

**Castle Waste Services Limited**

**Annual report and financial  
statements**

Registered number 01359619

30 September 2017

SATURDAY



\*A6ZHSZ74\*

A15

10/02/2018

#111

COMPANIES HOUSE

## **Contents**

Company information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the annual report, the strategic report and the financial statements	4
Independent auditor's report to the members of Castle Waste Services Limited	5
Statement of income and retained earnings	7
Balance sheet	8
Notes	9

## **Company information**

### **Directors**

MR Hewitt  
AM Smith  
AM Elliott  
SR Cowley  
DJ Tustin  
TCA Diggle  
DR Humphriss

### **Secretary**

AM Smith

### **Registered office**

Treatment Centre  
Crompton Road  
Ilkeston  
Derbyshire  
DE7 4BG

### **Bankers**

Barclays Plc  
Snow Hill Queensway  
Birmingham  
B4 6GN

### **Auditors**

KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## **Strategic report**

### **Business review**

The Company trades as Castle Environmental, with waste management sites in Ilkeston and Cardiff.

The Company consolidated its market position during the year and is pleased with the increase in turnover and profit. The Board anticipates significant growth in the future market for Air Pollution Control Residue (APCr) treatment and recycling which should lead to increased revenues and profit.

On 1 October 2017 the trade and assets of the construction division were transferred to a fellow subsidiary of the group, Castle Construction Products Limited.

The Directors are confident that the company's assets will continue to deliver value and returns for all Stakeholders.

### **Principal risks, uncertainties and financial management objectives**

The key performance indicators for the business are cash flow and profitability and hence the most significant risks to the business are those that directly impact on these, which are correlated with general economic activity.

The company follows the following financial risk management policies:

#### **Price risk**

The business may be affected by rising costs of inputs, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The business continues to offset the risk of competitive pressure through continual improvement in its customer-focused activities, providing a good quality service at a market price.

#### **Interest rate risk**

The company is exposed to movements in interest rates and seeks to mitigate such exposure by obtaining facilities on the most beneficial terms available.

#### **Credit risk**

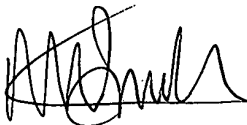
Credit risk arises on assets such as trade debtors. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history before credit is granted.

#### **Liquidity risk**

At the year end the Hillbridge Investments Limited Group has bank and cash balances of £2,631,000 (2016: £1,231,000) and also continues to have access to an unused short term borrowing facility.

The Directors are confident that this funding structure is appropriate to allow the company to achieve its financial targets in the future.

By order of the board



**AM Smith**  
*Secretary*

Dated: 6 February 2018

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 30 September 2017.

### **Principal activity**

The principal activity of the company and its subsidiary is waste treatment, recycling and disposal.

### **Dividends and transfers to reserves**

The results for the year are shown in the profit and loss account on page 7.

The directors do not propose the payment of a dividend (2016: £nil).

### **Directors**

The directors who held office during the year and to the date of this report were as follows:

MR Hewitt  
AM Elliott  
SR Cowley  
TCA Diggle  
DR Humphriss  
AM Smith  
DJ Tustin  
SP Spiteri (Appointed 1 January 2018)

### **Political contributions**

The Company made £200 of political donations during the year (2016: £nil).

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2:

### **Auditor**

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

By order of the board



**AM Smith**  
Secretary

Dated: 6 February 2018

## **Statement of directors' responsibilities in respect of the annual report, the strategic report and the financial statements**

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standards applicable in the UK and republic of Ireland*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Castle Waste Services Limited**

### **Opinion**

We have audited the financial statements of Castle Waste Services Limited ("the company") for the year ended 30 September 2017 which comprise the statement of income and retained earnings, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



## **Independent auditor's report to the members of Castle Waste Services Limited**

*(continued)*

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

A handwritten signature in black ink that reads 'Louise De Lucchi'.

