

Castle Oils Limited

Directors' report and financial statements

31 March 1997

Registered number 01742061



Directors' report and financial statements

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Company information

Directors	K Swift JS Swift
Secretary	K Swift
Registered office	Longrigg 217 Hady Hill Chesterfield Derbyshire S41 0BL
Bankers	National Westminster Bank plc 10 High Street, Stavely Chesterfield Derbyshire S43 3UX
Auditors	KPMG Norfolk House Silbury Boulevard Central Milton Keynes MK9 2HA

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 1997.

Principal activity

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

Business review and future developments

The company made good progress during the year and the pre-tax profit was in line with directors' expectations.

The company achieved accreditation to ISO 9002 during the course of the year. This is a significant step by the company in its endeavours to develop standards of service that are closely identified with both client and regulatory requirements.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose the payment of an ordinary dividend.

Fixed assets

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

Directors

None of the directors hold an interest in the shares of the company as it is a wholly owned subsidiary of Kenal Services Limited. The directors of the company at the beginning and end of the year are shown on page 1. Kenal Services Limited is itself a wholly owned subsidiary of Kenal Services Holdings Limited. The interests of the directors in the shares of that company are as follows:

	31 March 1997 Ordinary shares	31 March 1996 Ordinary shares
K Swift	1	1
JS Swift	5,000	5,000

In addition, K Swift has an interest in the remaining 4,999 ordinary shares through his holding in Moresfield Limited, a non-resident trust.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


K Swift
Secretary

11 December 1997

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Norfolk House
Silbury Boulevard
Central Milton Keynes
MK9 2HA

Report of the auditors to the members of Castle Oils Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

11 December 1997

Profit and loss account

for the year ended 31 March 1997

	<i>Note</i>	1997 £	1996 £
Turnover	2	1,651,826	1,764,790
Cost of sales		(904,736)	(1,097,144)
		<hr/>	<hr/>
Gross profit		747,090	667,646
Administrative expenses		(615,179)	(554,082)
		<hr/>	<hr/>
Operating profit	3	131,911	113,564
Interest payable and similar charges	5	(399)	(503)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		131,512	113,061
Taxation	6	(63,966)	(30,897)
		<hr/>	<hr/>
Retained profit for the financial year	13	67,546	82,164
		<hr/> <hr/>	<hr/> <hr/>

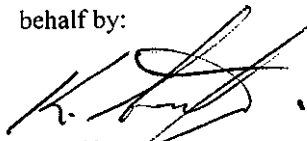
None of the company's activities were acquired or discontinued during the above two financial years.

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

Balance sheet
at 31 March 1997

	Note	1997	1996
		£	£
Fixed assets			
Tangible assets	7	245,081	215,752
Current assets			
Debtors	8	897,289	994,147
Cash at bank and in hand		36,869	-
		<u>934,158</u>	<u>994,147</u>
Creditors: amounts falling due within one year	9	(295,299)	(424,630)
		<u>638,859</u>	<u>569,517</u>
Net current assets			
		<u>883,940</u>	<u>785,269</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	10	-	(1,284)
Provisions for liabilities and charges	11	(39,971)	(7,562)
		<u>843,969</u>	<u>776,423</u>
Net assets			
		<u><u>843,969</u></u>	<u><u>776,423</u></u>
Capital and reserves			
Called up share capital	12	162,408	162,408
Profit and loss account	13	681,561	614,015
		<u>843,969</u>	<u>776,423</u>
Shareholders' funds - equity interests	14	<u><u>843,969</u></u>	<u><u>776,423</u></u>

These financial statements were approved by the board of directors on 11 December 1997 and were signed on its behalf by:


K Swift
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

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

Depreciation

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

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

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.

Deferred taxation

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

Cash flow statement

Under the Companies Act 1985, the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small company.

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.

