Shred-it Limited

Report and Financial Statements

31 December 2014

Director
J Rudyk

Secretary
J Rudyk

Auditors
Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Bankers
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Strategic report

The director presents his strategic report and the financial statements for the year ended 31 December 2014.

Principal activities and review of the business

The principal activities of the company are the secure destruction of confidential documents.

The company continued to grow from the prior year with turnover £39,401,040 increased by 8.42% over 2013. The company's operating profit this year is £4,060,887 compared to an operating profit of £2,776,827 in the prior year. The director is pleased with the company's performance and is confident about continued growth.

On 7th November 2014 the Company acquired 100% of the Shares of Iron Mountain (UK) Secure Shredding Limited. The trade and assets of Iron Mountain (UK) Secure Shredding Limited were transferred into this company on 1st December 2014.The acquisition contributed £394,186 to the total 2014 turnover indicating strong organic growth in the underlying business. The company continues to display significant EBITDA during the year which strongly supports the overall growth strategy.

Principal risks and uncertainties

Foreign currency risk

The company has no operations outside of the UK but it has amounts payable and receivable from other group companies denominated in currencies other than sterling. As a result the value of the payables and receivables can be affected significantly by movements in exchange rates in general and in the Canadian Dollar and Euro rates in particular. No foreign currency contracts were used during the year.

Interest rate risk

The company does not have any external debt. The loan from the parent undertaking has a fixed interest rate. Fixed interest is received on amounts due from fellow group companies.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. This risk is somewhat mitigated as the company has a low concentration of sales with any one customer. In agreeing annual budgets, the company sets targets for debtors' days and doubtful debts expense against which performance is monitored.

Liquidity risk

The company mitigates liquidity risk by managing cash generation by its operations. The company funding strategy is not to rely on external financing, but to rely on group funding as necessary.

Price risk

The company did not enter into swap or option contracts during the year. No trading in derivative financial instruments has been undertaken in the year.

Approved by the Board on 12 November 2015 and signed on its behalf by:

J Rudyk

Secretary and director

Registered No. 4047194

Director's report

The director presents his report and financial statements for the year ended 31 December 2014.

Results and dividends

The company continued to grow with turnover increasing by 8.42% on last year and Operating Profits up by 46% to £4,060,887 from £2,776,827. The profit for the year after taxation amounted to £1,015,439 which is lower than the prior year profit after taxation of £3,534,610 primarily due to a loss on foreign currency translation. The director does not recommend a final dividend.

Future outlook

The company predicts continued revenue and EBITDA growth in the coming years.

The acquisition of Iron Mountain (UK) Secure Service Limited has given Shred-it Ltd several new opportunities and synergies which will be realised throughout 2015. The company now has far greater ability to deliver off site shredding which will create new opportunities within the existing client base and will attract clients who only operate using this service. This additional capability combined with Shred-it's excellent customer service model will allow the business to continue its growth strategy.

The company continues to listen to the market in the development of new service offerings and the director predicts some significant additions to our base service offerings in the short term to capitalise on our market leading position in the UK.

In addition to this organic growth, we believe the potential for future acquisitions is also significant.

The above factors point to a positive outlook for the company in the short medium and long term.

Going concern

The company is expected to generate positive cash flows for the foreseeable future. The parent undertaking has indicated it will not seek repayment of the amounts due to it for a period of at least 12 months from the date of approval of the financial statements. The director considers it appropriate to adopt the going concern principle in preparation of these financial statements.

Director

The director who served the company during the year was as follows:

J Rudyk

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

Director's report

Disclosure of information to the auditors

So far as the director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of company's auditor, the director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

J Rudyk
Director

12 November 2015

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 auditors' report

to the members of Shred-it Limited

We have audited the financial statements of Shred-it Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. 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 director and auditor

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

Scope of the audit of the financial statements

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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 December 2014 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of Shred-it Limited (continued)

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

20 November 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	*2014* £	*2013* £
Turnover	2	39,401,040	36,341,886
Cost of sales		(21,744,296)	(19,805,274)
Gross Profit		17,656,744	16,536,612
Administrative expenses		(13,595,857)	(13,759,785)
Operating Profit	3	4,060,887	2,776,827
Interest receivable and similar income		485,404	251,648
Interest payable to and similar charges	6	(1,839,659)	(1,846,216)
Profit/(Loss) on foreign currency translation		(379,771)	3,400,464
Profit on ordinary activities before taxation		2,326,861	4,582,723
Tax	7	(1,311,422)	(1,048,113)
Profit for the financial year	16	1,015,439	3,534,610

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,015,439 in the year ended 31 December 2014 (2013 – profit of £3,534,610).

