

Castle Oils Limited

**Directors' report and financial
statements**

Registered number 01742061

30 September 2013

FRIDAY



A309JTNF

A11

24/01/2014

#292

COMPANIES HOUSE

Contents

Company information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditors' report to the members of Castle Oils Limited	5
Profit and loss account	6
Balance sheet	7
Notes	8

Company information

Directors	MR Hewitt PK Meister AM Elliott DJ Tustin
Secretary	PK Meister
Registered office	Treatment Centre Crompton Road Ilkeston Derbyshire DE7 4BG
Bankers	National Westminster Bank plc PO Box 13 5 Market Place Chesterfield Derbyshire S40 1TJ
Auditors	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

Strategic report

Business review

The company trades as Castle Environmental

The company progressed well during the year. The Directors anticipate that forthcoming changes in waste management legislation will benefit the company and enable continued expansion of the Air Pollution Control Residue (APCR) recycling process operated at Stoke

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-focussed 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

Hillbridge Investments Limited Group of which this company is a part, has bank and cash balances of £3 million at the year end and a further short term borrowing facility which is currently unused. The Group also has existing loan facilities as detailed in note 15 of the consolidated financial statements. The directors are confident that the current funding structure is appropriate to allow the company to achieve its financial targets in the future

By order of the board



PK Meister
Secretary

Dated 16 January 2014

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2013

Principal activity

The principal activity of the company 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 6

Dividends of £nil (2012 £nil) were paid during the year

Directors

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

MR Hewitt
PK Meister
AM Elliott
DJ Tustin

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information

Auditors

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

By order of the board



PK Meister
Secretary

Dated 16 January 2014

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 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 auditors' report to the members of Castle Oils Limited

We have audited the financial statements of Castle Oils Limited for the year ended 30 September 2013 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and Directors' Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Craig Parkin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated 16 January 2014

Profit and loss account
for the year ended 30 September 2013

	<i>Note</i>	2013 £	2012 £
Turnover	2	2,599,262	2,192,221
Cost of sales		(2,233,524)	(1,841,891)
Gross profit		365,738	350,330
Administrative expenses		(252,111)	(265,649)
Operating profit	3	113,627	84,681
Profit on disposal of fixed assets		-	2,559
Profit on ordinary activities before taxation		113,627	87,240
Taxation on profit on ordinary activities	6	(15,530)	(13,011)
Profit for the financial year	13	98,097	74,229

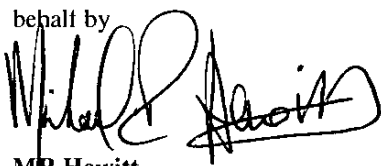
In both the current and the preceding year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains and losses in either the current or the preceding year other than those disclosed in the profit and loss account.

Balance sheet
as at 30 September 2013

	<i>Note</i>	2013	2012
		£	£
Fixed assets			
Intangible assets	7	4,737	7,105
Tangible assets	8	760,351	512,102
		<u>765,088</u>	<u>519,207</u>
Current assets			
Debtors	9	690,586	417,420
Cash at bank and in hand		679,304	611,772
		<u>1,369,890</u>	<u>1,029,192</u>
Creditors: amounts falling due within one year	10	(874,994)	(382,042)
Net current assets		<u>494,896</u>	<u>647,150</u>
Total assets less current liabilities		<u>1,259,984</u>	<u>1,166,357</u>
Provisions for liabilities and charges	11	(57,855)	(62,325)
Net assets		<u><u>1,202,129</u></u>	<u><u>1,104,032</u></u>
Capital and reserves			
Called up share capital	12	162,408	162,408
Profit and loss account	13	1,039,721	941,624
Shareholder's funds	14	<u><u>1,202,129</u></u>	<u><u>1,104,032</u></u>

These financial statements were approved by the board of directors on 16 January 2014 and were signed on its behalf by


MR Hewitt
Director

Company registered number 01742061

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is a part of the Hillbridge Investments Limited group ('the Group'). The Group has bank and cash balances at the year end totalling £3 million (2012 £2.7 million). The Group is financed by both short term and long term loan facilities, the terms of which are detailed in note 15 of the consolidated financial statements. These facilities have been in place for over 10 years and have remained unchanged throughout that period. The directors monitor cash flow against forecasts as a key performance indicator (KPI) and do not envisage that these facilities will be repaid within the next twelve months. They have therefore prepared the accounts on a going concern basis.

Depreciation

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

Freehold buildings	- 2% to 6% on cost
Plant and machinery	- 25% on net book value
Fixtures and fittings	- 25% on net book value
Motor vehicles	- 10% on net book value

Licences

Costs incurred in the acquisition of site operating licences are capitalised as intangible assets and are amortised on a 25% reducing balance basis over twenty years.

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 constant charge on the outstanding liability.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Taxation

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

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the cash flows of the company in its consolidated cash flow statement.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the company

Under Financial Reporting Standard 25, financial instruments issued by the company are treated as equity (ie forming part of shareholder's funds) 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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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. Revenue is recognised when the company has fulfilled its performance obligations in relation to waste processing.

