

Registration number: 05172959

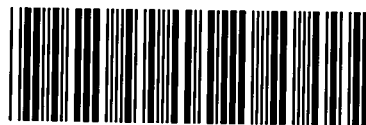
# Closed Loop Recycling Limited

Annual Report and Financial Statements

Year Ended 30 June 2013

Dixon Wilson  
22 Chancery Lane  
London  
WC2A 1LS

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**Closed Loop Recycling Limited**  
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**Year Ended 30 June 2013**

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The following pages do not form part of the statutory financial statements:

Detailed Profit and Loss Account	28
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# **Closed Loop Recycling Limited**

## **Company Information**

**Year Ended 30 June 2013**

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**Directors** C J Dow  
P Cook  
J Samworth

**Company secretary** P Cook

**Registered office** 22 Chancery Lane  
London  
WC2A 1LS

**Bankers** Allied Irish Bank (GB)  
Wembley Hill Road Branch  
33-35 Wembley Hill Road  
Wembley  
Middlesex  
HA9 9AS

**Auditors** Dixon Wilson  
22 Chancery Lane  
London  
WC2A 1LS

# **Closed Loop Recycling Limited**

## **Directors' Report**

**Year Ended 30 June 2013**

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The directors present their report and the financial statements for the year ended 30 June 2013.

### **Directors of the company**

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

A J Page (resigned 25 January 2013)

C J Dow

P Cook - Company secretary and director

J Samworth (appointed 25 January 2013)

### **Principal activity**

The principal activity of the company is recycling plastic bottles. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major change in the Company's principal activities in the next year.

### **Business review**

#### ***Fair review of the business***

As shown in the Company's profit and loss account on page 7 turnover increased by 3.7% over the previous year. In the last three years the Company has seen its turnover increase by 229% - a testament to the high grade quality of the products that it produces. Increase in cost of sales – primarily the cost of raw materials and production consumables - contributed towards a trading loss of £153,898 (2012 – profit £1,096,843).

During the second half of the year the Company embarked upon a £12 million expansion project designed to expand its capacity to produce recycled plastic materials through the installation of additional capital equipment of the same type that it already operates successfully. This resulted in significant disruption to its existing production line as new machinery was moved into the factory and some existing machinery relocated. Production efficiency was impaired as a result and was an additional contributor to the trading loss.

#### **Going Concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis for accounting in preparing the annual statements.

# **Closed Loop Recycling Limited**

## **Directors' Report**

**Year Ended 30 June 2013**

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### ***Principal risks and uncertainties***

#### **Price risk**

The Company utilises a leading external provider of global polymer market price information and benchmarked price assessments which it uses to establish the prices of its food grade products. This mechanism helps to ensure its products are competitively priced.

#### **Credit risk**

Customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored regularly and provision made for doubtful debts where necessary.

#### **Liquidity and cash risk**

The Company manages its cash and borrowing requirements to ensure that it has sufficient resources to meet its operating needs.

### **Employees**

The health and safety and well being of its workforce and all visitors to its site continued to be of prime concern to the Company. Regular health and safety training sessions and safety audits continued to be a regular practice throughout the year.

On the 1st of July 2012 the Company set up a company pension scheme for all eligible employees. This is two years in advance of the legislation under the Government's Workplace Pension Reforms which would have enforced the Company to do so.

Details of the number of employees and related costs can be found in note 4 to the financial statements.

### **Environment**

During the year the amount of plastic waste that the Company recycled increased by 12% to 32,700 tonnes which would otherwise have gone to landfill. The Company recognises the importance of its environmental responsibilities. Its mission - to recycle resources to maximise their value and minimise the environmental impact for the benefit of future generations - continues to represent the focus for all its endeavours.

**Social Responsibility:** The Company continued to work closely with local and national community groups to learn more about how plastic bottles are recycled and to appreciate the benefit to the environment of doing so.

