

**Castle Oils Limited**

**Annual report and financial  
statements**

**Registered number 01742061**

**30 September 2021**

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## **Contents**

<b>Company information</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Statement of directors' responsibilities in respect of the annual report, the strategic report and the financial statements</b>	<b>4</b>
<b>Independent auditor's report to the members of Castle Oils Limited</b>	<b>5</b>
<b>Statement of income and retained earnings</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes</b>	<b>10</b>

## **Company information**

### **Directors**

MR Hewitt  
AM Smith  
AM Elliott  
SR Cowley  
TCA Diggle  
DR Humphriss  
SP Spiteri

### **Secretary**

AM Smith

### **Registered office**

Treatment Centre  
Crompton Road  
Ilkeston  
Derbyshire  
DE7 4BG

### **Banker**

Barclays plc  
Snow Hill Queensway  
Birmingham  
B4 6GN

### **Auditor**

KPMG LLP  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

## Strategic report

### Business review

The Company trades as Castle Environmental.

The Company increased processing of Air Pollution Control Residue (APCr) via the recycling process. The Board anticipates a further increase in the next year.

### 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 premium 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 £4,796,008 (2020: £4,401,000) 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.

#### Brexit uncertainties

The company is exposed to movements in interest rates and price inflation given the current Brexit negotiations taking place in the UK. We are continuing the process of reviewing the risks of disruption to supply following Brexit and have not identified any significant risk, primarily because our key customers and suppliers are UK based.

#### Impact of COVID 19

The entity has experienced some financial effects of the global pandemic; however, these have been mitigated by performing an essential service, which has allowed the entity to continue to trade throughout any periods of lockdown. Regardless, there remains an uncertain impact on the economy into the future and we continue to monitor the impact this may have on ourselves and our customer base.

By order of the board



AM Smith  
Secretary

Dated: 10<sup>th</sup> December 2021

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 30 September 2021.

### **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 statement of income and retained earnings on page 8.

Dividends of £nil (2020: £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 Elliott  
SR Cowley  
TCA Diggle  
DR Humphriss  
AM Smith  
SP Spiteri

### **Political contributions**

The company made no political donations or incurred any political expenditure during the year (2020: £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: 10<sup>th</sup> December 2021

## **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), 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 Oils Limited**

### **Opinion**

We have audited the financial statements of Castle Oils Limited ("the company") for the year ended 30 September 2021 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 2021 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**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

## **Independent auditor's report to the members of Castle Oils Limited (Continued)**

### **Fraud and breaches of laws and regulations – ability to detect (continued)**

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because transactions are non-complex, lack judgement and are individually low in value.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual and seldom used accounts.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, environmental standards, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



## Independent auditor's report to the members of Castle Oils Limited (Continued)

### 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.

### 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 FRC'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.



**Louise De Lucchi (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

Dated: 14 December 2021

Chartered Accountants  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

**Statement of income and retained earnings**  
*for the year ended 30 September 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>3,661</b>	<b>3,772</b>
<b>Cost of sales</b>		<b>(2,728)</b>	<b>(2,837)</b>
<b>Gross profit</b>		<b>933</b>	<b>935</b>
<b>Administrative charges</b>		<b>(328)</b>	<b>(317)</b>
<b>Operating profit and profit before taxation</b>	<b>3</b>	<b>605</b>	<b>618</b>
<b>Tax on profit</b>	<b>6</b>	<b>(174)</b>	<b>(119)</b>
<b>Profit after taxation</b>		<b>431</b>	<b>499</b>
<b>Retained earnings at the beginning of the year</b>		<b>3,007</b>	<b>2,508</b>
<b>Retained earnings at the end of the year</b>		<b>3,438</b>	<b>3,007</b>

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 an integral part of the financial statements.

