

Castle Oils Limited

Directors' report and financial statements

31 March 1996

Registered number 01742061



Castle Oils Limited

Directors' report and financial statements

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Company information

Directors	K Swift JS Swift
Secretary	K Swift
Registered office	Longrigg 217 Hady Hill Chesterfield Derbyshire S41 0BL
Bankers	National Westminster Bank plc 10 High Street, Staveley Chesterfield Derbyshire S43 3UX
Auditors	KPMG Spencer House Cliftonville Road Northampton NN1 5BU

Castle Oils Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 1996.

Principal activity

The principal activity of the company is oil reclamation and waste disposal.

Business review

The company's underlying performance in the year under review was satisfactory and in line with the directors' expectations. The company's net assets increased to £776,423 during the year under review.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 6.

The directors do not propose the payment of an ordinary dividend and the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the year are set out in note 7 to the accounts.

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts.

Directors

None of the directors hold an interest in the shares of the company as it is a wholly owned subsidiary of Kenal Services Limited. The directors of the company at the beginning and end of the year were:

K Swift
JS Swift

Castle Oils Limited

Directors' report *(continued)*

Auditors

Following the resignation of the former auditors, Hadfields, during the year, KPMG were appointed as auditors to fill the casual vacancy.

At the forthcoming Annual General Meeting, a resolution will be proposed re-appointing KPMG as auditors of the company.

On behalf of the board,

A handwritten signature in dark ink, appearing to be 'K. Swift', written over a horizontal line.

K Swift
Secretary

Castle Oils Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.



Spencer House
Cliftonville Road
Northampton
NN1 5BU

Report of the auditors to the members of Castle Oils Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

29 January 1997

Castle Oils Limited

Profit and loss account for the year ended 31 March 1996

	Note	1996 £	1995 £
Turnover	2	1,764,790	1,806,622
Cost of sales		<u>(1,097,144)</u>	<u>(974,655)</u>
Gross profit		667,646	831,967
Net operating expenses			
Administrative expenses		<u>(554,082)</u>	<u>(441,417)</u>
Operating profit	3	113,564	390,550
Interest payable	5	<u>(503)</u>	<u>(2,639)</u>
Profit on ordinary activities before taxation		113,061	387,911
Taxation	6	<u>(30,897)</u>	<u>(130,779)</u>
Profit on ordinary activities after taxation retained for the year		<u>82,164</u>	<u>257,132</u>

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains or losses in 1996 or 1995 other than the profit for the year.

Castle Oils Limited

Balance sheet
at 31 March 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	7		215,752		162,132
Current assets					
Stocks	8	-		6,785	
Debtors	9	994,147		1,010,979	
Cash at bank and in hand		-		49,900	
		994,147		1,067,664	
Creditors: amounts falling due within one year	10	(424,630)		(527,429)	
Net current assets			569,517		540,235
Total assets less current liabilities			785,269		702,367
Creditors: amounts falling due after more than one year	11		(1,284)		(4,443)
Provisions for liabilities and charges	12		(7,562)		(3,665)
			776,423		694,259
Capital and reserves					
Called up share capital	13		162,408		162,408
Profit and loss account	14		614,015		531,851
Shareholders' funds - equity interests	15		776,423		694,259

These financial statements were approved by the board of directors on 28/1/97 and were signed on its behalf by:

K Swift
Director

Castle Oils Limited

Cash flow statement for the year ended 31 March 1996

	Note	1996		1995	
		£	£	£	£
Net cash inflow from operating activities	16		109,991		130,726
Returns on investments and servicing of finance					
Hire purchase interest		(503)		(2,639)	
Net cash outflow from returns on investments and servicing of finance			(503)		(2,639)
Taxation					
Corporation tax paid			(129,165)		(86,744)
Investing activities					
Payments to acquire:					
Tangible fixed assets		(86,560)		(10,290)	
Receipts from sale of:					
Tangible fixed assets		-		4,042	
Net cash outflow from investing activities			(86,560)		(6,248)
Net cash (outflow)/inflow before financing			(106,237)		35,095
Financing					
Repayment of hire purchase contracts		(5,340)		(13,133)	
Net cash outflow from financing			(5,340)		(13,133)
(Decrease)/increase in cash and cash equivalents	17		(111,577)		21,962

