6,311,897	6,463,828
Cost of sales		4,826,416	4,877,566
		-----	-----
<u>GROSS PROFIT</u>		1,485,481	1,586,262
Administration expenses		1,079,011	1,125,802
		-----	-----
<u>OPERATING PROFIT</u>	3	406,470	460,460
Interest payable and similar charges	5	49,659	23,657
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		356,811	436,803
Taxation on profit on ordinary activities	6	56,105	113,410
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		£300,706	£323,393
		=====	=====

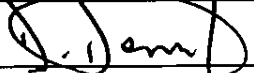
NOTES

1. All operations of the company during the period are continuing operations.
2. There are no gains or losses recognised which are attributable to shareholders and which are not included in the profit and loss account.

GREENCYCLE PLCBALANCE SHEETAT 31ST DECEMBER, 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<u>FIXED ASSETS</u>			
Tangible assets	7	1,245,299	1,004,185
Intangible assets	8	41,667	46,667
		-----	-----
		1,286,966	1,050,852
<u>CURRENT ASSETS</u>			
Debtors	9	1,430,160	2,092,651
Cash at bank and in hand		696	81,413
		-----	-----
		1,430,856	2,174,064
<u>CREDITORS</u>			
Amounts falling due within one year	10	1,315,448	2,149,332
		-----	-----
<u>NET CURRENT ASSETS</u>		115,408	24,732
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,402,374	1,075,584
<u>CREDITORS</u>			
Amounts falling due after more than one year	11	175,942	231,085
		-----	-----
		1,226,432	844,499
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	12	102,351	21,124
		-----	-----
		£1,124,081	£823,375
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	13	50,000	50,000
Share premium	14	449,982	449,982
Profit and loss account	15	624,099	323,393
		-----	-----
		£1,124,081	£823,375
		=====	=====

Approved by the Board on 16th July 2008 and signed on its behalf

 - DIRECTOR

GREENCYCLE PLCCASH FLOW STATEMENTYEAR ENDED 31ST DECEMBER, 2007

	<u>Notes</u>	<u>2007</u>	19.04.06 to <u>31.12.06</u>
<u>RECONCILIATION OF OPERATING</u>			
<u>PROFIT TO NET CASH INFLOW</u>			
<u>FROM OPERATING ACTIVITIES</u>			
Operating profit		406,470	460,460
Depreciation charges		181,198	132,401
Decrease/(increase) in debtors		722,487	(2,092,651)
(Decrease)/increase in creditors		(715,372)	1,756,524
		-----	-----
<u>NET CASH INFLOW FROM</u>			
<u>OPERATING ACTIVITIES</u>		£594,783	£256,734
		=====	=====

CASHFLOW STATEMENT

Net cash flow from operating activities		594,783	256,734
Returns on investments and servicing of finance	17	(49,659)	(23,657)
Taxation		(92,286)	-
Capital expenditure	17	(152,347)	(618,035)
		-----	-----
		300,491	(384,958)
Financing	17	(432,413)	466,371
		-----	-----
<u>(DECREASE)/INCREASE IN CASH</u>	18	£(131,922)	£81,413
		=====	=====

RECONCILIATION OF NET CASH FLOW
TO MOVEMENT IN NET DEBT

18

(Decrease)/increase in cash in period		(131,922)	81,413
Cash to repay lease financing		432,413	33,611
New finance leases		(264,965)	(565,219)
Net debt at 01.01.07.		(450,195)	-
		-----	-----
<u>NET DEBT AT 31.12.07.</u>		£(414,669)	£(450,195)
		=====	=====

GREENCYCLE PLCNOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

Basis of accounting

The accounts have been prepared under the historical cost convention.

Compliance with Accounting Standards

The financial statements are prepared in compliance with applicable United Kingdom Accounting Standards (UK GAAP) which have been applied consistently (except as otherwise stated).

Tangible fixed assets and depreciation

All tangible fixed assets are recorded at cost.

Depreciation is provided on tangible fixed assets at rates calculated to write off the costs over their expected useful lives on the following bases:-

Leasehold improvements	-	Length of lease
Motor vehicles	-	20% reducing balance
Plant & machinery	-	15% reducing balance
Computers & office equipment	-	25% reducing balance

Depreciation is not charged on assets in the year of purchase.

Leases and hire purchase agreements

Tangible fixed assets acquired under hire purchase agreements and leasing agreements which give rights approximating to ownership (finance leases) are capitalised at inception and depreciated at the appropriate rates for the classes of assets concerned. Payments under hire purchase agreements and finance leases are treated as consisting of capital and interest elements and interest is charged to the profit and loss account. Rentals on all other leases (operating leases) are charged wholly to the profit and loss account. Net liabilities under finance leases exclude related finance charges.

