Castle Oils Limited

Directors' report and financial statements

Registered number 01742061

30 September 2015

Contents

Company information

Directors	MR Hewitt AM Smith AM Elliott DJ Tustin
Secretary	AM Smith
Registered office	Treatment Centre Crompton Road Ilkeston Derbyshire DE7 4BG
Bankers	Lloyds Bank plc Old Market Square Nottingham NG1 6FD
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 improving profitability on a lower turnover. The Directors anticipate the expansion of the Air Pollution Control Residue (APCr) recycling process operated at Stoke to take advantage of the growing APCr market.

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

During the financial year a significant debt repayment and equity reorganisation was undertaken by Hillbridge Investments Limited Group, of which this company is a part, which resulted in total short term debt due to banks and other lenders reducing from £1.32m to £nil, and long term debt due to banks and other lenders reducing from £6.506m to £nil. These transactions have materially improved the net asset position of the Group.

At the year end the Hillbridge Investments Limited Group has bank and cash balances of £0.5million 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: 25 February 2016

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2015.

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 *(2014: £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
AM Smith (appointed 29 September 2015)
AM Elliott
DJ Tustin
PK Meister (resigned 31 December 2015)

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

AM Smith
Secretary

Dated: 25 February 2016

Statement of directors' responsibilities in respect of the strategic report, the directors' 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).

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.

KPMG

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 2015 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 web-site 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 2015 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: 25 February 2016

Profit and loss account
for the year ended 30 September 2015

	Note	2015 £000	2014 £000
Turnover	2	**2,396**	2,765
Cost of sales		**(2,061)**	(2,276)
Gross profit		**335**	489
Administrative expenses		**(192)**	(350)
Operating profit	3	**143**	139
Loss on disposal of fixed assets		**-**	(21)
Profit on ordinary activities before taxation		**143**	118
Taxation on profit on ordinary activities	6	**(30)**	(27)
Profit for the financial year	13	**113**	91

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 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Intangible assets	7		**2**		3
Tangible assets	8		**330**		625
			332		628
Current assets					
Debtors	9	**1,538**		923	
Cash at bank and in hand		**197**		757	
		1,735		1,680	
Creditors: amounts falling due within one year	10	**(615)**		(962)	
Net current assets			**1,120**		718
Total assets less current liabilities			**1,452**		1,346
Provisions for liabilities and charges	11		**(46)**		(53)
Net assets			**1,406**		1,293
Capital and reserves					
Called up share capital	12		**50**		162
Profit and loss account	13		**1,356**		1,131
Shareholder's funds	14		**1,406**		1,293

These financial statements were approved by the board of directors on 25 February 2016 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 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.

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 (i.e. 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

		2015	2014
		£000	£000
Operating profit is stated after charging:			
Depreciation of tangible fixed assets	- owned assets	**60**	83
Amortisation of intangible fixed assets		**1**	2
Hire of other assets	- rentals payable under operating leases	**18**	13
Auditors' remuneration:			
- audit of these financial statements		**5**	5

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:

	2015 Number	2014 Number
Office and management	**1**	1
Operations and sales	**5**	5
	6	6

	2015 £000	2014 £000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**248**	240
Social security costs	**24**	28
	272	268

5 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	**89**	85

Directors' remuneration is recharged from Castle Waste Services Limited, a fellow subsidiary of the Hillbridge Investments Limited. The above emoluments are in respect of the management of the affairs of the company.

6 Taxation

Analysis of charge in period

	2015 £000	2014 £000
UK corporation tax		
Current tax on income for the period	**38**	32
Adjustments in respect of previous periods	**(1)**	-
Total current tax	**37**	32
Deferred tax (see note 11)		
Origination/reversal of timing differences - current year	**(7)**	(5)
Total deferred tax	**(7)**	(5)
Tax on profit on ordinary activities	**30**	27

Notes *(continued)*

6 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2014: higher)* than the standard rate of corporation tax in the UK of 20.5% *(2014: 22%)*. The differences are explained below.

	2015	2014
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**143**	118
Current tax at 20.5% *(2014: 22%)*	**29**	26
Effects of:		
Capital allowances for period less than depreciation	**8**	5
Depreciation on ineligible assets	**1**	3
Effect of small companies tax rate	**-**	(2)
Adjustments in respect of previous periods	**(1)**	-
Total current tax charge	**37**	32

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

7 Intangible assets

	Licences
	£000
Cost:	
At 1 October 2014 and 30 September 2015	48
Accumulated amortisation:	
At 1 October 2014	45
Charge for year	1
At 30 September 2015	46
Net book value:	
At 30 September 2015	**2**
At 30 September 2014	3

Notes *(continued)*

8 Tangible fixed assets

	Freehold buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost:				
At 1 October 2014	333	874	10	1,217
Disposals	(56)	(179)	-	(235)
At 30 September 2015	277	695	10	982
Accumulated depreciation:				
At 1 October 2014	177	406	9	592
Charge for year	6	53	1	60
At 30 September 2015	183	459	10	652
Net book value:				
At 30 September 2015	**94**	**236**	**-**	**330**
At 30 September 2014	156	468	1	625

9 Debtors

	2015 £000	2014 £000
Amounts due from group companies	**994**	-
Trade debtors	**521**	893
Prepayments	**23**	30
	1,538	923

10 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	**399**	380
Amounts owed to group companies	**-**	466
Corporation tax	**38**	20
Other taxation and social security	**87**	76
Accruals and deferred income	**91**	20
	615	962

Notes *(continued)*

11 Provisions for liabilities and charges

Deferred tax

	£000
At beginning of year	53
Credit to the profit and loss account	(7)
At end of year	**46**

	2015 £000	2014 £000
The elements of deferred taxation are as follows:		
Difference between accumulated depreciation and capital allowances	**46**	53

12 Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**50**	162

During the year the company reduced its share capital from 162,408 £1 ordinary shares to 50,000 £1 ordinary shares.

13 Profit and loss account

	£000
At beginning of year	1,131
Profit for the year	113
Share capital reduction	112
At end of year	**1,356**

14 Reconciliation of movements in shareholder's funds

	2015 £000	2014 £000
Profit for the financial year	**113**	91
Net movement in shareholder's funds	**113**	91
Opening shareholder's funds	**1,293**	1,202
Closing shareholder's funds	**1,406**	1,293

Notes *(continued)*

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	4	-	19
In the second to fifth years inclusive	-	-	-	4
	-	4	-	23

The company had £nil *(2014: £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 £nil *(2014: £7,826,838)*.

17 Ultimate parent company and controlling party

The immediate and 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 MR Hewitt.

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.