**Louise De Lucchi** *(Senior Statutory Auditor)*

*for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants*

St Nicholas House

Park Row

Nottingham NG1 6FQ

Dated: 6 February 2018



**Statement of income and retained earnings**  
*for the year ended 30 September 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Turnover</b>	2	15,547	15,176
Cost of sales		(11,989)	(12,119)
<b>Gross profit</b>		<u>3,558</u>	<u>3,057</u>
Administrative charges		(2,397)	(2,946)
Other operating income		178	154
<b>Operating profit</b>		<u>1,339</u>	<u>265</u>
Interest payable and similar charges	6	(7)	(8)
<b>Profit before taxation</b>		<u>1,332</u>	<u>257</u>
Tax on profit	7	(132)	257
<b>Profit after taxation</b>		<u>1,200</u>	<u>514</u>
Retained earnings at the beginning of the year		<u>3,039</u>	<u>2,525</u>
<b>Retained earnings at the end of the year</b>		<u><u>4,239</u></u>	<u><u>3,039</u></u>

In both the current and prior year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

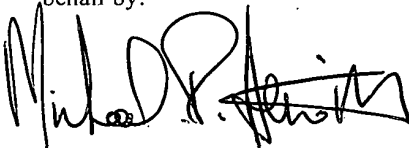
The attached notes form part of these financial statements

**Balance sheet**  
at 30 September 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangibles	8	7	9
Tangible assets	9	2,429	4,024
		<u>2,436</u>	<u>4,033</u>
<b>Current assets</b>			
Stocks	10	-	136
Debtors (including £300,000 (2016: £300,000) due after more than one year)	11	4,564	3,493
Cash at bank and in hand		1,913	584
		<u>6,477</u>	<u>4,213</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(4,231)</u>	<u>(4,548)</u>
<b>Net current assets/(liabilities)</b>		<u>2,246</u>	<u>(335)</u>
<b>Total assets less current liabilities</b>		<u>4,682</u>	<u>3,698</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(296)	(439)
<b>Provisions for liabilities</b>			
Deferred tax liability	16	(147)	(220)
<b>Net assets</b>		<u>4,239</u>	<u>3,039</u>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Profit and loss account		4,239	3,039
<b>Shareholders' funds</b>		<u>4,239</u>	<u>3,039</u>

The attached notes form part of these financial statements.

These financial statements were approved by the board of directors on 6 February 2018 and were signed on its behalf by:



MR Hewitt  
Director



AM Smith  
Director

Company registered number: 01359619

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Castle Waste Services Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 01359619 and the registered address is Treatment Centre, Crompton Road, Ilkeston, Derbyshire, DE7 4BG.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Hillbridge Investments Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Hillbridge Investments Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Hillbridge Investments Limited include the equivalent disclosures; the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

#### 1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2. Going concern

The company is part of the Hillbridge Investments Limited group ('the Group') which has cash balances at the year end totalling £2,631,000 (2016: £1,231,000).

The directors monitor cash flow against forecasts as a key performance indicator (KPI) and have assessed that the company will operate within its available facilities for the next twelve months and the foreseeable future. They have therefore prepared the accounts on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.4. Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.5. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.5. Tangible fixed assets (continued)**

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	- 2% to 20% on cost
Plant and machinery	- 5% to 50% on net book value
Fixtures and fittings	- 5% to 25% on net book value
Office equipment	- 20% to 33% on net book value

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **1.6. Intangible assets**

##### *Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Licence      25% reducing balance

Other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

#### **1.7. Impairment excluding stocks and deferred tax assets**

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **1.8. Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9. Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax. Revenue is recognised when the company has fulfilled its performance obligations in relation to waste processing.

#### 1.10. Other operating income

Other operating income relates to fees charged to group companies for centrally provided services.

#### 1.11. Charges

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established.

#### 1.12. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Turnover

	2017 £000	2016 £000
Sale of goods	-	500
Rendering of services	15,547	14,676
	<hr/>	<hr/>
Total turnover	15,547	15,176
	<hr/>	<hr/>

All turnover arises within the United Kingdom.

### 3 Expenses and auditor's remuneration

#### *Auditor's remuneration:*

	2017 £000	2016 £000
Audit of these financial statements	11	17
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	4	12
Other assurance services	1	4
	<hr/>	<hr/>

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Operations and sales	37	48
Office and management	16	13
	<hr/>	<hr/>
	53	61
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	2,195	2,525
Social security costs	294	345
Contributions to defined contribution plans	43	35
	<hr/>	<hr/>
	2,532	2,905
	<hr/>	<hr/>

## Notes (continued)

### 5 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	974	1,090
Company contributions to money purchase pension plans	24	21
	<u>          </u>	<u>          </u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £430,000 (2016: £492,000), and company pension contributions of £nil (2016: £nil) were made to a money purchase scheme on his behalf.

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	7	7
	<u>          </u>	<u>          </u>

### 6 Interest payable and similar charges

	2017 £000	2016 £000
Interest payable on financial liabilities at amortised cost	7	8
	<u>          </u>	<u>          </u>
Total other interest payable and similar charges	7	8
	<u>          </u>	<u>          </u>

Interest payable and similar charges includes interest payable on secured bank loans of £6,609 (2016: £638), interest on the invoice discounting facility of £19 (2016: £455) and interest on hire purchase facilities of £427 (2016: £7,041).

