Hillbridge Investments Limited

Annual report and consolidated financial statements

Registered number 03460361

30 September 2022

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Contents

Company information

Directors	MR Hewitt AM Smith AM Elliott DR Ellison HM Robinson TCA Diggle
Secretary	AM Smith
Registered office	Castle Environmental Crompton Road Ilkeston Derbyshire DE7 4BG
Banker	Barclays plc Snow Hill Queensway Birmingham B4 6GN
Auditor	KPMG LLP EastWest Tollhouse Hill Nottingham NG1 5FS

Strategic report

Business review

The Group performed very well during the year and again increased turnover.

The Group continued to increase its market share of packaged waste by securing additional business into its Ilkeston treatment facility which benefitted from commissioning of new enhanced processing equipment for this type of waste. A major new plant for acidic waste was also commissioned at Ilkeston with consequential increased quantities of acidic waste inputs. The Stoke treatment facility benefitted from increased processing of bulk wastes.

The Board expects to see a significant increase in profitability in the next year through continuing increase in turnover including the benefits arising from the major investment in new process plant.

The Board is committed to further investment in the Group to deliver enhanced value and returns.
The business operates within a sector that is highly regulated. It has a very good relationship with environmental regulators and maintains high levels of compliance across all operations. The company's management system is audited against ISO14001 by a third party organisation. A strong technical background and a process safety led approach, combined with regular performance audits and strong employee engagement, ensure risks are controlled to acceptable levels.

Regulatory compliance is a major priority for all directors, managers and employees across the business and is integrated into all business operations and decisions.

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 Group 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.

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 £6,838,000 (*2021: £4,796,000*).

The directors are confident that this funding structure is appropriate to allow the Group to achieve its financial targets in the future, even when taking into account plausible downsides.

By order of the board

AM Smith
Secretary

Crompton Road
Ilkeston
Derbyshire
DE7 4BG

Dated: 11th January 2023

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 30 September 2022.

Principal activities

The company acts as a holding company.

The principal activity of the company's subsidiary undertakings are waste treatment, disposal and the development of waste recovery and recycling techniques specific to the waste industry.

Dividends and transfers to reserves

The results for the year are shown in the consolidated profit and loss account on page 8. The directors recommend that no dividend should be paid in respect of the year *(2021: £nil)*.

Directors

The directors who held office during the year were as follows:

MR Hewitt
DR Ellison
AM Elliott
AM Smith
TCA Diggle
HM Robinson

Political contributions

The company made no political donations or incurred any political expenditure during the year *(2021: £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.

Research and development

The company continues to invest resources in research and development in order to maintain and enhance its waste management capabilities; in so doing, the company is able to improve existing procedures and introduce new processes for its customers.

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: 11th January 2023

Statement of directors' responsibilities in respect of the annual 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 group and parent company 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 group and the parent company and of the profit or loss of the group and the parent 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Hillbridge Investments Limited

Opinion

We have audited the financial statements of Hillbridge Investments Limited ("the company") for the year ended 30 September 2022 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement 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 Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's 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 Group or Company or to cease its operations, and as they have concluded that the Group and 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 Group's business model and analysed how those risks might affect the Group and 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 Group or 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 Group or 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 Group and Company's high-level policies and procedures to prevent and detect fraud, and the Group and 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 Hillbridge Investments 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 there are limited incentives, rationalisations and opportunities to fraudulently adjust revenue recognition.

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 unexpected account combinations.

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 group 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 group 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 and employment law, recognising the nature of the group's activities. 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 Hillbridge Investments 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.

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.

Chloe Dexter (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
EastWest
Tollhouse Hill
Nottingham
NG1 5FS

Dated: 11 January 2023

Consolidated profit and loss account
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Turnover	2	**30,312**	28,151
Cost of sales		**(22,671)**	(20,160)
Gross profit		**7,641**	7,991
Administrative expenses		**(5,024)**	(4,184)
Other Operating Income		**7**	-
Operating profit		**2,624**	3,807
Other interest receivable and similar income	6	**22**	22
Interest payable and similar expenses	7	**-**	(4)
Profit before taxation		**2,646**	3,825
Tax on profit	8	**(489)**	(820)
Profit after taxation		**2,157**	3,005

There were no items of other comprehensive income in either year.

