

Nick Brookes Recycling Ltd

WRAP Capital Support Application Document

Reference number AGG100-001

Confidential Application

Nick Brookes Recycling Ltd

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1. Executive Summary

Name of Company: Nick Brookes Recycling Limited
Nominated contact: Nick Brookes
Contact details: Nick Brookes Group
Wardle Industrial Estate
Green Lane
Nantwich
Cheshire
CW5 6DB
Telephone number: 01289 260687
Email address: nick@nickbrookes.co.uk

Project Overview

Inputs:

Site demolition
Skip waste
Existing yard stock

Outputs:

Sand
Aggregate 10mm
Aggregate 20mm
Aggregate 40mm

Potential markets:

Building contractors, Civil contractors, Utility contractors,
General public

Planning consent status: Obtained
Project build start date: June 2007
Project end date: February 2008
Location: Wardle Industrial Estate
Green Lane
Nantwich
Cheshire
CW5 6DB
Grid reference: SJ 602 571

VAT Status: registration applied for
Costs
Total capital cost: £2,365,932
Total support requested: £709,780 representing 30%

Tonnages

Outputs in year:

1. 117,576 tonnes
2. 117,576 tonnes
3. 129,334 tonnes
4. 142,284 tonnes
5. 156,427 tonnes

Inputs in year:

1. 132,480
2. 132,480
3. 145,728
4. 160,320
5. 176,256

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2. Project Description

2.1 Facility overview

See **Appendix i.**

2.2 Input material sourcing

The input material will be sourced from other Nick Brookes Group activities which includes skip hire from domestic and commercial sources and site demolition from the building and civil engineering industries.

The nearest comparative businesses are Gaskell Bros (WM and C) Limited at Leigh, Lancashire and The Coleman Group in the South Midlands.

We have no reason to believe that this new project will displace any of the existing capacity from these other operators due to geographical location of each site.

2.3 Output material end markets

The market for the output materials will be existing customers which include utility companies, building contractors, civil engineers and the general public. We attach a copy of correspondence received from Morganest confirming their potential requirements on **Appendix ii.**

We attach workings showing the estimated tonnage for the materials together with their respective selling prices. We have carried extensive market research to obtain the current market prices and information with respect to demand. The prices currently charged in the market have been obtained from Gaskell Bros (WM and C) Limited and we attach a copy on **Appendix iii.**

2.4 Facility design

The facility design is detailed in full in Sections 2.1 and 5.2.

2.5 Planning and Licensing

We enclose a copy of the full planning permission obtained from Cheshire County Council. The permission is in the name of the partnership Nick Brookes and Waste Disposal. (**Appendix iv.**)

We attach correspondence from the waste management consultants detailing the site licence position. (**Appendix v.**)

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3. Project Management Information

3.1 A milestone timetable/project plan

The following milestones have been incorporated into the project plan and are included in the cash flow forecast on **Appendix vi**.

Work to be completed	Date
Complete signed order of CDE Washing plant – 10% deposit due	<i>July 2007</i>
CDE Washing plant installed on site commences – 50% due	<i>October 2007</i>
360 Degree excavator ordered and delivered – financed over 3 yrs	<i>October 2007</i>
Extec mobile crushing plant ordered and delivered – financed over 3 yrs	<i>October 2007</i>
Commencement of commissioning of CDE plant – 10% due	<i>November 2007</i>
Electricity substation completed and payment due	<i>January 2008</i>
Wheel loader delivered and payment due	<i>January 2008</i>
Water borehole completed and payment due	<i>January 2008</i>
Dust suppression equipment installed and payment due	<i>January 2008</i>
Ferrous completed and payment due	<i>January 2008</i>
Civil work completed and payment due	<i>January 2008</i>
Final commissioning of CDE plant – 10% due	<i>February 2008</i>
Plant fully commissioned and operational	<i>February 2008</i>

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3.2 Project team

- The project is to be managed and controlled by Mr Nick Brookes.

Mr Nick Brookes has over 18 years experience in waste and demolition industries.

He is the co owner and manager of the The Nick Brookes Group which currently turns over circa £5.4 million per annum; employees around 80 people, with the group being established 20 years ago.

Mr Nick Brookes is a Waste Management Site Licence Holder (WAMTAB).

- Assistant project manager Mr Paul Reeves.

Mr Paul Reeves has been employed by the Nick Brookes Group since 1998. Previous to this he was employed by a large construction concern.

He is CITB trained in demolition, is Asbestos Awareness Certified and is a member of the National Demolition Training Group.

- CDE Ireland Ltd design and installation of the plant. Corporate brochure attached on **Appendix vii**.

3.3 Health and Safety

We attach on **Appendix viii** a copy of Nick Brookes Group Health and Safety policy document.

There is no history for the Limited Company as this is yet to commence trading.

The Nick Brookes Demolition and Waste Disposal partnership has had no improvement or prohibition notices or actual or pending prosecutions by the HSE or Environment agency in the previous five years other than a notice imposed until Health and Safety management procedure which was approved Dec 2004/Jan 2005.

3.4 Contractors

The following are contractors who will be involved in the project.

CDE Ireland Ltd (see Section 3.2)

TPS Plant and Ground works – completion of Civil works.

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3.5 Track record

The key individuals involved in the project have several years experience in project management within the Nick Brookes Group.

The Group has made capital expenditure of:

2006	£725,136
2005	£981,377
2004	£1,620,920

The above includes property improvement and plant and machinery expenditure.

The current Materials Recycling facility plant was installed by the inhouse team during 2002.

3.6 Quality assurance

See **Appendix ix**.