Castle Oils Limited

Notes

(forming part of the financial statements)

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over the estimated useful lives as follows:

Freehold buildings	~	2-6%	per annum on a straight line basis
Plant and machinery	~	25%	on a reducing balance basis
Motor vehicles	~	25%	on a reducing balance basis
Fixtures and fittings	~	25%	on a reducing balance basis

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2. 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.

Castle Oils Limited

Notes (continued)

3. Operating profit

	1996 £	1995 £
<i>Operating profit is stated after crediting</i>		
Profit on sale of assets	<u>-</u>	<u>3,705</u>
<i>and after charging</i>		
Staff costs (note 4)	320,142	295,400
Auditors' remuneration	3,000	3,000
Loss on sale of assets	<u>-</u>	<u>337</u>
Depreciation of tangible fixed assets		
~ owned assets	30,235	40,401
~ leased assets	<u>2,705</u>	<u>2,100</u>

4. Staff numbers and costs

	1996 £	1995 £
Wages and salaries	290,675	268,409
Social security costs	<u>29,467</u>	<u>26,991</u>
	<u>320,142</u>	<u>295,400</u>

The average number of employees was as follows:

	1996 Number	1995 Number
Office and management	5	5
Production and sales	<u>12</u>	<u>9</u>
	<u>17</u>	<u>14</u>

No directors received any emoluments from the company.

Castle Oils Limited

Notes (continued)

5.	Interest payable	1996 £	1995 £
	Hire purchase interest	<u>503</u>	<u>2,639</u>
6.	Taxation	1996 £	1995 £
	UK Corporation tax on profit on ordinary activities at 33% (1995:33%)	27,000	129,165
	Corporation tax interest	-	107
	Group relief	-	4,000
	Deferred taxation charge/(credit)	<u>3,897</u>	<u>(2,493)</u>
		<u>30,897</u>	<u>130,779</u>

Castle Oils Limited

Notes (continued)

7. Tangible fixed assets

	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Freehold land and buildings £	Assets under construc- tion £	Total £
<i>Cost or valuation</i>						
At 1 April 1995	188,583	110,049	6,743	49,185	19,556	374,116
Additions	-	-	4,565	3,860	78,135	86,560
Transfers	-	19,556	-	-	(19,556)	-
At 31 March 1996	188,583	129,605	11,308	53,045	78,135	460,676
<i>Depreciation</i>						
At 1 April 1995	132,566	71,103	4,641	-	3,674	211,984
Charge for year	14,004	13,708	1,322	1,035	2,871	32,940
Transfers	-	3,674	-	-	(3,674)	-
At 31 March 1996	146,570	88,485	5,963	1,035	2,871	244,924
<i>Net book value</i>						
At 31 March 1996	42,013	41,120	5,345	52,010	75,264	215,752
At 31 March 1995	56,017	38,946	2,102	49,185	15,882	162,132

The net book amount includes £17,295 (1995:£12,730) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year in respect of these assets was £2,705 (1995:£2,100).

8. Stocks

	1996 £	1995 £
Raw materials	-	6,785

9. Debtors

	1996 £	1995 £
<i>Amounts falling due within one year:</i>		
Trade debtors	400,612	399,706
Amounts owed by subsidiary undertakings	582,512	597,999
Prepayments and accrued income	11,023	13,274
	994,147	1,010,979

Castle Oils Limited

Notes (continued)

10. Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdraft	61,677	-
Trade creditors	274,432	267,372
Corporation tax	27,000	129,165
Other taxation and social security	25,302	38,323
Accruals and deferred income	30,242	84,411
Finance leases and hire purchase contracts - note 11	5,977	8,158
	<u>424,630</u>	<u>527,429</u>