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	8	22,013,719	20,583,306
Tangible assets	9	11,221,438	7,421,860
Investments	10	18,007,368	9,255,476
		51,242,525	37,260,642
Current assets			
Debtors	11	24,014,224	22,941,828
Cash at bank and in hand		398,213	3,064,241
		24,412,437	26,006,069
Creditors: amounts falling due within one year	12	(7,702,356)	(5,169,495)
Net current Assets		16,710,081	20,836,574
Total assets less current liabilities		67,952,606	58,097,216
Creditors: amounts falling due after more than one year	13	(49,334,095)	(68,388,401)
Net Assets		18,618,511	(10,291,185)
Capital and reserves			
Called up share capital	15	32,983,443	5,089,186
Profit and loss account	16	(14,364,932)	(15,380,371)
Shareholders' funds	16	18,618,511	(10,291,185)

J Rudyk

Director

12 November 2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group financial statements

Under the provision of section 401 of the Companies Act 2006, the company is exempt from preparing group financial statements and has not done so; therefore, the financial statements show information about the company as an individual entity.

Going concern

The company is expected to generate positive cash flows for the foreseeable future. The parent undertaking has indicated it will not seek repayment of the amounts due to it for a period of at least 12 months from the date of approval of the financial statements. In addition, the parent undertaking will guarantee any amounts owed by fellow Group companies in the event they cannot pay themselves.

On the basis of his assessment of the company's financial position the director has a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of cash flows

The director has taken advantage of the exemption in FRS 1 (revised 1996) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes a group statement of cash flows.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate fair value of that entity's identifiable assets and liabilities.

Positive goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over it's useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events of circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover is recognised consistently with the right to receive consideration in exchange for the performance of supplying services.

Franchise fees are recognised on the commencement of the franchisee's operations and the company's completion of all material conditions under the franchise agreement attributable to the fees. In the case of a franchise sale, which includes a number of individual territories and requires the franchise fees to be paid over an extended period of time, the franchise fees are recognised on the basis of reasonable assurance of collection.

Intangible fixed assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Customer contracts	–	amortised straight-line over ten years
Non-competition agreements	–	amortised straight-line over the length of the agreement
Franchise right	–	amortised straight-line over ten years

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Plant and machinery	–	straight-line – 3-10 years
Leasehold improvements	–	straight-line - 10 years
Fixtures and fittings	–	reducing balance – 20-30%
Commercial vehicles	–	25% reducing balance

Amortisation of property, plant and equipment begins when assets are ready for their intended use.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are accounted at the lower of cost and net realisable value.

Taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Leasing and hire purchase commitments

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight-line basis, and the capital element which reduces the outstanding obligation for future instalments.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight-line basis over the period of the lease.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to two continuing principal activities, as stated in the director's report. All turnover arose in the United Kingdom.

An analysis of turnover by the two principal activities, the secure destruction of confidential documents and franchising is given below:

	2014	*2013*
	£	*£*
Data destruction	38,602,166	35,230,583
Franchise fees	798,874	1,111,303
	39,401,040	36,341,886

3. Operating profit

This is stated after charging:

	2014	*2013*
	£	*£*
Auditors' remuneration - audit	71,231	69,230
Auditors' remuneration – tax services		
Depreciation of owned fixed assets	1,984,330	2,040,565
Depreciation of assets held under finance lease agreements	12,200	36,028
Loss on disposal of fixed assets	873	2,830
Amortisation of other intangible assets	338,619	243,814
Amortisation of goodwill	956,828	841,538
Operating lease charges	998,953	953,236

4. Director's remuneration

No director received any remuneration from the company during the year (2013 - £10,000). The directors of the company are remunerated by the ultimate parent company and the details of their remuneration are disclosed within the financial statements of Shred-it JV LP. The element of the remuneration that is attributable to this company cannot be reliably estimated.