## Closed Loop Recycling Limited

### Directors' Report

Year Ended 30 June 2013

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#### Future developments

The Company has continued to improve its operational performance to the point where the plant was nearing its original design capacity. To address this the Company secured funding for a £12 million expansion of its production capacity to enable it to satisfy the increased demand for its products. The expansion programme commenced in the second half of the year under review and is planned for completion during 2014/15. The strategic progress the Company has made reinforces its position as a market leader in plastics recycling in the UK and, as a result of the expansion programme, will mean that it will be well positioned to capitalise on further growth in its existing markets. The directors will continue to implement management policies and procedures designed to improve the effectiveness and efficiency of operations across the Company, but in particular to further improve the manufacturing processes and quality of products.

#### Director's indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's directors.

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on .....

7<sup>th</sup> July 2014

and signed on its behalf by:

.....  
P Cook

Company secretary and director

## **Closed Loop Recycling Limited**

### **Statement of Directors' Responsibilities**

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The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of Closed Loop Recycling Limited**

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We have audited the financial statements of Closed Loop Recycling Limited for the year ended 30 June 2013, set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £5,665,500 during the year ended 30 June 2013 and at that date, the company had net current liabilities of £9,940,209 and net liabilities of £10,534,280. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

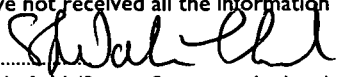
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Steven Wakefield (Senior Statutory Auditor)  
For and on behalf of Dixon Wilson, Statutory Auditor  
22 Chancery Lane  
London, WC2A 1LS

Date: 8 July 2014



**Closed Loop Recycling Limited**  
**Profit and Loss Account**  
**Year Ended 30 June 2013**

	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
Turnover	2	15,424,147	14,874,982
Cost of sales		<u>(15,578,045)</u>	<u>(13,778,139)</u>
Gross (loss)/profit		(153,898)	1,096,843
Administrative expenses		(3,657,889)	(4,202,095)
Other operating income		<u>192,000</u>	<u>192,000</u>
Operating loss	3	(3,619,787)	(2,913,252)
Other interest receivable and similar income	6	-	259
Interest payable and similar charges	7	<u>(2,045,713)</u>	<u>(2,171,556)</u>
Loss on ordinary activities before taxation		<u>(5,665,500)</u>	<u>(5,084,549)</u>
Loss for the financial year	16	<u>(5,665,500)</u>	<u>(5,084,549)</u>

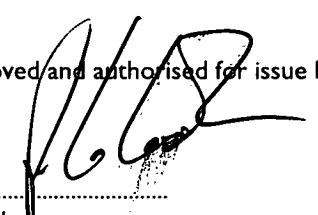
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

**Closed Loop Recycling Limited**  
**(Registration number: 05172959)**  
**Balance Sheet at 30 June 2013**

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Intangible fixed assets	9	478,706	522,686
Tangible fixed assets	10	<u>19,150,444</u>	<u>13,836,645</u>
		<u>19,629,150</u>	<u>14,359,331</u>
<b>Current assets</b>			
Stocks	11	563,811	277,438
Debtors	12	3,699,706	3,630,259
Cash at bank and in hand		<u>1,249,887</u>	<u>138,139</u>
		5,513,404	4,045,836
Creditors: Amounts falling due within one year	13	<u>(15,453,613)</u>	<u>(26,360,102)</u>
Net current liabilities		<u>(9,940,209)</u>	<u>(22,314,266)</u>
Total assets less current liabilities		9,688,941	(7,954,935)
Creditors: Amounts falling due after more than one year	14	<u>(20,223,221)</u>	<u>(12,420,763)</u>
Net liabilities		<u>(10,534,280)</u>	<u>(20,375,698)</u>
<b>Capital and reserves</b>			
Called up share capital	15	102,145	65,083
Share premium account	16	20,983,614	5,513,756
Profit and loss account	16	<u>(31,620,039)</u>	<u>(25,954,537)</u>
Shareholders' deficit	17	<u>(10,534,280)</u>	<u>(20,375,698)</u>

Approved and authorised for issue by the Board on 7<sup>th</sup> July 2014 and signed on its behalf by:

  
 .....  
 P Cook  
 Company secretary and director

**Closed Loop Recycling Limited**  
**Cash Flow Statement**  
**Year Ended 30 June 2013**

	2013 £	2012 £
<b>Reconciliation of operating profit to net cash flow from operating activities</b>		
Operating loss	(3,619,787)	(2,913,252)
Depreciation, amortisation and impairment charges	1,236,718	1,301,883
(Increase)/decrease in stocks	(286,373)	41,163
Increase in debtors	(69,447)	(498,852)
Increase in creditors	445,893	670,981
Receipt/release of government grants	(192,000)	(192,000)
Other non-cash items	(418,678)	74,883
Net cash outflow from operating activities	<u>(2,903,674)</u>	<u>(1,515,194)</u>
<b>Returns on investments and servicing of finance</b>		
Interest received	-	259
Interest paid	(878,681)	(651,403)
	(878,681)	(651,144)
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(6,527,959)	(273,154)
Net cash outflow before management of liquid resources and financing	<u>(10,310,314)</u>	<u>(2,439,492)</u>
<b>Financing</b>		
Value of new loans obtained during the period	11,400,000	1,700,000
Issue of shares	22,062	-
	<u>11,422,062</u>	<u>1,700,000</u>
Increase/(decrease) in cash	<u>1,111,748</u>	<u>(739,492)</u>

**Closed Loop Recycling Limited****Cash Flow Statement****Year Ended 30 June 2013**

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	Note	2013 £	2012 £
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash		1,111,748	(739,492)
Cash inflow from increase in loans		<u>(11,400,000)</u>	<u>(1,700,000)</u>
Change in net debt resulting from cash flows	19	(10,288,252)	(2,439,492)
Exchange differences		-	32,471
Other non-cash movements		<u>12,716,042</u>	<u>-</u>
Movement in net debt	19	2,427,790	(2,407,021)
Net debt at 1 July	19	<u>(27,544,870)</u>	<u>(25,137,848)</u>
Net debt at 30 June	19	<u>(25,117,080)</u>	<u>(27,544,869)</u>

The notes on pages 11 to 27 form an integral part of these financial statements.

**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**I Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention.

**Going concern**

At the year end, the company had net liabilities of £10,534,280 (2012 - £20,375,699) and net current liabilities of £9,940,209 (2012 - £22,314,267). At the date these accounts were approved, the company's loans payable within one year amounted to £9,164,284 (2012 - £16,682,906) before accrued interest and net finance costs. The company is dependent on its lenders not to seek repayment of loans in the short term, unless alternative finance can be arranged.

The company's ability to continue as a going concern is dependent on the continued support of their financiers. The directors remain confident of this support which is reinforced by the further finance raised during the year. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**Turnover**

Turnover represents amounts invoiced, excluding VAT, in respect of income from the sale of recycled materials and is recognised when the materials are provided.

**Other grants**

Grants of a revenue nature are credited to the profit and loss account in the year to which they relate. Grants received in staged payments are credited to income when each milestone is achieved. Grants received towards expenditure on fixed assets are recognised as a liability and are amortised over the expected useful economic lives of the related assets.

**Amortisation**

Intangible fixed assets comprise of operating licences. Whilst these licences exist in perpetuity, the cost of the licences is amortised over the useful life of the plant:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Operating licences	straight line, 15 years

**Depreciation**

Depreciation is provided on all tangible fixed assets at the following rates in order to write off the cost less estimated residual value, of each asset over its expected useful life:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Buildings	straight line, 15 years
Plant & machinery	straight line, 15 years
Fixtures & fittings	straight line, 8 - 10 years
IT equipment	straight line, 4 years

**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**Stock**

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using an activity based costing method and consists of material and direct labour costs, together with an appropriate proportion of production overheads.

**Deferred tax**

Deferred taxation liabilities are provided at the appropriate rate of taxation in respect of the excess of capital allowances over depreciation charged and other timing differences.

Deferred taxation assets in respect of such differences are recognised to the extent that they are considered more likely than not to be recoverable in the foreseeable future.

