

SHANKS CHEMICAL SERVICES LIMITED

Registered Number 00934787

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

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SHANKS CHEMICAL SERVICES LIMITED

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SHANKS CHEMICAL SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2015.

Principal activities and business review

The Company's principal activity was to provide administrative support to other group Companies. On 1 April 2014 the contracts of employment of all but one employee were transferred to Shanks Waste Management Limited. Following this transfer, the Company's provision of administrative support to other group companies ceased.

The profit on ordinary activities before taxation for the year ended 31 March 2015 was £307,000 (2014: £400,000). The Directors recommend that no dividend be paid in respect of the year (2014: £nil). The retained profit transferred to reserves for the year was £242,000 (2014: £308,000).

Future outlook

On 1 April 2014, the Company's provision of administrative support to other group companies ceased and the Directors do not anticipate any changes for the year ending 31 March 2016.

Principal risks and uncertainties

The Company's ultimate controlling parent is Shanks Group plc. Risks are managed at a local level in accordance with the risk management framework of Shanks Group plc. The principal risks and uncertainties of Shanks Group plc are discussed in its Annual Report and Accounts for the year ended 31 March 2015.

Key performance indicators

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

Financial risk management

A discussion of the objectives and policies employed in managing risk and the Company's use of financial instruments can be found in the Shanks Group plc Annual Report and Accounts for the year ended 31 March 2015.

Directors

The Directors, who held office during the year and up to the date of signing this report, were as follows:

P D Eglinton
D K Mulligan
T R Woolrych

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

SHANKS CHEMICAL SERVICES LIMITED

DIRECTORS' REPORT - continued

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' 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 prepared 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 judgements 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.

Statement of disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006 the Directors confirm that:

- (a) so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the Directors 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 auditors are aware of that information.

By order of the Board



D K Mulligan
Director
11 September 2015

Registered office:

Dunedin House
Auckland Park
Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHANKS CHEMICAL SERVICES LIMITED

Report on the financial statements

Our opinion

In our opinion, Shanks Chemical Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 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.

What we have audited

Shanks Chemical Services Limited's financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHANKS CHEMICAL SERVICES LIMITED - continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

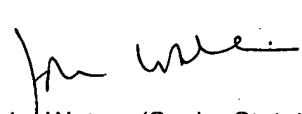
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.


John Waters (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 September 2015

SHANKS CHEMICAL SERVICES LIMITED
REGISTERED IN ENGLAND NUMBER 00934787

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	<u>Note</u>	2015 £'000	2014 £'000
Turnover	2	262	1,065
Administrative expenses		(262)	(972)
		<hr/>	<hr/>
Operating profit	3	-	93
Interest receivable and similar income	6	362	362
Interest payable and similar charges	7	(55)	(55)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		307	400
Tax on profit on ordinary activities	8	(65)	(92)
		<hr/>	<hr/>
Profit for the financial year	14	242	308
		<hr/> <hr/>	<hr/> <hr/>

All the activities of the Company relate to discontinued operations.

There is no material difference between the reported results for the years and those that would be reported under the historical cost convention.

The Company has no recognised gains or losses other than those set out above. Accordingly, no separate statement of total recognised gains and losses has been prepared.

SHANKS CHEMICAL SERVICES LIMITED
REGISTERED IN ENGLAND NUMBER 00934787

BALANCE SHEET
AS AT 31 MARCH 2015

	<u>Note</u>	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	9	495	495
Investments	10	2,376	2,376
		<hr/>	<hr/>
		2,871	2,871
Current assets			
Debtors	11	12,198	12,404
Cash at bank and in hand		9	-
		<hr/>	<hr/>
		12,207	12,404
Creditors: amount falling due within one year	12	(10,044)	(10,483)
		<hr/>	<hr/>
Net current assets		2,163	1,921
		<hr/>	<hr/>
Net assets		5,034	4,792
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	2,632	2,632
Share premium account	14	14,311	14,311
Profit and loss account	14	(11,909)	(12,151)
		<hr/>	<hr/>
Total shareholder's funds	15	5,034	4,792
		<hr/>	<hr/>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 11 September 2015 and signed on its behalf by:



D K Mulligan
Director

SHANKS CHEMICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except where noted.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and comply with applicable law, the Companies Act 2006 and applicable accounting standards in the United Kingdom (UK Generally Accepted Accounting Practice).