In both the current and prior year, the Group made no material acquisitions and had no discontinued operations.

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

Consolidated balance sheet
at 30 September 2022

	Note	2022		2021	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**88**		100
Tangible assets	*10*		**8,591**		8,467
			8,679		8,567
Current assets					
Stocks	*12*	**107**		198	
Debtors (including £nil (*2021: nil)* due after more than one year)	*13*	**7,771**		6,587	
Cash at bank and in hand	*14*	**6,838**		4,796	
		14,716		11,581	
Creditors: amounts falling due within one year	*15*	**(6,418)**		(5,506)	
Net current assets			**8,298**		6,075
Total assets less current liabilities			**16,977**		14,642
Creditors: amounts falling due after more than one year	*16*		**(52)**		(132)
Provisions for liabilities					
Deferred tax liability	*18*		**(925)**		(788)
Net assets			**16,000**		13,722
Capital and reserves					
Called up share capital	*20*		**10**		10
Share premium account			**342**		342
Profit and loss account			**15,648**		13,370
Shareholders' funds			**16,000**		13,722

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

These financial statements were approved by the board of directors on 11th January 2023 and were signed on its behalf by:

MR Hewitt
Director

AM Smith
Director

Company registered number: 03460361

Company balance sheet
at 30 September 2022

	Note	2022		2021	
		£000	£000	£000	£000
Fixed assets					
Investments	*11*		3,740		3,740
Current assets					
Debtors (including £242,000 *(2021: £201,000)* due after more than one year)	*13*	1,512		1,554	
Cash at bank and in hand		16		2	
		1,528		1,556	
Creditors: amounts falling due within one year	*15*	(187)		-	
Net current assets			1,341		1,556
Total assets less current liabilities			5,081		5,296
Net assets			5,081		5,296
Capital and reserves					
Called up share capital	*20*		10		10
Share premium account			342		342
Profit and loss account			4,729		4,944
Shareholders' funds			5,081		5,296

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

The company has taken the exemption in Section 408 of the Companies Act 2006 to not separately disclose the parent company statement of income and retained earnings. The company's result for the year was a loss of £336,000 *(2021: loss of £63,000)*.

These financial statements were approved by the board of directors on 11th January 2023 and were signed on its behalf by:

M R Hewitt
Director

AM Smith
Director

Company registered number: 03460361

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2020	10	342	10,244	10,596
Total other comprehensive income	-	-	3,005	3,005
Transactions with owners, recorded directly in equity				
Equity-settled share-based payment transactions (note 19)	-	-	121	121
Balance at 30 September 2021	**10**	**342**	**13,370**	**13,722**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2021	10	342	13,370	13,722
Total other comprehensive income			2,157	2,157
Transactions with owners, recorded directly in equity				
Equity-settled share-based payment transactions (note 19)			121	121
Balance at 30 September 2022	**10**	**342**	**15,648**	**16,000**

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

Company statement of changes in equity

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2019	10	342	4,886	5,238
Total comprehensive expense	-	-	(63)	(63)
Transactions with owners, recorded directly in equity				
Equity-settled share-based payment transactions (note 19)	-	-	121	121
Balance at 30 September 2021	**10**	**342**	**4,944**	**5,296**

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2021	10	342	4,944	5,296
Total comprehensive expense in the year			(336)	(336)
Transactions with owners, recorded directly in equity				
Equity-settled share-based payment transactions (note 19)			121	121
Balance at 30 September 2022	**10**	**342**	**4,729**	**5,081**