**Balance sheet**  
*at 30 September 2021*

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	7	1,084	1,101
		<u>1,084</u>	<u>1,101</u>
<b>Current assets</b>			
Debtors	8	2,442	1,554
Cash at bank and in hand		622	1,071
		<u>3,064</u>	<u>2,625</u>
<b>Creditors: amounts falling due within one year</b>	9	(499)	(555)
<b>Net current assets</b>		<u>2,565</u>	<u>2,070</u>
<b>Total assets less current liabilities</b>		<u>3,649</u>	<u>3,171</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	10	(161)	(114)
<b>Net assets</b>		<u>3,488</u>	<u>3,057</u>
<b>Capital and reserves</b>			
Called up share capital	11	50	50
Profit and loss account		3,438	3,007
<b>Shareholders' funds</b>		<u>3,488</u>	<u>3,057</u>

The attached notes form an integral part of the financial statements.

These financial statements were approved by the board of directors on 10<sup>th</sup> December 2021 and were signed on its behalf by:



**MR Hewitt**  
Director



**AM Smith**  
Director

Company registered number: 01742061

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Castle Oils Limited (the “company”) is a company limited by shares and incorporated and domiciled in the UK. The registered number is 01742061 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 subsequent amendments to FRS 102 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;
- Statement of changes in equity; 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.

There are no judgements made by the directors, in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

#### 1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2. Going concern

The directors continue to adopt the going concern basis in preparing the financial statements which they consider to be appropriate for the following reasons.

Forecasts have been prepared for the 12 months following the date of approval of these financial statements showing continued profitability, even when taking into account reasonably possible downsides arising from the uncertainty around current COVID 19 pandemic. These reasonably plausible downsides include a severe but plausible 25% reduction to the EBITDA for the 12 months following the date of approval of these financial statements. These forecasts indicate that the company is expected to be able to operate within the level of its current cash position and that the Company will have sufficient liquidity to meet their liabilities as they fall due for that period.

Although the Company has experienced some reduced revenue levels during the ongoing covid 19 pandemic they have continued to operate without significant disruption and, as a designated “essential service”, did so throughout the lockdown period in the UK.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements 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 interest for a similar debt instrument.

#### 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 1.10 below.

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

Depreciation is charged to administrative charges within the statement of income and retained earnings 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 6% on cost
Plant and machinery	- 10% to 25% on cost
Fixtures and fittings	- 5% on net book value

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6. Intangible assets, goodwill and negative goodwill

##### *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 administrative charges within the statement of income and retained earnings 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

Goodwill and other intangible assets are tested for impairment in accordance with *Section 27 Impairment of assets* when there is an indication that goodwill or 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 the statement of income and retained earnings. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of income and retained earnings.

#### 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 statement of income and retained earnings in the periods during which services are rendered by employees.

#### 1.9. Turnover

Turnover represents the amount derived from the provision of services which fall within the company's principal activities, entirely within the United Kingdom, stated net of value added tax. There are two revenue streams in place at the company; these being direct disposals and waste sales. Waste sales involve the processing of customer waste with revenue being recognised at the point at which the customer delivers the waste to the receiving site. Any waste which Castle Oils Limited cannot treat themselves is sent to a third-party supplier who is able to dispose of the waste. This is known as a direct disposal sale with the revenue being recognised when the waste reaches the third-party and confirmation of disposal is obtained.

#### 1.10. Charges

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of income and retained earnings 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 the statement of income and retained earnings over the term of the lease as an integral part of the total lease charge.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings 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.

### 2 Turnover

	2021 £000	2020 £000
Rendering of services	3,661	3,772
Total turnover	<u>3,661</u>	<u>3,772</u>

All turnover arises within the United Kingdom.

### 3 Auditor's remuneration

#### Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	18	11
Amounts receivable by the company's auditor and its associates in respect of:		
Tax compliance services	3	3
Other tax advisory services	2	2
iXBRL accounts tagging	1	1

## Notes (continued)

### 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	
	2021	2020
Office and management	1	1
Operations and sales	12	12
	<u>13</u>	<u>13</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	622	604
Social security costs	50	44
	<u>672</u>	<u>648</u>

### 5 Directors' remuneration

	2021 £000	2020 £000
Directors' remuneration	246	259
Company contributions to money purchase pension plans	6	6
	<u>252</u>	<u>265</u>

Directors' remuneration represents costs incurred directly by the company as well as an allocation of the time dedicated to the company by directors remunerated elsewhere in the group.