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4. Organisational Information

4.1 Registered addresses

The company registered address: Wardle Industrial Estate
Green Lane
Wardle
Nr Nantwich
Cheshire
CW5 6DB

Company number: 6129848

The Project guarantor: Mr N Brookes
Hadley Moss
Mill Lane
Little Budworth
Cheshire
CW6 6DD

4.2 Status, structure and ownership

The Company was incorporated on 27 February 2007. We enclose a copy of the Certificate of Incorporation on **Appendix x**.

The shareholders of the Company are:

<i>Name</i>	<i>Shareholding</i>
Mr N Brookes	450 Ordinary "A" Shares
Mr M Brookes	450 Ordinary "B" Shares
Miss SJ Howard Perry	100 Ordinary "A" Shares

The Directors of the Company are:

Mr N Brookes
Miss SJ Howard Perry

The Secretary of the Company is:

Miss SJ Howard Perry

The Nick Brookes Group background information is included on Appendix xi.

4.3 Board approval

The project has the full support of the directors and we enclose a copy board minute on **Appendix xii**.

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4.4 Insurance details

The above limited company has been recently incorporated and the company has not yet commenced trading. The company is presently in the process of obtaining insurance.

However, the present trading partnership "Nick Brookes Demolition and Waste Disposal" has insurance cover and we detail the relevant insurance details for this entity.

Broker name: C & C Insurance Brokers
Bridge House
80 Compstall Road
Romiley
Stockport
Cheshire
SK6 4DE

Telephone number: 0161 406 4852
Fax number: 0161 406 4820

We enclose in **Appendix xiii** confirmation of the insurance cover presently in place for the above, which includes the relevant renewal dates.

4.5 Site ownership

The site is owned by the company shareholders.

We enclose confirmation of the site ownership and site plan on **Appendix xiv**.

4.6 Previous grant funding

The company or its shareholders have not previously received any grant funding.

4.7 Project Guarantor

The project guarantor is Mr N Brookes, we enclose on **Appendix xii** confirmation. Mr N Brookes has significant personal assets to enable him to be a suitable guarantor.

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5. Financial Information

5.1 Identification of VAT registration

The company has submitted an application to HM Customs and Excise for VAT registration.

The current partnership VAT registration number is 539 6812 10.

5.2 Capital cost breakdown

We detail below the total capital costings for the project in pound sterling:

	Net	VAT	Gross
<i>Quotes are included on Appendix xv for the following.</i>			
CDE Washing plant	1,460,492	255,586	1,716,078
Extec Mobile Crushing Plant	178,500	31,238	209,738
360 Degree Excavator	97,940	17,140	115,080
Loading shovel	128,000	22,400	150,400
<i>We have obtained costings for the below but are unable to supply written quotes at this time for the following.</i>			
Electricity substation	85,000	14,875	99,875
Water borehole	9,000	1,575	10,575
Dust suppression	12,000	2,100	14,100
Additional Ferrous	45,000	7,875	52,875
Civil costs	350,000	61,250	411,250
Total	2,365,932	414,039	2,779,971

The amount of funding requested for each element of the project is listed below:

	Net	Support requested
- CDE Washing plant	1,460,492	438,148
Extec Mobile Crushing Plant	178,500	53,550
360 Degree Excavator	97,940	29,382
Loading shovel	128,000	38,400
Electricity substation	85,000	25,500
Water borehole	9,000	2,700
Dust suppression	12,000	3,600
- Additional Ferrous	45,000	13,500
Civil costs	350,000	105,000
Total	2,365,932	709,780

The anticipated timing and spend profile of the project is included on the milestone table on section 3.1.

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5.3 Viability of Investment

We attach the five year and ten year expected project calculations together with all assumptions and workings on **Appendix xvi**.

The selling prices are based on current market rates with inflationary price increases over the five and ten year terms.

The costs are as currently estimated based on market rates and industry benchmarks.

The Group's required internal rate of return for projects over five year is 12-13%, and over ten years would be in excess of 30%. These amounts are based on both historical figures and the projects current risk profile.

The financial projections evidence the fact that the project in the opinion of the directors would not be viable without Wrap support.

5.4 Audited accounts

The Company has recently been incorporated and as such do not have three years audited accounts available.

We have however included copies of the last three years accounts for Nick Brookes Demolition and Waste Disposal. This is a partnership which includes the current trade and is owned by the shareholders of Nick Brookes Recycling Limited. The accounts are included on **Appendix xvii**.

5.5 Project financing

We include a cash flow forecast for the period of the project on **Appendix vi**.

The project is to be part financed by a bank loan for £1 million. We include confirmation from the bank for the availability for the borrowings on **Appendix xviii**.

The 360 Degree Excavator £97,940 and the Extac Washing Plant £178,500 is to be financed by a hire purchase agreement over 3 years.

In summary the project is to be financed as follows:

Bank loan	1,000,000
Hire Purchase	276,440
WRAP grant	709,780
Total financed	1,986,220
Current operations	379,712
Total project cost	2,365,932

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6. Environmental Information

6.1 Environmental Policy

We attach a copy of the Environmental Policy for Nick Brookes Demolition and Waste Disposal on **Appendix xix**.

6.2 Environmental Impact Statement

The plant is envisaged to have an increase in the site's level of dust and noise pollution.

6.3 Mitigation of Environmental Impacts

The plant design incorporates a dust suppression system to mitigate the added dust pollution.

The noise pollution is to remain within the current legislative parameters.

6.4 Environmental Improvements

The plant ensures the recycling of waste water collected from the adjoining sites and used within the washing process.

The directors are committed to providing their geographical region with a viable alternative to all the problems associated with land fill sites.

The technology involved in the proposed project is cutting edge and will enable the group to enhance its ability to recycle other waste products which currently have no alternative but to end up in land fill.