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

Consolidated cash flow statement
for year ended 30 September 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year		**2,157**	3,005
Adjustments for:			
Depreciation, amortisation and impairment	*9,10*	**1,388**	972
Interest receivable and similar income	*6*	**(22)**	(22)
Interest payable and similar expense	*7*	**-**	4
Loss on sale of tangible fixed assets		**-**	2
Equity settled share-based payment expenses	*19*	**121**	121
Taxation	*8*	**489**	820
		4,133	4,902
Increase in trade and other debtors	*13*	**(1,162)**	(260)
Decrease / (increase) in stocks	*12*	**91**	(57)
Increase in trade and other creditors	*15,16*	**645**	9
		3,707	4,594
Interest paid	*7*	**-**	4
Tax paid		**(81)**	(483)
Net cash from operating activities		**3,626**	4,115
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**-**	-
Acquisition of tangible fixed assets	*10*	**(1,500)**	(3,362)
Acquisition of intangible assets	*9*	**-**	(5)
Net cash from investing activities		**(1,500)**	(3,367)
Cash flows from financing activities			
Repayment of borrowings		**-**	(268)
Repayment of finance leases		**(84)**	(85)
Net cash from financing activities		**(84)**	(353)
Net increase in cash and cash equivalents		**2,042**	395
Cash and cash equivalents at 1 October		**4,796**	4,401
Cash and cash equivalents at 30 September	*14*	**6,838**	4,796

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

Notes
(forming part of the financial statements)

1 Accounting policies

Hillbridge Investments Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 03460361 and the registered address is Castle Environmental, Crompton Road, Ilkeston, Derbyshire, DE7 4BG.

These Group and parent company 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")*. 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 parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time; and
- 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. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

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 wage inflation and increased energy prices. These reasonably plausible downside 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.

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.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 September 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at deemed cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group 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 group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity 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 entity'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.

1.5. 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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6. 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 entity 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 1.12 below.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. Tangible fixed assets (continued)

Depreciation is charged to administrative expenses in the statement of income and retained earnings account 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 and assets under construction are not depreciated. The estimated useful lives are as follows:

Freehold buildings	- 2% to 20% on cost
Plant and machinery	- 10% to 50% on cost
Fixtures and fittings & office equipment	- 5% to 25% on cost

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

1.7. Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangibles

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 expenses in the statement of income and retained earnings on a straight-line basis over the estimated useful life 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

Other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

1.8. Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.9. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income and retained earnings. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 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 account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on company specific data, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 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 three revenue streams in place within the Hillbridge Investments Limited group; these being direct disposals, waste sales and block 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 the group 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. Finally, revenue generated from block sales is recognised on despatch of waste constructed blocks to the customer.

1.12. Expenses

Operating lease

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

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable and finance leases recognised in the statement of income and retained earnings using the effective interest method in the statement of income and retained earnings account.

Interest income and interest payable are recognised in the statement of income and retained earnings as they accrue, using the effective interest method. Dividend income is recognised in the statement of income and retained earnings account on the date the company's right to receive payments is established.

1.13. 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 account 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; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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 expenses 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13. Taxation (continued)

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. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2022 £000	2021 £000
Sale of goods	**2,025**	1,940
Rendering of services	**28,287**	26,211
Total turnover	**30,312**	28,151

All turnover arises within the United Kingdom.

3 Auditor's remuneration

Auditor's remuneration:

	2022 £000	2021 £000
Audit of these financial statements	**10**	8
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**44**	36
Audit-related assurance services	**3**	5
Taxation compliance services	**13**	10
Other tax advisory services	**56**	7
Accounts word processing	**1**	1

Within the year £277,000 *(2021: £455,000)* of Research and Development costs were expensed to Administrative expenses.

4 Staff numbers and costs

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

	Number of employees 2022	2021
Operations and sales	**69**	72
Office and management	**21**	20
	90	92

Notes *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	**4,179**	4,227
Social security costs	**480**	436
Contributions to defined contribution plans	**119**	118
	4,778	4,781

5 Directors' remuneration

	2022 £000	2021 £000
Directors' remuneration	**1,133**	1,045
Company contributions to money purchase pension plans	**35**	34

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £495,000 *(2021: £481,000)*, and company pension contributions of £nil *(2021: £nil)* were made to a personal pension scheme on his behalf. The highest paid director did not exercise any share options within the year.