### 6 Taxation

**Total tax charge recognised in the statement of income and retained earnings, other comprehensive income and equity**

	2021		2020	
	£000	£000	£000	£000
<b>Current tax</b>				
Current tax on income for the period		105		70
Group relief payable		1		46
Adjustments in respect of prior periods		21		(28)
		<u>127</u>		<u>88</u>
<b>Total current tax</b>		127		88
<b>Deferred tax (note 10)</b>				
Origination and reversal of timing differences	8		3	
Adjustments in respect of prior periods	-		16	
Effect of tax rate change on opening balances	39		12	
	<u>47</u>		<u>29</u>	
<b>Total deferred tax</b>		47		31
<b>Total tax</b>		<u>174</u>		<u>119</u>



## Notes (continued)

### 6 Taxation (continued)

#### Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	431	499
Total tax charge	174	119
Profit before taxation	605	618
Tax using the UK corporation tax rate of 19% (2020: 19 %)	115	118
Fixed asset differences	(1)	1
Adjustment to tax charge in respect of previous periods	21	(28)
Adjustment for group relief claimed	(1)	-
Adjustment for payment for group relief	1	-
Adjust closing deferred tax to average rate	39	12
Adjustments in respect of previous periods – deferred tax	-	16
Total tax charge included in profit or loss	174	119

#### Factors that may affect future tax charges

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

In the 3 March 2021 budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023, and this was substantively enacted on 24 May 2021. This will have a consequential effect on the Group and the company's future tax charge as the deferred tax liability as at 30 September 2021 has been calculated based on this rate.

### 7 Tangible fixed assets

	Freehold Buildings £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
<b>Cost</b>					
Balance at 1 October 2020	465	1,816	11	-	2,292
Additions	-	61	-	47	108
Balance at 30 September 2021	465	1,877	11	47	2,400
<b>Depreciation and impairment</b>					
Balance at 1 October 2020	222	960	9	-	1,191
Depreciation charge for the year	8	117	-	-	125
Balance at 30 September 2021	230	1,077	9	-	1,316
<b>Net book value</b>					
At 30 September 2021	235	800	2	47	1,084
At 1 October 2020	243	856	2	-	1,101

## Notes (continued)

### 8 Debtors

	2021 £000	2020 £000
Trade debtors	284	256
Amounts owed by group undertakings	2,103	1,138
Prepayments and accrued income	35	116
Other debtors	20	44
	<u>2,442</u>	<u>1,554</u>

All debtors are due within one year. All amounts owing to and from group companies are repayable on demand.

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

	2021 £000	2020 £000
Trade creditors	371	409
Corporation tax	30	49
Other creditors	6	-
Accruals and deferred income	92	97
	<u>499</u>	<u>555</u>

### 10 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Accelerated capital allowances	-	-	161	114	161	114
Net tax liabilities	<u>-</u>	<u>-</u>	<u>161</u>	<u>114</u>	<u>161</u>	<u>114</u>

The company has no unrecognised tax losses. Deferred tax is recognised at 25% which is the rate at which the liability is expected to unwind.

### 11 Capital and reserves

#### Share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50	50
Shares classified in shareholders' funds	<u>50</u>	<u>50</u>

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.

## Notes (continued)

### 12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £000	2020 £000
Less than one year	4	4
Between one and five years	13	13
	<hr/> 17	<hr/> 17

During the year £17,602 was recognised as an expense in the statement of income and retained earnings in respect of operating leases (2020: £16,529)

### 13 Commitments

#### Capital commitments

The company's contractual commitments to purchase tangible fixed assets at the balance sheet date were £24,040 (2020: £46,389).

### 14 Contingent liabilities

The company is a member of a VAT Group which comprises itself and its fellow subsidiaries, Castle Waste Services 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.

### 15 Related parties

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.

### 16 Key management personnel

During the year, key management personnel were remunerated £7,943 (2020: £nil). The amount outstanding at 30 September 2021 was £nil (2020: £nil).

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

The company is a subsidiary undertaking of Hillbridge Investments Limited whose registered 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.