Company Registration No. 5901745

ENTERPRISEMANCHESTER PARTNERSHIP LIMITED

Report and Financial Statements

Year ended 31 March 2011

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L Greenbury (resigned 22 August 2011)
M Joyce
M Hynes
D Atherton
D Foster
J Mackie
R McBride
R Christie
Councillor J Longsden

SECRETARY

P Birch

REGISTERED OFFICE

Gordon House
Sceptre Way
Bamber Bridge
Preston
Lancashire
PR5 6AW

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their annual report for the year ended 31 March 2011, together with the financial statements and auditor's report

ACTIVITIES

The principal activity of the company is supplying refuse collection services to Manchester City Council

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The result for the year is set out on page 6 The balance sheet position of the company is shown on page 7

Revenue, as expected, was in line with the prior year reflecting the stable nature of the company's income from the agreed collection services The company works closely with the Council to drive efficiencies and an enhanced food and recycling service has been introduced in the year

Profits were in line with 2009/2010

The directors are satisfied with the result for the year As with most authorities, the recent Comprehensive Spending Review has introduced challenges for the years ahead with regard to maintaining best value services with reduced budgets The company works closely with the Council to assess areas of efficiency to ensure the goals of the company and Council are met

PRINCIPAL RISKS AND UNCERTAINTIES

EnterpriseManchester Partnership Limited's ("EMP") business model is based around operating a long term partnering contract with Manchester City Council which is delivered by a business unit with sufficient managerial strength to sustain a long term viable business

Although the major part of the company's income is from Manchester City Council, the company is potentially exposed to some credit risk in dealings with non-local authority customers In response to this risk, there are controls in place over customer acceptance, invoicing and cash collection

EMP pays careful attention to the management of its cash and working capital position Controls are in place to ensure that appropriate payment terms are included in contracts with suppliers and subcontractors as well as customers Adequate bank facilities are maintained and appropriate working capital management procedures are in place to ensure the company operates within these facilities

GOING CONCERN

After making enquiries, and based on the assumptions attached in note 1 to the financial statements the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

DIVIDENDS

The directors do not recommend a final dividend No dividends were paid during the year (2010 same)

DIRECTORS

The directors who served during the year and thereafter are shown on page 1

ENVIRONMENT

EnterpriseManchester Partnership Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities The company operates within the group's policies, which are described in the group's annual report and do not form part of this report Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption

DIRECTORS' REPORT (continued)

EMPLOYMENT

It is the company's policy to provide employees with relevant information on a regular basis and to seek their views on matters that concern them The company's aims, objectives and financial performance are communicated through management briefings and other less formal communications

The company's policy is to provide, whenever possible, employment opportunities for disabled people to encourage and assist their recruitment, training, career development and promotion, and to retain employees who become disabled The company also operates an equal opportunities policy

STATEMENT OF DISCLOSURE TO AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

AUDITOR

Deloitte LLP have expressed their willingness to continue as the company's auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

Director , D ATHERTON
15TH SEPT 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISEMANCHESTER PARTNERSHIP LIMITED

We have audited the financial statements of EnterpriseManchester Partnership Limited for the year ended 31 March 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 31 March 2011 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
16th September 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2011

	Note	2011 £	2010 £
TURNOVER	2	16,908,210	16,897,787
Cost of sales		(15,301,115)	(15,314,531)
GROSS PROFIT		1,607,095	1,583,256
Administrative expenses		(1,418,786)	(1,449,835)
OPERATING PROFIT	4	188,309	133,421
Bank interest receivable and similar income		13,314	5,906
Interest payable	5	(202,741)	(143,262)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,118)	(3,935)
Tax on loss on ordinary activities	6	10,645	(3,738)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	15	9,527	(7,673)

All results are derived from continuing activities

The company has no recognised gains or losses other than the gain for the current year and loss for the prior year shown above Accordingly a separate statement of total recognised gains and losses has not been presented