Deferred taxation

Provision is made for taxation deferred on the incremental liability approach in respect of all timing differences between the incidence of income and expenditure for taxation and accounts purposes that have originated but not reversed at the balance sheet date.

2. TURNOVER

Turnover represents the value of goods sold and services provided during the year, excluding value added tax.

GREENCYCLE PLCNOTES TO THE ACCOUNTS20072006**3. OPERATING PROFIT**

Operating profit is stated after charging:-

Directors' remuneration	54,048	-
Depreciation:		
Owned by the company	127,202	54,782
Held under finance leases and hire purchase contracts	60,855	42,821
Amortisation of intangible fixed assets	5,000	3,333
Auditors' remuneration:		
Amount for audit	14,000	10,000
Amount for non-audit services	5,900	4,800
Operating lease rentals:-		
Hire of equipment	27,979	59,785
Other operating lease rentals	33,499	6,000
	=====	=====

4. EMPLOYEES

The average number of employees during the period was 119 (2006 - 149) made up as follows:-

Management	7	5
Production	104	134
Administration	8	10
	---	---
	119	149
	===	===

Staff costs are analysed as follows:-

Wages & salaries	2,407,510	1,823,320
Social security costs	229,325	166,537
	-----	-----
	£2,636,835	£1,989,857
	=====	=====

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest on bank loans & overdrafts	-	864
Charges on finance leases and hire purchase agreements	49,659	22,793
	-----	-----
	£49,659	£23,657
	=====	=====

GREENCYCLE PLCNOTES TO THE ACCOUNTS

	<u>2007</u>	<u>2006</u>
6. <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u>		
U.K. Corporation tax at an average of 19.75%	34,847	92,286
Overprovision for prior year	(59,969)	-
Deferred taxation	81,227	21,124
	-----	-----
	£56,105	£113,410
	=====	=====
<p>The tax assessed for the period is lower than that which would be payable based upon the standard rate of corporation tax for the period. The difference is explained below:-</p>		
Profit on ordinary activities before taxation	£356,811	£436,803
	=====	=====
Profit on ordinary activities at the applicable average rate of corporation tax of 19.75% (2006-30%)	70,483	131,040
Non-deductible expenses	1,934	1,226
Capital allowances in excess of depreciation	(37,570)	(21,124)
Effect of corporation tax marginal relief	-	(18,856)
	-----	-----
<u>Current tax charge</u>	£34,847	£92,286
	=====	=====

GREENCYCLE PLCNOTES TO THE ACCOUNTS7. TANGIBLE FIXED ASSETS

<u>COST</u>	<u>2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>2007</u>
Leasehold improvements	-	19,266	-	19,266
Plant & machinery	317,904	211,466	87,211	442,159
Motor vehicles	738,762	402,511	276,257	865,016
Computers & office equipment	40,480	70,381	-	110,861
	-----	-----	-----	-----
	£1,097,146	£703,624	£363,468	£1,437,302
	=====	=====	=====	=====

<u>ACCUMULATED DEPRECIATION</u>	<u>2006</u>	<u>Charge for year</u>	<u>Disposals</u>	<u>2007</u>
Leasehold improvements	-	-	-	-
Plant & machinery	26,400	43,726	9,996	60,130
Motor vehicles	61,973	135,358	79,019	118,312
Computers & office equipment	4,588	8,973	-	13,561
	-----	-----	-----	-----
	£92,961	£188,057	£89,015	£192,003
	=====	=====	=====	=====

<u>NET BOOK VALUE</u>	<u>2006</u>	<u>2007</u>
Leasehold improvements	-	19,266
Plant & machinery	291,504	382,029
Motor vehicles	676,789	746,704
Computers & office equipment	35,892	97,300
	-----	-----
	£1,004,185	£1,245,299
	=====	=====

The net book value of tangible fixed assets includes £533,870 in respect of assets held under finance leases or hire purchase contracts.
The depreciation charge in respect of such assets amounted to £60,855.

8. INTANGIBLE FIXED ASSETS

<u>Goodwill</u>	<u>2007</u>	<u>2006</u>
Cost	50,000	50,000
Amortisation - brought forward	3,333	-
- charge for year	5,000	3,333
	-----	-----
<u>Balance at 31st December, 2007</u>	£41,667	£46,667
	=====	=====

The intangible fixed asset represents the amount paid to acquire the goodwill, business and contracts of South Herts Waste Management Ltd. from its Administrator. Goodwill is being amortised over 10 years on a straight line basis.

