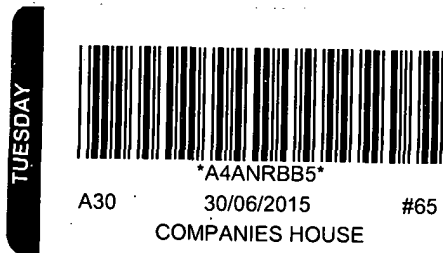


**Castle Oils Limited**

**Directors' report and financial  
statements**

**Registered number 01742061**

**30 September 2014**



## **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**

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. 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

Hillbridge Investments Limited Group of which this company is a part, has bank and cash balances of £2.9 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.

Post the financial year end a significant debt repayment and equity reorganisation was undertaken by the Hillbridge Investments Limited Group which resulted in total short term debt due to banks and other lenders reducing from £1.32m to £0.12m, 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. The Group 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



PK Meister  
Secretary

Dated:

26 June 2015

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 30 September 2014.

### **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 (2013: £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:

*26 June 2015*

## **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.



## 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 2014 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](http://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 2014 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: 29<sup>th</sup> June 2015

**Profit and loss account**  
*for the year ended 30 September 2014*

	<i>Note</i>	<b>2014</b> £	<b>2013</b> £
<b>Turnover</b>	<b>2</b>	<b>2,764,858</b>	2,599,262
Cost of sales		<u>(2,275,699)</u>	<u>(2,233,524)</u>
<b>Gross profit</b>		<b>489,159</b>	365,738
Administrative expenses		<u>(350,220)</u>	<u>(252,111)</u>
<b>Operating profit</b>	<b>3</b>	<b>138,939</b>	113,627
Loss on disposal of fixed assets		<u>(20,684)</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>		<b>118,255</b>	113,627
Taxation on profit on ordinary activities	<b>6</b>	<u>(27,446)</u>	<u>(15,530)</u>
<b>Profit for the financial year</b>	<b>13</b>	<u><b>90,809</b></u>	<u><b>98,097</b></u>

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

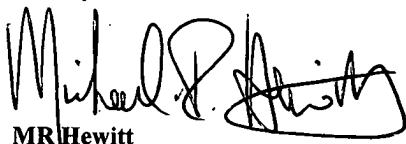
There were no recognised gains and losses in either the current or the preceding year other than those disclosed in the profit and loss account.



**Balance sheet**  
as at 30 September 2014

	Note	2014	2013
		£	£
<b>Fixed assets</b>			
Intangible assets	7	2,840	4,737
Tangible assets	8	625,324	760,351
		<u>628,164</u>	<u>765,088</u>
<b>Current assets</b>			
Debtors	9	922,529	690,586
Cash at bank and in hand		756,948	679,304
		<u>1,679,477</u>	<u>1,369,890</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(961,835)</u>	<u>(874,994)</u>
<b>Net current assets</b>		<u>717,642</u>	<u>494,896</u>
<b>Total assets less current liabilities</b>		<u>1,345,806</u>	<u>1,259,984</u>
<b>Provisions for liabilities and charges</b>	11	<u>(52,868)</u>	<u>(57,855)</u>
<b>Net assets</b>		<u>1,292,938</u>	<u>1,202,129</u>
<b>Capital and reserves</b>			
Called up share capital	12	162,408	162,408
Profit and loss account	13	1,130,530	1,039,721
<b>Shareholder's funds</b>	14	<u>1,292,938</u>	<u>1,202,129</u>

These financial statements were approved by the board of directors on 26 June 2015 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 Group has bank and cash balances at the year end totalling £2.9 million (2013: £3 million). The Group was financed by both short term and long term loan facilities, the terms of which are detailed in note 15 of the consolidated financial statements. Subsequent to the year end £2,200,000 of the loan facilities were repaid with the remainder of the long term facilities were converted into equity. The Group continues to have access to an unused short term borrowing facility.