	Number of directors 2022	2021
Retirement benefits are accruing to the following number of directors under:		
Personal pension purchase schemes	**4**	4

6 Other interest receivable and similar income

	2022 £000	2021 £000
Interest receivable on financial assets at amortised cost	**22**	22
Total interest receivable and similar income	**22**	22

7 Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable on financial liabilities at amortised cost	**-**	4
Total other interest payable and similar expenses	**-**	4

Interest payable and similar expenses includes interest payable on secured bank loans of £nil *(2021: £4,000)*.

Notes *(continued)*

8 Taxation

Total tax charge recognised in the statement of income and retained earnings account

	2022		2021	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		**339**		395
Adjustments in respect of prior periods		**13**		23
Total current tax		**352**		418
Deferred tax (note 18)				
Origination and reversal of timing differences	**158**		219	
Adjustments in respect of prior periods	**(21)**		(3)	
Change in tax rate	**-**		186	
Total deferred tax		**137**		402
Total tax		**489**		820

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Profit after taxation	**2,157**	3,005
Total tax expense	**489**	820
Profit before taxation	**2,646**	3,825
Tax using the UK corporation tax rate of 19% *(2021: 19%)*	**503**	727
Fixed asset differences	**(42)**	-
Non-deductible expenses	**93**	1
Additional deduction for R&D expenditure	**(71)**	(114)
Adjustments in respect of prior periods	**13**	23
Adjustments in respect of prior periods – deferred tax	**(21)**	(3)
Adjust opening deferred tax to average rate	**41**	186
Adjust closing deferred tax to average rate	**(27)**	-
Total tax expense included in the statement of income and retained earnings	**489**	820

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 2022 has been calculated based on this rate.

Notes *(continued)*

9 Intangible assets

Group	Goodwill £000	Licences £000	Total £000
Cost			
Balance at 1 October 2021	4,544	227	4,771
Additions	-	-	-
Balance at 30 September 2022	4,544	227	4,771
Amortisation and impairment			
Balance at 1 October 2021	4,544	127	4,671
Amortisation for the year	-	12	12
Balance at 30 September 2022	4,544	139	4,683
Net book value			
At 30 September 2022	**-**	**88**	**88**
At 1 October 2021	-	100	100

Amortisation and impairment expense

The amortisation, impairment expense and impairment reversals are recognised in the following line items in the statement of income and retained earnings account:

	2022 £000	2021 £000
Administrative expenses	**12**	7
	12	7

The company does not hold any intangible fixed assets.

Notes *(continued)*

10 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and office equipment £000	Assets under construction £000	Total £000
Cost					
Balance at 1 October 2021	4,181	11,485	286	1,074	17,026
Transfers	48	1,025	1	(1,074)	-
Additions	2	1,447	51	-	1,500
Disposals	-	-	(23)	-	(23)
Balance at 30 September 2022	4,231	13,957	315	-	18,503
Depreciation and impairment					
Balance at 1 October 2021	2,095	6,280	184	-	8,559
Depreciation charge for the year	228	1,103	45	-	1,376
Disposals	-	-	(23)	-	(23)
Balance at 30 September 2022	2,323	7,383	206	-	9,912
Net book value					
At 30 September 2022	**1,907**	**6,585**	**99**	**-**	**8,591**
At 30 September 2021	2,086	5,205	102	1,074	8,467

Included within freehold land and buildings is land with a value of £442,000 *(2021: £442,000)* which is not depreciated.

The net book value of plant and machinery includes £234,000 *(2021: £290,000)* in relation to assets held under finance leases and hire purchase contracts. Depreciation charged on these assets in the year was £56,000 *(2021: £56,000)*.