3 Operating profit

	2013 £	2012 £
<i>Operating profit is stated after charging</i>		
Depreciation of tangible fixed assets - owned assets	90,107	89,178
Amortisation of intangible fixed assets	2,368	2,367
Hire of other assets - rentals payable under operating leases	16,274	15,893
<i>Auditors' remuneration</i>		
- audit of these financial statements	5,750	5,600

Notes (continued)

4 Directors and employees

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

	2013 Number	2012 Number
Office and management	2	3
Operations and sales	5	6
	<u>7</u>	<u>9</u>
	£	£
<i>The aggregate payroll costs of these persons were as follows</i>		
Wages and salaries	251,288	263,496
Social security costs	27,348	27,281
	<u>278,636</u>	<u>290,777</u>

5 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	88,550	88,550

Directors' remuneration is recharged from Castle Waste Services Limited, the immediate parent company. The above emoluments are in respect of the management of the affairs of the company.

6 Taxation

Analysis of charge in period

	2013 £	2012 £
<i>UK corporation tax</i>		
Current tax on income for the period	20,000	26,788
Adjustments in respect of prior years	-	(683)
Total current tax	<u>20,000</u>	<u>26,105</u>
<i>Deferred tax (see note 11)</i>		
Origination/reversal of timing differences - current year	3,669	(8,294)
- prior year	(12)	1,341
Effect of rate changes	(8,127)	(6,141)
Total deferred tax	<u>(4,470)</u>	<u>13,094</u>
Tax on profit on ordinary activities	<u>15,530</u>	<u>13,011</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 23.5% (2012 25%). The differences are explained below

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	113,627	87,240
	<hr/>	<hr/>
Current tax at 23.5% (2012 25%)	26,702	21,810
<i>Effects of</i>		
Expenses not deductible for tax purposes	181	55
Capital allowances for period less than depreciation	(4,311)	9,015
Depreciation on ineligible assets	928	908
Effect of small companies tax rate	(3,500)	(5,000)
Adjustments to tax charge in respect of previous periods	-	(683)
	<hr/>	<hr/>
Total current tax charge	20,000	26,105
	<hr/>	<hr/>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 September 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

7 Intangible assets

	Licences £
<i>Cost</i>	
At 1 October 2012 and 30 September 2013	48,243
	<hr/>
<i>Accumulated amortisation</i>	
At 1 October 2012	41,138
Charge for year	2,368
	<hr/>
At 30 September 2013	43,506
	<hr/>
<i>Net book value</i>	
At 30 September 2013	4,737
	<hr/>
At 30 September 2012	7,105
	<hr/>

Notes (continued)

8 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 October 2012	226,386	811,077	10,530	1,047,993
Additions	116,202	222,154	-	338,356
Disposals	-	(14,720)	-	(14,720)
At 30 September 2013	342,588	1,018,511	10,530	1,371,629
<i>Accumulated depreciation</i>				
At 1 October 2012	165,353	361,697	8,841	535,891
Charge for year	5,213	84,721	173	90,107
Disposals	-	(14,720)	-	(14,720)
At 30 September 2013	170,566	431,698	9,014	611,278
<i>Net book value</i>				
At 30 September 2013	172,022	586,813	1,516	760,351
At 30 September 2012	61,033	449,380	1,689	512,102

9 Debtors

	2013 £	2012 £
Trade debtors	670,961	349,709
Amounts owed by group companies	-	64,429
Prepayments	19,625	3,282
	690,586	417,420

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	390,054	298,743
Amounts owed to group companies	352,003	12,018
Corporation tax	20,000	20,000
Other taxation and social security	78,640	2,554
Accruals and deferred income	34,297	48,727
	874,994	382,042

Notes (continued)

11 Provisions for liabilities and charges

Deferred tax

	£
At beginning of year	62,325
Credit to the profit and loss account	(4,470)
At end of year	57,855
	<hr/>
	2013 2012
	£ £
<i>The elements of deferred taxation are as follows</i>	
Difference between accumulated depreciation and capital allowances	57,855 62,325
	<hr/> <hr/>

12 Called up share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	162,408	162,408
	<hr/> <hr/>	<hr/> <hr/>

13 Profit and loss account

	£
At beginning of year	941,624
Profit for the year	98,097
At end of year	1,039,721
	<hr/> <hr/>

14 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the financial year	98,097	74,229
	<hr/>	<hr/>
Net increase in shareholder's funds	98,097	74,229
Opening shareholder's funds	1,104,032	1,029,803
	<hr/>	<hr/>
Closing shareholder's funds	1,202,129	1,104,032
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	2,880	-	15,960
In the second to fifth years inclusive	-	-	-	6,210
	<u>-</u>	<u>2,880</u>	<u>-</u>	<u>22,170</u>

The company had £nil (2012 £nil) capital commitments outstanding at the end of the financial year

16 Contingent liabilities

The company has guaranteed the bank loans and overdraft of its ultimate holding company. The amount outstanding at the year end was £7,826,838 (2012 £7,826,838)

17 Ultimate parent company and controlling party

The company's immediate parent company is Castle Waste Services Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent company in which the results of the company are consolidated is Hillbridge Investments Limited, a company incorporated in Great Britain and registered in England and Wales.

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 Bridgepoint Capital Limited.

18 Related party disclosures

The company has taken advantage of the exemption contained in FRS 8 which applies to subsidiary undertakings and has not disclosed details of transactions with group companies which are included in the consolidated financial statements of Hillbridge Investments Limited.