As the Company is a wholly owned subsidiary of Shanks Group plc, group financial statements have not been prepared as permitted by Section 400 of the Companies Act 2006 and the financial statements contain information about the Company as an individual undertaking.

(b) Going Concern

After making enquiries, the Directors have formed the view, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

(c) Turnover

Turnover represents the invoiced value of administrative services provided excluding value added tax. Turnover is recognised over the period the service is provided.

(d) Tangible assets

Freehold land and buildings

Depreciation is provided on assets other than land to write off their cost by equal annual instalments over their estimated useful economic lives. The estimated useful economic lives are:

Buildings	25 to 50 years
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(e) Retirement benefits

The Company is a member of a group pension scheme which covers its employee on both a defined contribution and on a defined benefit basis. For the defined contribution section, pension costs are charged to the profit and loss account as the payments to the scheme fall due.

For the defined benefit section, the Company is unable to identify its share of the assets and liabilities of the group pension scheme and is then permitted under FRS 17 'Retirement Benefits' to treat this section of the scheme as a defined contribution scheme. For the defined benefit section, pension costs are charged to the profit and loss account as the payments to the scheme fall due.

(f) Investments

Investments are held at the lower of cost and net realisable value.

SHANKS CHEMICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 - continued

1 ACCOUNTING POLICIES - continued

(g) Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Current 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.

(h) Financial expenses and income

Financial expenses comprise bank charges, interest payable on overdrafts and intercompany loans. Interest payable is recognised on an accruals basis.

Interest receivable comprises amounts receivable on intercompany loans and is recognised on an accruals basis.

(i) Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements. Interim dividends are recognised when paid.

2 TURNOVER

The turnover and operating profit are wholly attributable to the Company's activities in the United Kingdom.

3 OPERATING PROFIT

The auditor's remuneration of £3,000 (2014: £3,000) has been borne by a fellow group undertaking.

4 DIRECTORS' EMOLUMENTS

The Directors were not remunerated for their services to the Company (2014: £nil); neither did the Directors accrue any retirement benefits in respect of service to the Company (2014: £nil). None of the emoluments paid to the Directors by the other group companies related to the services to this Company (2014: £nil), which are of negligible value.

5 EMPLOYEE INFORMATION

The monthly average number of people employed by the Company in the administration of waste management services during the year was 1 (2014: 30). Staff costs comprise:

	2015 £'000	2014 £'000
Wages and salaries	248	856
Social security costs	14	80
Other pension costs (note 16)	-	33
	<hr/> 262	<hr/> 969

SHANKS CHEMICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 - continued

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Interest receivable on intercompany loans	362	362

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Interest payable on intercompany borrowings	55	55

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge based on the profit for the year is made up as follows:

	2015 £'000	2014 £'000
Corporation tax charge for the year	65	92

The tax assessed for the year is equal to (2014: equal to) the United Kingdom standard rate of corporation tax of 21% (2014: 23%).

Factors that may affect the future current and total tax charges

As per the March 2013 budget statement, the current year main rate of corporation tax reduced to 21% (effective from 1 April 2014) and then reduced to 20% (effective from 1 April 2015).

9 TANGIBLE ASSETS

	Land and Buildings £'000
Cost:	
At 1 April 2014 and at 31 March 2015	833
Accumulated Depreciation:	
At 1 April 2014 and 31 March 2015	338
Net book value:	
At 31 March 2015	495
At 31 March 2014	495

SHANKS CHEMICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 - continued

10 INVESTMENTS

	£'000
Shares in subsidiary undertakings at cost:	
At 1 April 2014 and 31 March 2015	2,376

The Company had the following investment in subsidiary undertaking:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Type of shares held</u>	<u>Proportion held</u>
Lothian Limited	England & Wales	Holding Company	Ordinary £1	100%

The Directors are of the opinion that the value of investments in the subsidiary undertaking is not less than the aggregate amounts at which they are recorded in the Balance Sheet.