### 7 Taxation

#### Total tax charge recognised in the profit and loss account, other comprehensive income and equity

	2017 £000	2016 £000
<i>Current tax</i>		
Current tax on income for the period	165	-
Group relief payable	40	-
Adjustments in respect of prior periods	-	(255)
	<u>          </u>	<u>          </u>
Total current tax	205	(255)
<i>Deferred tax (note 16)</i>		
Origination and reversal of timing differences	(73)	(11)
Adjustments in respect of prior periods	-	49
Change in tax rate	-	(40)
	<u>          </u>	<u>          </u>
Total deferred tax	(73)	(2)
	<u>          </u>	<u>          </u>
Total tax	132	(257)
	<u>          </u>	<u>          </u>



**Notes (continued)**

**7 Taxation (continued)**

**Reconciliation of effective tax rate**

	2017 £000	2016 £000
Profit after taxation	1,200	514
Total tax charge/(credit)	132	(257)
	<hr/>	<hr/>
Profit before taxation	1,332	257
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.50 % (2016: 20%)	260	51
Fixed asset differences	9	29
Non-deductible expenses	11	17
Other tax adjustments, reliefs and transfers	(75)	-
Additional deduction for R&D expenditure	(84)	(110)
Adjustments in respect of previous periods	-	(255)
Adjustments in respect of previous periods – deferred tax	-	49
Adjust closing deferred tax to average rate of 19.5%	(21)	(38)
Adjust opening deferred tax to average rate of 19.5%	32	-
	<hr/>	<hr/>
Total tax charge/(credit) included in profit or loss	132	(257)
	<hr/>	<hr/>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was subsequently enacted on 6 September 2016. The deferred tax liability at 30 September 2017 has been calculated based on these rates.

**8 Intangible assets and goodwill**

	Licences £000
<b>Cost</b>	
Balance at 1 October 2016 and 30 September 2017	69
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 1 October 2016	60
Amortisation for the year	2
	<hr/>
Balance at 30 September 2017	62
	<hr/>
<b>Net book value</b>	
At 30 September 2017	7
	<hr/>
At 30 September 2016	9
	<hr/>

## Notes (continued)

### 8 Intangible assets and goodwill (continued)

#### *Amortisation and impairment charge*

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2017 £000	2016 £000
Administrative charges	2	1
	<u>2</u>	<u>1</u>

### 9 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and office equipment £000	Total £000
<b>Cost</b>				
Balance at 1 October 2016	2,764	5,215	152	8,131
Additions	19	138	10	167
Disposals	-	(50)	(17)	(67)
Transfer to group company	(804)	(810)	-	(1,614)
	<u>1,979</u>	<u>4,493</u>	<u>145</u>	<u>6,617</u>
<b>Depreciation and impairment</b>				
Balance at 1 October 2016	1,082	2,918	107	4,107
Depreciation charge for the year	48	317	20	385
Disposals	-	(50)	(16)	(66)
Transfer to group company	(70)	(168)	-	(238)
	<u>1,060</u>	<u>3,017</u>	<u>111</u>	<u>4,188</u>
<b>Net book value</b>				
At 30 September 2017	<u>919</u>	<u>1,476</u>	<u>34</u>	<u>2,429</u>
At 30 September 2016	<u>1,682</u>	<u>2,297</u>	<u>45</u>	<u>4,024</u>

Included within freehold land and buildings is land with a value of £442,000 (2016: £442,000) which is not depreciated.

The net book value of plant and machinery includes £7,000 (2016: £359,000) in relation to assets held under finance leases and hire purchase contracts. Depreciation charged on these assets in the year was £2,000 (2016: £46,000).

Transfers out of fixed assets to Castle Construction Products Limited on 1 October 2016 were recorded at book value.

**Notes (continued)**

**10 Stocks**

	2017 £000	2016 £000
Raw materials and consumables	-	10
Finished goods	-	126
	<u>-</u>	<u>136</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £nil (2016: £172,000).

The write-down of stocks to net realisable value amounted to £nil (2016: £nil). The write-down is included within cost of sales.

From 1 October 2016 all stocks were transferred into Castle Construction Products Limited at book value.