11. Creditors: amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance leases and hire purchase contracts	<u>1,284</u>	<u>4,443</u>

These are repayable over varying periods by
monthly instalments as follows:

In the next year	5,977	8,158
In the second to fifth year	<u>1,284</u>	<u>4,443</u>
	<u>7,261</u>	<u>12,601</u>

12. Provision for liabilities and charges

	1996 £	1995 £
Deferred taxation on accelerated capital allowances	<u>7,562</u>	<u>3,665</u>

Movements on the deferred tax account
were as follows:

At 1 April 1995	3,665
Charge to the profit and loss account	<u>3,897</u>
At 31 March 1996	<u>7,562</u>

Castle Oils Limited

Notes (continued)

13. Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>171,908</u>	<u>171,908</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>162,408</u>	<u>162,408</u>

14. Profit and loss account

	1996 £	1995 £
At 1 April 1995	531,851	274,719
Retained profit for the year	<u>82,164</u>	<u>257,132</u>
At 31 March 1996	<u>614,015</u>	<u>531,851</u>

15. Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	82,164	257,132
Opening shareholders' funds	<u>694,259</u>	<u>437,127</u>
Closing shareholders' funds	<u>776,423</u>	<u>694,259</u>

16. Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	113,564	390,550
Depreciation charges	32,940	42,501
Profit on sale of fixed assets	-	(3,705)
Decrease/(increase) in stocks	6,785	(1,565)
Decrease/(increase) in debtors	16,832	(322,797)
(Decrease)/increase in creditors	<u>(60,130)</u>	<u>25,742</u>
Net cash inflow from operating activities	<u>109,991</u>	<u>130,726</u>

Castle Oils Limited

Notes (continued)

17. Analysis of changes in cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £
Balance at 1 April 1995	49,900	27,938
Net cash (outflow)/inflow	<u>(111,577)</u>	<u>21,962</u>
Balance at 31 March 1996	<u>(61,677)</u>	<u>49,900</u>

18. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in year £
Cash at bank and in hand	-	49,900	(49,900)
Bank overdraft	<u>(61,677)</u>	<u>-</u>	<u>(61,677)</u>
	<u>(61,677)</u>	<u>49,900</u>	<u>(111,577)</u>

19. Ultimate parent undertaking

The ultimate parent undertaking is Kenal Services Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

No consolidated accounts are drawn up on the basis that the group qualifies as a medium-sized group and advantage is taken of the exemption from preparing group accounts.

Castle Oils Limited

Trading profit and loss account for the year ended 31 March 1996

	1996		1995	
	£	£	£	£
Sales		1,764,790		1,806,622
Cost of sales		1,097,144		974,655
		<hr/>		<hr/>
Gross profit		667,646		831,967
Less overheads				
Salaries and wages	320,142		295,400	
Telephone charges	8,387		9,243	
Sundry expenses	-		6,271	
Licenses	8,962		5,989	
Advertising	-		4,107	
Printing, postage and stationery	-		1,652	
Hire of plant and machinery	-		17,011	
Heating and lighting	22,313		15,002	
Repairs and renewals	-		34,950	
Management charges	110,827		-	
Rent and rates	-		4,651	
Bank charges	1,900		2,100	
Hire purchase interest	503		2,639	
Bad debts	10,493		2,245	
Auditors' remuneration	2,250		4,000	
Depreciation land and buildings	1,035		-	
Depreciation assets under construction	2,871		1,764	
Depreciation motor vehicles	14,004		24,763	
Depreciation plant and equipment	13,708		15,273	
Depreciation fixtures and fittings	1,322		701	
(Profit)/loss on sale of motor vehicle	-		(4,042)	
(Profit)/loss on sale of fixtures and fittings	-		337	
Laboratory expenses	3,931		-	
Motor expenses	25,842		-	
Travelling expenses	6,095		-	
		<hr/>		<hr/>
		554,585		444,056
		<hr/>		<hr/>
Net profit for the year		113,061		387,911
		<hr/>		<hr/>