**Foreign currency**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

**Hire purchase and leasing**

Rentals applicable to operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases. Incentives receivable under operating leases are netted against rentals payable on a straight line basis over the shorter of the lease term and the period to the date on which it is expected that the prevailing market rental will be payable.

**Financial instruments**

Capital instruments are stated at the value of proceeds received net of issue costs together with interest accrued. Issue costs are released through the profit and loss account over the term of the instruments, being up to 7 years.

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**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**2 Turnover**

During the year 3.46% of the company's turnover related to exports (2012 - 6.36%).

An analysis of the company's turnover by geographical location is given below:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Sales - UK	14,721,451	13,898,394
Sales - Europe	528,334	943,787
	<u>15,249,785</u>	<u>14,842,181</u>
Other sales income	174,362	32,801
Turnover	<u>15,424,147</u>	<u>14,874,982</u>

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**3 Operating loss**

Operating loss is stated after charging/(crediting):

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating leases - plant and machinery	184,533	144,552
Auditor's remuneration - the audit of the company's annual accounts	18,329	22,242
Foreign currency losses/(gains)	24,666	(29,562)
Profit on sale of tangible fixed assets	(19,328)	-
Depreciation of owned assets	1,192,738	1,285,735
Amortisation	<u>43,980</u>	<u>43,980</u>

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**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**4 Particulars of employees**

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

	<b>2013 No.</b>	<b>2012 No.</b>
Management	8	7
Administration and support	6	5
Production	73	78
Sales	3	2
	<u>90</u>	<u>92</u>

The aggregate payroll costs were as follows:

	<b>2013 £</b>	<b>2012 £</b>
Wages and salaries	2,349,036	2,576,524
Social security costs	229,500	277,525
Staff pensions	142,924	-
	<u>2,721,460</u>	<u>2,854,049</u>

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**5 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2013 £</b>	<b>2012 £</b>
Remuneration	<u>256,435</u>	<u>492,200</u>

In respect of the highest paid director:

	<b>2013 £</b>	<b>2012 £</b>
Remuneration	<u>162,825</u>	<u>310,200</u>

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**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**6 Other interest receivable and similar income**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<u>-</u>	<u>259</u>

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**7 Interest payable and similar charges**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest on bank borrowings	15,747	40,277
Interest on other loans	<u>2,029,966</u>	<u>2,131,279</u>
	<u>2,045,713</u>	<u>2,171,556</u>

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**8 Taxation**

**Factors that may affect future tax charges**

The tax charge of future periods may be affected by trade losses net of accelerated capital allowances carried forward at 30 June 2013 of £31,074,255 (2012 - £25,546,475).

The deferred tax asset of in respect of net trade losses carried forward has not been recognised in the accounts as it is uncertain when the company will generate taxable profits. The amount not recognised in the period was £7,147,074 (30 June 2012 - £6,131,154).

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**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**9 Intangible fixed assets**

	<b>Operating licenses £</b>
<b>Cost</b>	
At 1 July 2012	659,669
At 30 June 2013	659,669
<b>Amortisation</b>	
At 1 July 2012	136,983
Charge for the year	43,980
At 30 June 2013	180,963
<b>Net book value</b>	
At 30 June 2013	478,706
At 30 June 2012	522,686

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**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

**10 Tangible fixed assets**

	Short leasehold land and buildings £	Assets in the course of construction £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 July 2012	156,982	102,753	17,140,709	231,372	17,631,816
Additions	11,772	6,081,362	429,164	5,661	6,527,959
Transfers	-	(4,384)	4,384	-	-
Disposals	-	(10,750)	(15,367)	-	(26,117)
At 30 June 2013	168,754	6,168,981	17,558,890	237,033	24,133,658
<b>Depreciation</b>					
At 1 July 2012	109,335	-	3,584,293	101,543	3,795,171
Charge for the year	4,767	-	1,158,883	29,088	1,192,738
Eliminated on disposals	-	-	(4,695)	-	(4,695)
At 30 June 2013	114,102	-	4,738,481	130,631	4,983,214
<b>Net book value</b>					
At 30 June 2013	54,652	6,168,981	12,820,409	106,402	19,150,444
At 30 June 2012	47,647	102,753	13,556,416	129,829	13,836,645