The company does not hold any tangible fixed assets.

Notes *(continued)*

11 Fixed asset investments

Company	**Shares in group undertakings £000**
Cost and net book value	3,740
At 30 September 2022	
At 30 September 2021	3,740

Subsidiary undertakings	Country of incorporation	Principal activity	Share capital and reserves £000	Result for the period £000	Class and percentage of shares held	
Castle Environmental Limited	England and Wales	Dormant	-	-	100%	Ordinary Shares
Castle Waste Services Limited	England and Wales	Waste management and recycling	10,375	1,698	100%	Ordinary Shares
Castle Oils Limited	England and Wales	Waste management and recycling	4,285	797	100%	Ordinary Shares
M Plus Recycling Limited	England and Wales	Dormant	1	-	100%	Ordinary Shares
Castle Construction Products Limited	England and Wales	Dormant	-	-	100%	Ordinary Shares

All of the above subsidiaries have been included in the consolidated accounts.

The registered addresses of the above companies is Crompton Road, Ilkeston, Derbyshire, DE7 4BG.

12 Stocks

	Group 2022 £000	Group 2021 £000
Finished goods	**107**	198
	107	198

Changes in finished goods recognised as cost of sales in the year amounted to £91,000 *(2021: (£57,000)*. The write-down of stocks to net realisable value amounted to £nil (*2021: £nil*).

The company does not hold any stock.

Notes *(continued)*

13 Debtors

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Trade debtors	**6,151**	4,610	**-**	-
Amounts owed by group undertakings	**-**	-	**-**	126
Amount owed by related parties	**956**	934	**956**	934
Other debtors	**304**	315	**314**	293
Prepayments	**360**	421	**-**	-
Accrued Income	**-**	307	**-**	-
Deferred tax asset (note 18)	**-**	-	**242**	201
	7,771	6,587	**1,512**	1,554
Due within one year	**7,771**	6,587	**1,270**	1,353
Due after more than one year	**-**	-	**242**	201
	7,771	6,587	**1,512**	1,554

All amounts due from group undertakings are repayable on demand.

The amounts due from related parties is repayable on demand but there is no intention to recall it within 12 months.

14 Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	**6,838**	4,796
Cash and cash equivalents per cash flow statements	**6,838**	4,796

15 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Obligations under finance leases (note 17)	**85**	89	-	-
Trade creditors	**4,184**	3,828	-	-
Amounts owed to group undertakings	**-**	-	95	
Corporation tax due	**335**	64	-	-
Taxation and social security	**732**	455	-	-
Accruals	**1,067**	1,007	92	-
Other creditors	**15**	63	-	-
	6,418	5,506	**187**	-

Notes *(continued)*

16 Creditors: amounts falling after more than one year

	Group 2022 £000	Group 2021 £000
Obligations under finance leases (note 17)	**26**	106
Other creditors	**26**	26
	52	132

The company does not have any creditors falling after more than one year.

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2022 £000	Group 2021 £000
Creditors falling due after more than one year		
Finance lease liabilities	**26**	106
	26	106
Creditors falling due within less than one year		
Finance lease liabilities	**85**	89
	85	89

The company does not have any interest-bearing loans or borrowings.

Terms and debt repayment schedule

Group	Currency	Nominal Interest Rate	Year of maturity	Repayment schedule	2022 £000	2021 £000
Finance lease liabilities	GBP	Various	Various	Various	**111**	195
					111	195

Hire purchase liabilities are secured against the assets subject to the hire purchase arrangement.

Notes *(continued)*

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**-**	-	**1,167**	989	**1,167**	989
Short term timing differences	**(242)**	(201)	**-**	-	**(242)**	(201)
Net tax (assets) / liabilities	**(242)**	(201)	**1,167**	989	**925**	788

The Group has no unrecognised tax losses. Deferred tax is recognised at 25% *(2021:25%)* which is the rate at which the liability is expected to unwind.