Notes to the financial statements

at 31 December 2014

5. Staff costs

	2014	*2013*
	£	*£*
Wages and salaries	15,831,639	13,506,910
Social security costs	2,655,573	2,456,841
	18,487,212	15,963,751

The average monthly number of employees (including the director) during the year was made up as follows:

	No.	*No.*
Operations	349	305
Administrative	170	153
	519	458

6. Interest payable and similar charges

	2014	*2013*
	£	*£*
Other similar charges payable	1,839,659	1,846,216

7. Tax

(a) Tax on profit on ordinary activities

The tax expense is made up as follows:

	2014	*2013*
	£	*£*
Current tax:		
UK corporation tax on the profit for the year	1,158,742	1,014,554
Adjustments in respect of prior years	204,369	33,559
Total current tax (note 7(b))	1,363,111	1,048,113
Deferred tax:		
Excess of depreciation over taxation allowances on fixed assets (note 7(c))	(51,690)	-
Tax on profit on ordinary activities	1,311,421	1,048,113

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(b) Factors affecting current tax expense for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5 % (2013 – 23.24%). The differences are explained below:

	2014	*2013*
	£	*£*
Profit on ordinary activities before tax	2,326,861	4,582,723
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.24%)	500,275	1,065,326
Effects of:		
Expenses not deductible for tax purposes	660,598	(75,267)
Depreciation in excess of capital allowances	5,399	60,813
Release of valuation allowance	-	(36,317)
Group relief for nil payment	(7,530)	-
Adjustments in respect of prior years	204,369	33,559
Current tax for the year (note 7(a))	1,363,111	1,048,113

(c) Deferred tax

Deferred tax is as follows:

	2014	*2013*
	£	*£*
Acquired subsidiary undertaking	1,024,937	-
Excess of depreciation over taxation allowances on fixed assets	50,587	60,884
Other	1,103	2,444
Current tax for the year (note 7(a))	1,076,627	63,328

The current year movements in deferred tax recognised in the financial statements are as follows:

	2014	*2013*
	£	*£*
At 1 January	-	-
Profit and loss account (Note 7(a))	51,690	-
Acquisition of subsidiary undertaking	1,024,937	-
At 31 December	1,076,627	-

A deferred tax asset has been recognised on the basis that sufficient taxable profits are forecast.

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(d) Factors that may affect future tax charges

In the 2014 Finance Bill the corporation tax rate was reduced to 21% from 1 April 2014 with a further reduction to 20% from 1 April 2015. At the balance sheet date, the reduction in rate to 20% has been "substantively enacted" and this has been incorporated into the closing deferred tax balances.

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future years as appropriate.

8. Intangible fixed assets

	Goodwill £	*Other intangibles* £	*Total* £
Cost:			
At 1 January 2014	21,346,724	2,841,677	24,188,401
Additions	2,725,860	-	2,725,860
At 31 December 2014	24,072,584	2,841,677	26,914,261
Amortisation:			
At 1 January 2014	1,951,004	1,654,091	3,605,095
Charge for the year	956,828	338,619	1,295,447
At 31 December 2014	2,907,832	1,992,710	4,900,542
Net book value:			
At 31 December 2014	21,164,752	848,967	22,013,719
At 1 January 2014	19,395,720	1,187,586	20,583,306

On November 7, 2014, the Company acquired 100% of the shares of Shred-it Secure Limited, formerly trading as Iron Mountain (UK) Secure Shredding Limited.

The acquired businesses provide similar document destruction services as Shred-it Limited. Upon acquisition the assumed assets and liabilities were transferred to the company.

On 1st December 2014 the acquired net assets were hived-up into the company. At the point of hive up, goodwill held within the investment balance was transferred to intangible assets.

Included within goodwill additions is £46,498 of legal expenses relating to a franchise acquired during year ended 31 December 2013.

Notes to the financial statements

at 31 December 2014

8. Intangible fixed assets (continued)

Analysis of the acquisition of Iron Mountain (UK) Secure Shredding Limited:

Net assets at date of acquisition:

	Book value	*Revaluation adjustments*	*Fair value*
	£	£	£
Tangible assets	2,312,251	2,053,510	4,365,761
Debtors and prepaid expenses	60,500	-	60,500
Deferred tax	1,024,937	-	1,024,937
Cash at bank and in hand	26,975	-	26,975
Accrued liabilities	(644,495)	-	(644,495)
Net assets	2,780,168	2,053,510	4,833,678
Goodwill arising on acquisition			2,679,360
			7,513,038
Discharged by:			
Cash paid			7,143,041
Contingent consideration			(270,106)
Costs associated with the acquisition			640,103
			7,513,038

Iron Mountain earned a profit after tax of £1,765,110 in the period ended 31 December 2014 (2013 – £2,001,390) The summarised profit and loss account for the period from 1 January 2014 to the effective date of acquisition is as follows:

	£
Turnover	10,588,162
Operating profit	2,130,317
Loss on sale of fixed assets	(15,950)
Interest payable and similar charges	(12,169)
Profit before tax	2,102,198
Taxation	(337,088)
Profit for the year ended 31 December 2014	1,765,110

There were no recognised gains and losses in the year ended 31 December 2014 other than the profit of £1,765,110 above.