**11 Stocks**

	2013 £	2012 £
Raw materials	293,324	125,214
Finished goods	270,487	152,224
	<u>563,811</u>	<u>277,438</u>

**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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**12 Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,434,986	2,486,405
Other debtors	1,076,833	830,689
Prepayments and accrued income	187,887	313,165
	<u>3,699,706</u>	<u>3,630,259</u>

Included in other debtors is £478,126 (2012 - £478,126) being deposits in respect of the leased premises which are held by the landlord as security in the event that the company does not fulfil its obligations under the lease. The amounts are repayable after more than one year.

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**13 Creditors: Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	4,530,098	2,657,584
Bank loans and overdrafts	8,790,094	8,746,328
Other taxes and social security	329,723	914,444
Other creditors	905,329	12,793,198
Accruals and deferred income	898,369	1,248,548
	<u>15,453,613</u>	<u>26,360,102</u>

**Closed Loop Recycling Limited**  
**Notes to the Financial Statements**  
**Year Ended 30 June 2013**

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Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Bank loans	8,850,000	8,850,000
Investor loans - Foresight Venture Partners	-	7,100,000
	<u>8,850,000</u>	<u>15,950,000</u>

In respect of bank loans, a fixed charge over the leasehold property 16 Choats Road, Dagenham, Essex, RM9 6LF and first fixed charges over the equipment and charges of the company. In respect of investor loans, fixed and floating charges over the assets of the company.

Bank loans relate to loan facilities with Allied Irish Bank (GB). The facilities, totalling £8,850,000, were fully drawn down during the previous years. The facilities are repayable on demand. After the year end the facilities were renegotiated and repayment has been extended to September 2014. The loans are repayable in full, through instalments, by September 2014. The balance above comprises:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Principal	8,850,000	8,850,000
Interest accrued	3,139	-
Expenses	(266,106)	(266,106)
Amortised expenses	<u>203,061</u>	<u>162,434</u>
	<u>8,790,094</u>	<u>8,746,328</u>

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Included within other creditors is loan principal of £nil and £62,224 in respect of Foresight Venture Partners and Closed Loop Environmental Solutions Pty Limited respectively (2012 - £7,100,000 & £480,846) and accrued interest and commission of £nil and £466 respectively (2012 - £2,945,132 and £177,328).

Also included within other creditors are loans from other equity investors totalling £nil (2012 - £277,060).

Included within trade creditors is £nil (2012 - £44,466) due to Closed Loop Environmental Solutions Pty Limited.

Included within accruals and deferred income is grant income received of £192,000 (2012 - £192,000). This equates to the grant income that is to be amortised over the next 12 months. Until there is less than a year's worth of amortisation left or until more grants are received, this will stay as £192,000.

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**14 Creditors: Amounts falling due after more than one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Other loans	18,216,451	10,182,249
Accruals and deferred income	2,006,770	2,238,514
	<u>20,223,221</u>	<u>12,420,763</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Investor loans - Foresight Venture Partners	10,732,120	9,950,001
Other investor loans	5,820,098	-
	<u>16,552,218</u>	<u>9,950,001</u>

Fixed and floating charges over the assets of the company.

Included in the creditors are the following amounts due after more than five years:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
After more than five years not by instalments	<u>-</u>	<u>1,271,893</u>

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Included within other creditors are amounts due to Closed Loop Environmental Solutions Pty Limited, a related party. At the balance sheet date, loan principal of £nil (2012 - £17,746) was outstanding as amounts due after more than one year. Included within creditors amounts due within one year is loan principal of £62,224 and accrued interest on the loan of £466 (2012 - £480,546 and £159,581 respectively). Total loan principal of £62,224 remained outstanding at the balance sheet date (2012 - £498,292).