The accompanying notes form an integral part of this profit and loss account

BALANCE SHEET
As at 31 March 2011

	Note		31 March 2011		31 March 2010
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		3,584,533		4,194,494
CURRENT ASSETS					
Debtors	8	2,140,275		1,937,679	
Cash at bank and in hand		1,160,475		59,410	
		3,300,750		1,997,089	
CREDITORS: amounts falling due within one year	9	(3,963,410)		(2,689,182)	
NET CURRENT LIABILITIES			(662,660)		(692,093)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,921,873		3,502,401
CREDITORS: amounts falling due after more than one year	10		(2,873,474)		(3,463,529)
NET ASSETS			48,399		38,872
CAPITAL AND RESERVES					
Called up equity share capital	12		1,000		1,000
Profit and loss account	15		47,399		37,872
TOTAL SHAREHOLDERS' FUNDS	14		48,399		38,872

These financial statements were approved by the Board of Directors on 15TH SEPT 2011

Signed on behalf of the Board of Directors

Director

D ATHERTON

CASH FLOW STATEMENT
Year ended 31 March 2011

	Note	2011 £	2010 £
Net cash inflow/(outflow) from operating activities	16	1,935,999	(225,254)
Returns on investments and servicing of finance			
Interest received		13,314	5,906
Interest element on finance leases		(202,741)	(143,262)
Capital expenditure			
Purchase of tangible fixed assets	7	(85,758)	(24,387)
Financing			
Capital element of finance lease payments		(559,749)	(404,528)
Increase/(decrease) in cash	17	1,101,065	(791,525)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards The particular accounting policies are described below and have been consistently applied throughout the current and preceding year

Basis of preparation

Going concern

The performance, financial position and the key risks impacting the company are detailed in the directors report on page 2 The company performs waste management services for Manchester City Council on a contract which runs for at least 7 years from March 2008 Due to the nature of the contract with Manchester City Council and the associate of payment terms, credit and liquidity risk are not considered significant

The financial statements show that the company had net current liabilities at 31 March 2011 However, the directors in their consideration of going concern, have reviewed the company's cash flow forecast and trading projections for at least the next twelve months Management is of the opinion that the company's forecasts and projections show that the company should be able to operate within its facilities, and is satisfied that the going concern basis is therefore, appropriate in the preparation of the company's financial statements

Stocks

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax assets and liabilities have not been discounted

Pensions

The company contributes to the defined benefit plan of Manchester City Council However as the company is unable to identify its share of the assets and liabilities of the plan it is treated as a defined contribution scheme in the accounts in accordance with FRS 17 Pension costs are charged to the profit and loss account as incurred

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is stated net of VAT and trade discounts Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value

Finance leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses Depreciation is charged so as to write off the cost of assets over their estimated useful lives on a straight-line basis as follows

Plant & Equipment, Computer equipment - 10% to 33% per annum

2. TURNOVER

The turnover and pre-tax loss, all of which arises in the United Kingdom, is attributable to the one principal activity of the company which is the supply of refuse collection services

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company paid no emoluments to directors in the period Directors' emoluments are borne by another group company

	2011 No.	2010 No
Number of persons employed		
Administration	33	66
Production	189	156
	222	222
	£	£
Staff costs during the period		
Wages and salaries	4,934,948	5,011,393
Social security costs	385,194	374,734
Pension costs	434,798	455,231
	5,754,940	5,841,358

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2011

4. OPERATING PROFIT

	2011 £	2010 £
Operating profit is after charging:		
Depreciation of owned fixed assets	60,182	68,546
Depreciation of assets held under finance leases	635,537	376,814
Fees paid to the company's auditor for the audit of the company's annual accounts	10,000	10,000

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Hire purchase interest	202,741	143,262

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2011 £	2010 £
Current tax		
United Kingdom corporation tax	-	-
Deferred tax		
Current year movement	-	(4,498)
Timing differences	(770)	-
Adjustments in respect of prior years	11,415	760
Total tax credit / (charge) for the year	10,645	(3,738)

The tax assessed for the year is lower than that resulting from applying the standard rate of UK corporation tax of 28% (2010 28%) The differences are explained below

	2011 £	2010 £
Loss before tax	(1,118)	(3,935)
Tax thereon at 26% (2010 28%)	(291)	(1,102)
Expenses not deductible for tax	-	5,600
Depreciation in excess of/(less than) capital allowances	2,069	(385,858)
Group relief (claimed)/surrendered	(1,778)	381,360
Current tax charge	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2011