**11 Debtors**

	2017 £000	2016 £000
Trade debtors	2,306	3,041
Amounts owed by group undertakings	1,815	-
Other debtors	300	300
Prepayments and accrued income	143	152
	<u>4,564</u>	<u>3,493</u>
Due within one year	4,264	3,193
Due after more than one year	300	300
	<u>4,564</u>	<u>3,493</u>

Debtors include other debtors of £300,000 (2016: £300,000) due after more than one year. Amounts owed by and to group undertakings are repayable on demand.

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	2017 £000	2016 £000
Amounts owed to group companies	1,157	994
Obligations under finance leases and hire purchase contracts (note 15)	4	82
Trade creditors	1,871	2,362
Other creditors	99	177
Corporation tax due	165	-
Other taxation and social security	344	217
Accruals and deferred income	564	689
Secured bank loans (note 15)	27	27
	<u>4,231</u>	<u>4,548</u>

**13 Creditors: amounts falling after more than one year**

	2017 £000	2016 £000
Obligations under finance leases (note 15)	-	125
Secured bank loans (note 15)	296	314
	<u>296</u>	<u>439</u>

**14 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Company 2017 £000	2016 £000
<b>Creditors falling due after more than one year</b>		
Secured bank loans	296	314
Finance lease liabilities	-	125
	<u>296</u>	<u>439</u>
<b>Creditors falling due within less than one year</b>		
Secured bank loans	27	27
Finance lease liabilities	4	82
	<u>31</u>	<u>109</u>

## Notes (continued)

### 14 Interest bearing loans and borrowings (continued)

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
Secured bank loans	GBP	Base Rate + 1.75%	2021	Monthly	323	341
Finance lease liabilities	GBP	10.20%	2018	Monthly	4	207
					<u>327</u>	<u>548</u>

### 15 Other interest-bearing loans and borrowings

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2017 £000	Minimum lease payments 2016 £000
Less than one year	4	82
Between one and five years	-	125
	<u>4</u>	<u>207</u>

#### Secured bank loans

Secured bank loans are payable as follows:

	2017 £000	2016 £000
Less than one year	27	27
Between one and five years	296	314
	<u>323</u>	<u>341</u>

Hire purchase liabilities are secured against the assets subject to the hire purchase arrangement. The secured bank loan incurs interest at Base Rate plus 1.75%, is secured against the freehold property of the Company to which the loan relates, and is repayable on a monthly basis with a final payment due at the end of the 5 year term.

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
Secured bank loans	GBP	Base Rate + 1.75%	2021	Monthly	323	341
Finance lease liabilities	GBP	10.20%	2018	Monthly	4	207
					<u>327</u>	<u>548</u>

## Notes (continued)

### 16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Accelerated capital allowances	-	-	147	220	147	220
Short term timing differences	-	-	-	-	-	-
Net tax (assets) / liabilities	-	-	147	220	147	220

The Company has no unrecognised tax losses. Deferred tax is recognised at 17% which is the rate at which the liability is expected to unwind.

### 17 Employee benefits

#### Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £43,000 (2016: £35,000).

### 18 Capital and reserves

#### Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
Shares classified in shareholders' funds	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	158	249
Between one and five years	237	472
More than five years	83	353
	478	1,074

During the year £178,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £220,000).

## Notes (continued)

### 20 Commitments

#### *Capital commitments*

The Company's contractual commitments to purchase tangible fixed assets at the year end were £nil (2016: £47,000).

### 21 Contingent liabilities

The Company is a member of a VAT Group which comprises itself and its fellow subsidiaries, Castle Construction Products Limited and Castle Oil Limited. As such it has jointly guaranteed the VAT liability of all Group Companies such that failure by other Group members to make payment may give rise to additional liabilities by the Company. The Directors are of the opinion that no additional liability is likely to arise.

### 22 Related parties

#### *Identity of related parties with which the Company has transacted*

As the Company is a wholly owned subsidiary of Hillbridge Investments Limited, the Company has taken advantage of the exemption contained in FRS102:33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group headed by Hillbridge Investments Limited.

### 23 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Hillbridge Investments Limited whose address is Castle Environmental, Crompton Road, Ilkeston, Derbyshire, DE7 4BG.

The consolidated financial statements of Hillbridge Investments Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is MR Hewitt.

### 24 Accounting estimates and judgements

#### *Waste accrual*

Revenue is recognised at the point at which the customer delivers the waste to the receiving site. This is the point at which the customer has discharged all responsibility for the waste. At the year end, a waste disposal cost accrual is recognised for the waste that is on site and yet to be processed. The waste accrual is calculated based on management's best estimate of the cost of processing the waste.