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

	2014 £	2013 £
<i>Operating profit is stated after charging:</i>		
Depreciation of tangible fixed assets - owned assets	83,076	90,107
Amortisation of intangible fixed assets	1,897	2,368
Hire of other assets - rentals payable under operating leases	12,600	16,274
<i>Auditors' remuneration:</i>		
- audit of these financial statements	5,200	5,750

## 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:

	2014 Number	2013 Number
Office and management	1	2
Operations and sales	5	5
	<u>6</u>	<u>7</u>
	£	£
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	240,267	251,288
Social security costs	27,524	27,348
	<u>267,791</u>	<u>278,636</u>

### 5 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	<u>85,000</u>	<u>88,550</u>

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*

	2014 £	2013 £
<i>UK corporation tax</i>		
Current tax on income for the period	32,433	20,000
Total current tax	<u>32,433</u>	<u>20,000</u>
<i>Deferred tax (see note 11)</i>		
Origination/reversal of timing differences - current year	(4,987)	3,669
- prior year	-	(12)
Effect of rate changes	-	(8,127)
Total deferred tax	<u>(4,987)</u>	<u>(4,470)</u>
Tax on profit on ordinary activities	<u>27,446</u>	<u>15,530</u>

## Notes (continued)

### 6 Taxation (continued)

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are explained below.

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	118,255	113,627
	<hr/>	<hr/>
Current tax at 22% (2013: 23.5%)	26,016	26,702
<i>Effects of:</i>		
Expenses not deductible for tax purposes	279	181
Capital allowances for period less than depreciation	5,486	(4,311)
Depreciation on ineligible assets	2,695	928
Effect of small companies tax rate	(2,043)	(3,500)
	<hr/>	<hr/>
Total current tax charge	32,433	20,000
	<hr/>	<hr/>

#### *Factors that may affect future tax charges*

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2013) and to 23% (effective 1 April 2014) were substantively enacted on 26 March 2013 and 3 July 2013 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2014. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 September 2014 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 2013 and 30 September 2014	48,243
	<hr/>
<i>Accumulated amortisation:</i>	
At 1 October 2013	43,506
Charge for year	1,897
	<hr/>
At 30 September 2014	45,403
	<hr/>
<i>Net book value:</i>	
At 30 September 2014	2,840
	<hr/>
At 30 September 2013	4,737
	<hr/>

## Notes (continued)

### 8 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost:</i>				
At 1 October 2013	342,588	1,018,511	10,530	1,371,629
Additions	-	13,058	-	13,058
Disposals	(9,918)	(157,643)	-	(167,561)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	332,670	873,926	10,530	1,217,126
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation:</i>				
At 1 October 2013	170,566	431,698	9,014	611,278
Charge for year	16,038	66,887	151	83,076
Disposals	(9,918)	(92,634)	-	(102,552)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	176,686	405,951	9,165	591,802
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>				
At 30 September 2014	155,984	467,975	1,365	625,324
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	172,022	586,813	1,516	760,351
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Debtors

	2014 £	2013 £
Trade debtors	892,879	670,961
Prepayments	29,650	19,625
	<hr/>	<hr/>
	922,529	690,586
	<hr/>	<hr/>

### 10 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	379,762	390,054
Amounts owed to group companies	465,817	352,003
Corporation tax	20,442	20,000
Other taxation and social security	76,006	78,640
Accruals and deferred income	19,808	34,297
	<hr/>	<hr/>
	961,835	874,994
	<hr/>	<hr/>

## Notes (continued)

### 11 Provisions for liabilities and charges

#### *Deferred tax*

	£	
At beginning of year	57,855	
Credit to the profit and loss account	(4,987)	
	<u>52,868</u>	
At end of year		<u>52,868</u>
	2014	2013
	£	£
<i>The elements of deferred taxation are as follows:</i>		
Difference between accumulated depreciation and capital allowances	<u>52,868</u>	<u>57,855</u>

### 12 Called up share capital

	2014	2013
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>162,408</u>	<u>162,408</u>

### 13 Profit and loss account

	£	
At beginning of year	1,039,721	
Profit for the year	90,809	
	<u>1,130,530</u>	
At end of year		<u>1,130,530</u>

### 14 Reconciliation of movements in shareholder's funds

	2014	2013
	£	£
Profit for the financial year	<u>90,809</u>	<u>98,097</u>
Net movement in shareholder's funds	90,809	98,097
Opening shareholder's funds	<u>1,202,129</u>	<u>1,104,032</u>
Closing shareholder's funds	<u>1,292,938</u>	<u>1,202,129</u>

## Notes (continued)

### 15 Commitments

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

	2014		2013	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	18,588	-	2,880
In the second to fifth years inclusive	-	4,152	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	22,740	-	2,880
	<hr/>	<hr/>	<hr/>	<hr/>

The company had £nil (2013: £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 (2013: £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.

As at the year end, the company was controlled by Bridgepoint Capital Limited. The ultimate controlling party from 4 December 2014 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.