GREENCYCLE PLCNOTES TO THE ACCOUNTS

	<u>2007</u>	<u>2006</u>
9. <u>DEBTORS</u>		
Trade debtors	947,949	1,615,848
Other debtors	375,334	182,859
Prepayments	106,877	293,944
	-----	-----
	£1,430,160	£2,092,651
	=====	=====
All debtors fall due within one year.		
10. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Bank overdraft	51,205	-
Trade creditors	428,702	775,743
Taxation & social security	378,561	693,189
Obligations under finance leases & hire purchase contracts	188,218	300,523
Other creditors	112,535	230,570
Accruals & deferred income	156,227	149,307
	-----	-----
	£1,315,448	£2,149,332
	=====	=====
11. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>		
Obligations under finance leases & hire purchase contracts	£175,942	£231,085
	=====	=====
Amounts due at 31st December, 2007 are repayable as follows:-		
Within one year	188,218	300,523
Between one and five years	175,942	231,085
	-----	-----
	£364,160	£531,608
	=====	=====

GREENCYCLE PLCNOTES TO THE ACCOUNTS

	<u>2007</u>	<u>2006</u>
12. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u>		
The movement on the deferred taxation provision was as follows:-		
As at 1st January, 2007	21,124	-
Transferred from profit & loss account	81,227	21,124
	-----	-----
<u>At 31st December, 2007</u>	<u>£102,351</u>	<u>£21,124</u>
	=====	=====
The deferred taxation provision comprises the following:-		
<u>Full potential liability</u>		
Accelerated capital allowances	£102,351	£21,124
	=====	=====
13. <u>SHARE CAPITAL</u>		
<u>Authorised</u>		
50,000 Ordinary shares of £1 each	£50,000	£50,000
	=====	=====
<u>Issued and fully paid</u>		
50,000 Ordinary shares of £1 each	£50,000	£50,000
	=====	=====
14. <u>SHARE PREMIUM</u>		
Premium paid on issue of shares	£449,982	£449,982
	=====	=====
15. <u>RESERVES</u>		
Balance at 1st January, 2007	323,393	-
Retained profit for the year	300,706	323,393
	-----	-----
<u>Balance at 31st December, 2007</u>	<u>£624,099</u>	<u>£323,393</u>
	=====	=====
16. <u>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</u>		
Retained profit for the year	300,706	323,393
Shareholders' funds at 1st January, 2007	823,375	499,982
	-----	-----
<u>Shareholders' funds at 31st December, 2007</u>	<u>£1,124,081</u>	<u>£823,375</u>
	=====	=====

GREENCYCLE PLCNOTES TO THE ACCOUNTS

		<u>2007</u>	<u>2006</u>
17. <u>GROSS CASH FLOWS</u>			
<u>Returns on investments and servicing of finance</u>			
Interest paid including interest on finance lease and hire purchase rental payments		£49,659 =====	£23,657 =====
<u>Investing activities</u>			
Payments to acquire tangible & intangible fixed assets excluding those on finance leases & hire purchase contracts	438,659		669,031
Receipts from sales of tangible fixed assets	286,312	£152,347 =====	50,996 £618,035 =====
<u>Financing</u>			
Issue of ordinary shares	-		499,982
Capital element of finance & hire purchase rental payments	(432,413)	£(432,413) =====	(33,611) £466,371 =====

18. ANALYSIS OF CHANGES IN NET DEBT

	<u>At</u> <u>01.01.07</u>	<u>Cashflows</u>	<u>Other</u> <u>changes</u>	<u>At</u> <u>31.12.07</u>
Cash at bank & in hand	81,413	(80,717)	-	696
Overdrafts	-	(51,205)	-	(51,205)
	81,413	(131,922)	-	(50,509)
Finance lease & hire purchase agreements	(531,608)	432,413	(264,965)	(364,160)
<u>Total</u>	£(450,195) =====	£300,491 =====	£(264,965) =====	£(414,669) =====

GREENCYCLE PLCNOTES TO THE ACCOUNTS**19. OPERATING LEAST COMMITMENTS**

At 31st December, 2007 the company had the following annual commitments under operating leases as follows:-

	<u>2007</u>	<u>2006</u>
Leases expiring after between one and five years:		
Land & buildings	£49,500 =====	- =====

20. CAPITAL COMMITMENTS

Contracted for at 31st December 2007 but not reflected in the accounts.

£1,953,460 =====	£ - =====
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21. RELATED PARTY TRANSACTIONS

- (A) At 31st December, 2007 there is a balance due to Mr. D.M. Dervish from the company of £5,337. The balance represents unreimbursed expenditure incurred by Mr. Dervish on behalf of the company.
- (B) Consultancy fees totaling £19,000 were received by Mr. N.A. Rippon from the company during the year.

22. CONTROLLING PARTY

The company is controlled by Mr. D.M. Dervish by virtue of his 100% shareholding of the ordinary share capital of the company.