Also included within other creditors are loans from funds under management by Foresight Venture Partners, a related party. At the balance sheet date, loan principal of £10,732,120 (2012 - £9,950,001) was outstanding as due after more than one year. The balance included above is net of issue costs of £911,413 (2012 - £818,273). At 30 June 2013, £665,334 of these costs had been amortised (2012 - £556,068). Included within creditors: amounts falling due within one year is loan principal of £nil (2012 - £7,100,000) and accrued interest of £nil (2012 - £2,945,132). Total loan principal of £10,732,120 remained outstanding at the balance sheet date (2012 - £17,050,001).

Interest on £4,732,120 of the above loans is payable on the loan principal quarterly in arrears at an interest rate of 2% per annum above Bank Base Rate and accrues on a daily basis. Any interest unpaid is subject to a commission at a rate of 2%. Interest on the remaining loan of £6 million is payable at an interest of 16% per annum.

In addition, other creditors includes loans from other equity investors, totalling £1,070,097 (2012 - £559,658), total finance costs of £1,772 (2012 - £1,772) and accumulated amortisation of finance costs of £1,477 (2012 - £1,122). Included within creditors: amounts falling due within one year is loan principal of £252,060 (2012 - £212,500) and total loan principal of £1,322,157 remained outstanding at the balance sheet date (2012 - £772,158). Interest, accruing on the same basis as the above loans, has also been included within creditors: amounts due within one year.

Included within accruals and deferred income is grant income received of £2,643,244 (2012 - £2,643,244) net of amortisation of £816,000 (2012 - £624,000).

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**15 Share capital**

**Allotted, called up and fully paid shares**

		<b>2013</b>		<b>2012</b>
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £0.01 each	2,859,589	28,596	1,028,390	10,284
'A' ordinary shares of £0.01 each	2,000,000	20,000	2,000,000	20,000
'B' ordinary shares of £0.01 each	1,032,026	10,320	1,032,026	10,320
'C' ordinary shares of £0.01 each	2,447,940	24,479	2,447,940	24,479
'D' ordinary shares of £0.01 each	1,500,000	15,000	-	-
'E' ordinary shares of £0.01 each	187,500	1,875	-	-
'F' ordinary shares of £0.01 each	187,500	1,875	-	-
	<u>10,214,555</u>	<u>102,146</u>	<u>6,508,356</u>	<u>65,083</u>

**New shares allotted**

During the year 1,831,199 Ordinary shares having an aggregate nominal value of £18,312 were allotted for an aggregate consideration of £18,312. These shares were issued to management.

During the year 15,000,000 'D' ordinary shares having an aggregate nominal value of £15,000 were allotted for an aggregate consideration of £15,484,856. These shares were issued to capitalise loans.

During the year 187,500 'E' ordinary shares having an aggregate nominal value of £1,875 were allotted for an aggregate consideration of £1,875. These shares were issued to management.

During the year 187,500 'F' ordinary shares having an aggregate nominal value of £1,875 were allotted for an aggregate consideration of £1,875. These shares were issued to management.

The following share options were unexercised at the year end:

	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</b>
Christopher Dow (EMI Option)	79,310	79,310
Peter Cook	79,310	79,310
	<u>158,620</u>	<u>158,620</u>

The exercise price is £1.



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50% of the options vest when the equivalent monthly rate of 600 tonnes of food grade PET is achieved on average for a consecutive period of 90 days and 50% of the options vest when the equivalent monthly rate of 750 tonnes of food grade PET is achieved on average for a consecutive period of 90 days.

**Warrants**

During the year ended 30 June 2012, warrants for 423,000 1p 'A' ordinary shares were granted to investors in proportion to amounts loaned to the company. The warrants are exercisable at any time from the date of granting to the date of any potential sale or listing of the company. The exercise price is £1 per ordinary share. During the year ended 30 June 2011, 650,000 warrants were issued under the same terms.

During the year ended 30 June 2007, warrants for 79,310 1p ordinary shares were granted to an investor. The grant of the warrants is conditional upon the passing of all necessary resolutions by the members of the Grantor. The period over which the subscription period runs is 7 years from the date of granting the warrants (20 February 2007). The price which the investor is required to pay to the company in order to subscribe is £1 per ordinary share.