Company Only	Assets		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**-**	-	**-**	-	**-**	-
Short term timing differences	**(242)**	(201)	**-**	-	**(242)**	(201)
Net tax (assets) / liabilities	**(242)**	(201)	**(242)**	-	**(242)**	(201)

The company has no unrecognised tax losses. Deferred tax is recognised at 25% *(2021:25%)* which is the rate at which the liability is expected to unwind.

Notes *(continued)*

19 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans. The total charge relating to these plans in the current year was £119,000 *(2021: £118,000)*.

Share-based payments

In May 2015 the company set up two enterprise management incentive option agreements for the benefit of senior employees. One of the agreements is exercisable if the business is sold within 10 years and certain performance criteria are met or exceeded. The other agreement is exercisable either upon the sale of the business or between 9 years and 10 months and 10 years of the date of the agreement. These options are equity-settled.

The company share based payments are on the same basis as that of group.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2022	**Number of options 2022**	Weighted average exercise price 2021	Number of options 2021
Outstanding at the beginning of the year	**0.01**	**380,000**	0.01	380,000
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	**0.01**	**380,000**	0.01	380,000
Exercisable at the end of the year	-	-	-	-

The weighted average fair value of options granted was estimated using earnings for the current period and a price earnings ratio of 4 adjusted for minority discount. The resulting fair value per option was £3.17.

The total expenses recognised for the year arising from share-based payments are as follows:

	2022 £000	2021 £000
Total share-based payment charge	**121**	121

Notes *(continued)*

20 Capital and reserves

	2022	2021
	£	£
Allotted, called up and fully paid		
510,000 'A' Ordinary shares of £0.01 each	**5,100**	5,100
40,000 'B' Ordinary shares of £0.01 each	**400**	400
450,000 'C' Ordinary shares of £0.01 each	**4,500**	4,500
	10,000	10,000

The rights attaching to each class of share in issue are summarised below:

The ordinary shares have attached to them full voting and dividend rights. On a return of the company's assets on a liquidation, capital reduction or otherwise, the assets of the company remaining after the payment of its liabilities shall be applied in the following order of priority:

Firstly, in paying to the holders of the 'A' ordinary shares, the 'B' ordinary shares and the 'C' ordinary shares (pari passu as if the same constituted one class of share), the balance of such assets on a sale of the company, the proceeds of the sale shall be allocated in the order set out above as if the references to the assets remaining after the payment of its liabilities referred to the proceeds of sale.

21 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2022	2021
	£000	£000
Assets measured at amortised cost	**13,945**	9,406
Liabilities measured at amortised cost	**4,295**	4,023

(b) Financial instruments measured at fair value

There are no financial instruments measured at fair value.

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Less than one year	**129**	121	**271**	192
Between one and five years	**297**	366	**374**	237
More than five years	**17**	36	**-**	-
	443	523	**645**	429

During the year £426,000 was recognised as an expense in the consolidated profit and loss account in respect of operating leases *(2021: £435,000)*. The company has no operating leases to disclose.

Notes *(continued)*

23 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £34,000 *(2021: £371,000)*. The company had no capital commitments at either year end.

24 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,133,000 *(2021: £1,045,000)*.

Other Related Party Transactions

In 2019 the company issued an unsecured loan to MR Hewitt of £875,000 *(2021: £875,000)* which is subject to interest of 2.5% per annum. Interest in the year charged was £22,000 *(2021: £22,000)*. The total amount outstanding is £956,000 *(2021: £934,000)*. This is repayable on demand and so classified as due within one year however it is not expected to be settled within the year.

25 Ultimate parent company and parent company of larger group

The ultimate controlling party is MR Hewitt.

26 Accounting estimates and judgements

Waste accrual

Revenue is recognised at the point at which the customer delivers the waste to the receiving site. This is the point at which the customer has discharged all responsibility for the waste. At the year end, a waste disposal cost accrual is recognised for the waste that is on site and yet to be processed. The waste accrual is calculated based on management's best estimate of the cost of processing the waste.