Notes (continued)

3 Operating profit

	1997 £	1996 £
<i>Operating profit is stated after charging:</i>		
Auditors' remuneration	5,000	3,000
Depreciation of tangible fixed assets		
- owned assets	31,011	30,235
- leased assets	942	2,705
	<u>31,953</u>	<u>32,940</u>

4 Staff numbers and costs

	1997 £	1996 £
Wages and salaries	307,658	290,675
Social security costs	30,220	29,467
	<u>337,878</u>	<u>320,142</u>

The average number of employees was as follows:

	1997 Number	1996 Number
Office and management	5	5
Production and sales	13	12
	<u>18</u>	<u>17</u>

No directors received any emoluments from the company.

Notes *(continued)*

5 Interest payable

	1997 £	1996 £
Hire purchase interest	399	503
	<u> </u>	<u> </u>

6 Taxation

	1997 £	1996 £
UK Corporation tax on profit on ordinary activities at 33% (1996: 33%)	31,815	27,000
Adjustment to prior years	(258)	-
Deferred taxation charge		
- current year	2,409	3,897
- adjustments in respect of the prior year	30,000	-
	<u> </u>	<u> </u>
	<u>63,966</u>	<u>30,897</u>

Notes (continued)

7 Tangible fixed assets

	Freehold land & buildings £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Assets under construction £	Total £
Cost						
At 1 April 1996	53,045	129,605	11,308	188,583	78,135	460,676
Additions	23,450	16,542	21,290	-	-	61,282
Transfers	78,135	-	-	-	(78,135)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	154,630	146,147	32,598	188,583	-	521,958
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 April 1996	1,035	88,485	5,963	146,570	2,871	244,924
Charge for year	6,745	12,619	2,086	10,503	-	31,953
Transfers	2,871	-	-	-	(2,871)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	10,651	101,104	8,049	157,073	-	276,877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 1997	143,979	45,043	24,549	31,510	-	245,081
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1996	52,010	41,120	5,345	42,013	75,264	215,752
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixtures and fittings includes £2,827 (1996:£4,565) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets during the year totalled £942 (1996:£2,705).

In 1996, the net book value of motor vehicles also included an amount of £12,730 in respect of such assets.

8 Debtors

	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	311,698	400,612
Amounts owed by Kenal Services Limited	570,815	582,512
Prepayments and accrued income	14,776	11,023
	<hr/>	<hr/>
	897,289	994,147
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank overdraft	-	61,677
Trade creditors	206,682	274,432
Corporation tax	31,815	27,000
Other taxation and social security	27,391	25,302
Accruals and deferred income	28,127	30,242
Obligations under finance leases and hire purchase contracts (note 10)	1,284	5,977
	<hr/> 295,299 <hr/>	<hr/> 424,630 <hr/>

10 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Obligations under finance leases and hire purchase contracts	-	1,284
	<hr/>	<hr/>
These are repayable over varying periods by monthly instalments as follows:		
- in less than one year	1,284	5,977
- in one to two years	-	1,284
	<hr/> 1,284 <hr/>	<hr/> 7,261 <hr/>

11 Provisions for liabilities and charges

	1997 £	1996 £
Deferred taxation on accelerated capital allowances	39,971	7,562
	<hr/>	<hr/>

The full potential liability has been provided.

Notes (continued)

11 Provisions for liabilities and charges (continued)

Movements on the deferred tax account during the year were as follows:

	£
At 1 April 1996	7,562
Charge to the profit and loss account	
- current year	2,409
- adjustments in respect of prior periods	30,000
	<hr/>
At 31 March 1997	39,971
	<hr/> <hr/>

12 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	171,908	171,908
	<hr/>	<hr/>
<i>Allotted, called up and full up paid</i>		
Ordinary shares of £1 each	162,408	162,408
	<hr/> <hr/>	<hr/> <hr/>

13 Profit and loss account

	1997 £
At 1 April 1996	
Retained profit for the year	614,015
	67,546
	<hr/>
At 31 March 1997	681,561
	<hr/> <hr/>

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	67,546	82,164
Opening shareholders' funds	776,423	694,259
	<hr/>	<hr/>
Closing shareholders' funds	843,969	776,423
	<hr/>	<hr/>

15 Ultimate parent undertaking

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

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

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

16 Related party disclosures

A management charge of £147,633 from Kenal Services Limited has been included in administrative expenses.