7. TANGIBLE FIXED ASSETS

	Plant & equipment, computer equipment £
Cost	
At 1 April 2010	4,717,080
Additions	85,758
At 31 March 2011	4,802,838
Accumulated depreciation	
At 1 April 2010	522,586
Charge for the year	695,719
At 31 March 2011	1,218,305
Net book value	
At 31 March 2011	3,584,533
At 31 March 2010	4,194,494

The net book value of tangible fixed assets includes an amount of £3,435,717 (2010 £4,071,254) in respect of assets held under finance leases

8. DEBTORS

	2011 £	2010 £
Trade debtors	1,702,697	794,366
Prepayments and accrued income	423,501	776,256
Amount owed by group undertakings	-	363,625
Deferred tax asset (see note 11)	14,077	3,432
	2,140,275	1,937,679

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Amounts owed to group undertakings	724,602	-
Obligations under finance leases	586,813	556,506
Trade creditors	545,512	279,367
Taxation and social security	7,529	188,749
Accruals and deferred income	2,098,954	1,664,560
	3,963,410	2,689,182

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2011

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Obligations under finance leases	2011 £	2010 £
Due between one and two years	620,576	589,378
Due between two and five years	2,065,875	1,989,848
Due in greater than five years	187,023	884,303
	2,873,474	3,463,529

11. DEFERRED TAXATION

	Deferred taxation £
At 1 April 2010	3,432
Credit to profit and loss account	10,645
At 31 March 2011	14,077

12. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Authorised, called-up, allotted and fully paid		
800 A ordinary shares of £1 each	800	800
200 B ordinary shares of £1 each	200	200
	1,000	1,000

13. PENSION COMMITMENTS

EnterpriseManchester Partnership Limited contributes to a defined benefit scheme run by the Manchester City Council Partnership As one of many contributors to this scheme it is not possible to separately identify the assets and liabilities relating to the Partnership employees In accordance with FRS 17, it is therefore treated as a defined contribution scheme for disclosure purposes The pension cost charge for the period represents contributions payable by the company to the Scheme and amounted to £434,798 (2010 £455,731)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2011

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit/ (loss) for the year	9,527	(7,673)
Net addition / (charge) to shareholders' funds	9,527	(7,673)
Opening shareholders' funds	38,872	46,545
Closing shareholders' funds	48,399	38,872

15. PROFIT AND LOSS ACCOUNT

	£'000
At 1 April 2010	37,872
Profit for the year	9,527
As at 31 March 2011	47,399

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	188,309	133,421
Depreciation charge	695,719	445,360
Decrease in stocks	-	63,960
(Increase)/decrease in debtors	(191,951)	929,804
Increase/(decrease) in creditors	1,243,922	(1,797,799)
Net cash inflow/(outflow) from operating activities	1,935,999	(225,254)

17 ANALYSIS OF NET DEBT

	At 1 April 2010 £	Cash flow £	At 31 March 2011 £
Cash in hand and at bank	59,410	1,101,065	1,160,475
Finance leases	(4,020,035)	559,749	(3,460,286)
Net debt	(3,960,625)	1,660,814	(2,299,811)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2011

18. RELATED PARTY TRANSACTIONS

The company is owned 80% by Enterprise Limited and 20% by Manchester City Council

In arriving at the result for the year, the company made sales and incurred charges in respect of services and resources supplied by and provided to the investing companies as follows

Manchester City Council	Sales	- £11,454,536
	Charges	- £3,345,667
Enterprise Group	Sales	- £nil
	Charges	- £2,594,391

The balances owed by or to subsidiaries of Enterprise Group Holdings Ltd are disclosed within debtors (note 8) as amounts owed by group undertakings and within creditors amounts falling due within one year (note 9) as amounts owed to group undertakings

The amount owed to Manchester City Council at the year end is £204,504 (2010 £123,863 owed by Manchester City Council) This amount is included within trade creditors in note 9

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company of EnterpriseManchester Partnership Limited is Enterprise Limited

At 31 March 2011 the company's ultimate parent company and controlling party is Enterprise Group Holdings Limited, a company registered in England and Wales Copies of its accounts can be obtained from Gordon House, Sceptre Way, Bamber Bridge, Preston, Lancashire, PR5 6AW