11 DEBTORS

	2015 £'000	2014 £'000
Amounts owed by group undertakings	12,198	12,404

Of the amounts owed by group undertakings, £7,869,000 (2014: £7,869,000) is an unsecured loan bearing interest at 4.75% (2014: 4.75%). All other amounts due from group undertakings are repayable on demand, unsecured and interest free.

12 CREDITORS: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	-	56
Amounts owed to group undertakings	9,979	10,335
Corporation tax	65	92
	10,044	10,483

Creditors comprise an unsecured loan owed to group undertakings of £3,649,000 (2014: £3,649,000). The loan due to fellow group undertakings bears interest at Bank of England base rate plus a margin of 1% (2014: 1%). All other amounts owed to group undertakings are repayable on demand, unsecured and interest free.

13 CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called up and fully paid:		
2,632,110 ordinary shares of £1 each	2,632	2,632

SHANKS CHEMICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 - continued

14 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 April 2014	14,311	(12,151)
Profit for the financial year	-	242
	<hr/>	<hr/>
At 31 March 2015	14,311	(11,909)
	<hr/>	<hr/>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2015 £'000	2014 £'000
Profit for the financial year	242	308
Opening shareholder's funds	4,792	4,484
	<hr/>	<hr/>
Closing shareholder's funds	5,034	4,792
	<hr/>	<hr/>

16 PENSION COMMITMENTS

The Company's principal pension scheme is the Shanks Group Pension Scheme which covers eligible employees and has both funded defined benefit and defined contribution sections. Pension costs for the defined benefit section are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The Company is unable to identify the share of the underlying assets and liabilities of the defined benefit section of the Shanks Group Pension Scheme that relates to its business and is permitted under FRS 17 'Retirement Benefits' to treat this section of the scheme as a defined contribution scheme. The Scheme has been fully included and disclosed in both the consolidated and entity financial statements of Shanks Group plc.

The pension charge for the year for the defined benefit section of the pension scheme was £nil (2014: £15,000) and for the defined contribution section of the pension scheme was £nil (2014: £18,000).

It should be noted that Shanks Group plc has adopted International Financial Reporting Standards (IFRS) and hence the Scheme has been included in its financial statements under the principles and disclosure requirements of IAS 19 (Revised) Employee Benefits. There are no material differences between the valuation and accounting principles and disclosure requirements of FRS 17 'Retirement Benefits' (as used by this Company's financial statements under UK Generally Accepted Accounting Practice) and IAS 19 (as used by Shanks Group plc in its financial statements under IFRS). Full disclosures relating to the pension scheme of which this Company is a member are therefore contained in the financial statements of Shanks Group plc.

SHANKS CHEMICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 - continued

17 CONTINGENT LIABILITIES

The Company has granted to its bankers an unlimited guarantee and a right of set off against amounts outstanding on advances to its parent and fellow subsidiary undertakings. As at 31 March 2015 the Group borrowings for which this Company was a co-guarantor were £61,968,000 (2014: £84,771,000).

The Company is a member of a HMRC Group VAT registration and as at 31 March 2015 had a contingent liability of £635,000 (2014: £986,000) under this registration.

The Company is also a member of a HMRC Group Payment arrangement for Corporation Tax and as at 31 March 2015 had a contingent liability of £347,000 (2014: £nil) under this arrangement.

In respect of contractual liabilities, the Company, along with other fellow group undertakings, has given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling £69,136,000 (2014: £61,736,000).

The Company has given an unlimited guarantee in respect of the Group's retail bonds totalling £144,707,000 (2014: £165,344,000).

18 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8 Related Party Transactions not to disclose transactions with companies which are wholly-owned undertakings within the Shanks Group plc group.

19 CASH FLOW STATEMENT

The Company is a wholly-owned subsidiary of Shanks Group plc and is included in the consolidated financial statements of Shanks Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

20 IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is Shanks Environmental Services Limited, a company registered in England and Wales. The Company's ultimate parent and ultimate controlling company is Shanks Group plc, a company incorporated in Scotland. Shanks Group plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2015. The consolidated financial statements of Shanks Group plc can be obtained from the Company Secretary, Shanks Group plc, Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire MK1 1BU.