At the balance sheet date, a total of 2,666,061 warrants for 1p 'A' ordinary shares had been granted.

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**16 Reserves**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 July 2012	5,513,756	(25,954,539)	(20,440,783)
Loss for the year	-	(5,665,500)	(5,665,500)
Shares issued for year	15,469,858	-	15,469,858
At 30 June 2013	<u>20,983,614</u>	<u>(31,620,039)</u>	<u>(10,636,425)</u>

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**17 Reconciliation of movement in shareholders' funds**

	<b>2013 £</b>	<b>2012 £</b>
Loss attributable to the members of the company	(5,665,500)	(5,084,549)
Increase in share capital during the year	37,062	-
Increase in share premium during the year	15,469,858	-
Net addition/(reduction) to shareholders' funds	<u>9,841,420</u>	<u>(5,084,549)</u>
Shareholders' deficit at 1 July	<u>(20,375,700)</u>	<u>(15,291,149)</u>
Shareholders' deficit at 30 June	<u>(10,534,280)</u>	<u>(20,375,698)</u>

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**18 Commitments**

**Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £2,373,700 (2012 - £nil).

**Operating lease commitments**

As at 30 June 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2013 £	2012 £
<b>Land and buildings</b>		
Over five years	473,484	473,484
<b>Other</b>		
Within one year	30,990	-
Within two and five years	97,758	90,478
	<u>128,748</u>	<u>90,478</u>

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**19 Analysis of net debt**

	At 1 July 2012 £	Cash flow £	Other non-cash changes £	At 30 June 2013 £
Cash at bank and in hand	138,139	1,111,748	-	1,249,887
Debt due within one year	(17,237,906)	(650,000)	8,073,156	(9,814,750)
Debt due after more than one year	(10,445,103)	(10,750,000)	4,642,886	(16,552,217)
Net debt	<u>(27,544,870)</u>	<u>(10,288,252)</u>	<u>12,716,042</u>	<u>(25,117,080)</u>

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**20 Post balance sheet events**

Subsequent to the year end the Company completed its £12 million funding which has been invested in additional capital equipment to increase its capacity to process up to 60,000 tons of plastic bottles per annum. This expansion project is planned for completion in early 2015 with incremental increases in production levels in the interim.

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**21 Related party transactions**

**Directors' advances and credits**

	2013 Advance/ Credit £	2013 Repaid £	2012 Advance/ Credit £	2012 Repaid £
<b>C J Dow</b>				
Interest free loan - £50,625 balance carried forward	24,000	(51,375)	24,000	-
<b>P Cook</b>				
Interest free loan - £12,500 balance carried forward	12,500	-	-	-

**Other related party transactions**

During the year the company made the following related party transactions:

Closed Loop Environmental Solutions Pty Limited - the company is no longer a wholly owned subsidiary of Closed Loop Environmental Solutions Pty Limited, but the latter retains a participating interest in the company. Loan and trade creditor balances are disclosed within the creditors notes. At the balance sheet date the amount due to Closed Loop Environmental Solutions Pty Limited was £62,690 (2012 - £702,640).

Closed Loop Environmental Solutions UK Limited - a company controlled by Closed Loop Environmental Solutions Pty Ltd, which retains a participating interest in Closed Loop Recycling Limited. At the balance sheet date the amount due from Closed Loop Environmental Solutions UK Limited was £53,086 (2012 - £113,557).

C Dow Director. Purchased 697,600 ordinary shares, 112,500 E shares and 93,750 F shares from the company for £9,039, being nominal value. At the balance sheet date the amount due to C Dow was £nil (2012 - £nil).

P Cook Director. Purchased 697,600 ordinary shares, 75,000 E shares and 93,750 F shares from the company for £8,664, being nominal value. At the balance sheet date the amount due to P Cook was £nil (2012 - £nil).

Details of loans from related parties are disclosed in notes 13 and 14 of the financial statements

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**22 Control**

The company is controlled by no one party.

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