Notes to the financial statements

at 31 December 2014

9. Tangible fixed assets

	Plant and machinery	*Fixtures and fittings*	*Leasehold improvements*	*Commercial vehicles*	*Total*
	£	*£*	*£*	*£*	*£*
Cost:					
At 1 January 2014	5,082,217	3,285,259	1,382,226	15,268,547	25,018,249
Additions	225,925	3,508,449	1,480,898	581,709	5,796,981
Disposal	-	-	-	(1,300)	(1,300)
At 31 December 2014	5,308,142	6,793,708	2,863,124	15,848,956	30,813,930
Depreciation:					
At 1 January 2014	4,353,843	1,629,083	641,293	10,972,170	17,596,389
Charge for the year	437,062	378,871	102,913	1,077,684	1,996,530
Disposal	-	-	-	(427)	(427)
At 31 December 2014	4,790,905	2,007,954	744,206	12,049,427	19,592,492
Net book value:					
At 31 December 2014	517,237	4,785,754	2,118,918	3,799,529	11,221,438
At 1 January 2014	728,374	1,656,176	740,933	4,296,377	7,421,860

Finance lease agreements

Included within the net book value of £11,221,438 is £12,629 (2013 – £24,829) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,200 (2013 – £36,028)

10. Investments

	Subsidiary undertakings
	£
Cost:	
At 1 January 2014	9,255,476
Additions	11,061,257
Transferred to intangible assets (note 8)	(2,309,365)
At 31 December 2014	18,007,368

Notes to the financial statements

at 31 December 2014

10. Investments (continued)

At 31 December 2014, the interests in subsidiary undertakings comprised:

	Country of incorporation	*Principal activity*	*Effective interest in issued share capital at 31 December 2014*
Subsidiary:			
Artech Reduction Technologies Limited	United Kingdom	Procurement	100%
Document Destruction Company Limited	United Kingdom	Document Destruction	100%
Secure Shredding Limited	United Kingdom	Document Destruction	100%
Shred-it Glasgow Limited	United Kingdom	Document Destruction	100%
Shred-it (East of Scotland) Limited	United Kingdom	Document Destruction	100%
Shred-it ROI Holdings Limited	Republic of Ireland	Parent Undertaking	100%
Shred-it ROI Limited *	Republic of Ireland	Document Destruction	100%
Shred-it Belgium SA	Belgium	Document Destruction	99.62%
Shred-it Secure Limited	United Kingdom	Document Destruction	100%

*denotes subsidiary undertaking held indirectly via Shred-it ROI Holdings Limited

On the 7th November 2014, the Company acquired 100% of the shares of Iron Mountain (UK) Secure Shredding Limited (subsequently renamed Shred-it Secure Limited).

11. Debtors

	2014	*2013*
	£	*£*
Trade debtors	7,956,356	9,058,098
Amounts owed by group undertakings	12,939,420	12,196,845
Other debtors	648,872	396,991
Deferred tax asset	1,076,627	-
Prepayments and accrued income	1,392,949	1,289,894
	24,014,224	22,941,828

Notes to the financial statements

at 31 December 2014

12. Creditors: amounts falling due within one year

	2014	*2013*
	£	*£*
Trade creditors	836,151	1,188,215
Corporation tax creditor	1,569,228	1,226,216
VAT	1,415,622	1,264,515
Finance lease agreements	4,680	13,472
Overdraft	1,632,005	-
Accruals and deferred income	2,244,670	1,477,077
	7,702,356	5,169,495

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2014	*2013*
	£	*£*
Finance lease agreements	4,680	13,473

13. Creditors: amounts falling due after more than one year

	2014	*2013*
	£	*£*
Amount owed to group undertakings	48,855,587	68,004,003
Finance lease agreements	-	4,680
Accruals	478,508	379,718
	49,334,095	68,388,401

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2014	*2013*
	£	*£*
Finance lease agreements	-	4,680

14. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2014	*2013*
	£	*£*
Amounts payable:		
Within one year (note 12)	4,680	13,472
In two to five years (note 13)	-	4,680
	4,680	18,152

Notes to the financial statements

at 31 December 2014

15. Issued share capital

		2014		2013
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	32,983,443	32,983,443	5,089,186	5,089,186

On 27 November 2014, 19,638,500 ordinary shares with aggregate nominal value of £19,638,500 were issued at par.

On 1 December 2014, 8,255,757 ordinary shares with aggregate nominal value of £8,255,757 were issued at par.

16. Reconciliation of shareholders' funds/(deficits) and movements on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 1 January 2013	100	(18,914,981)	(18,914,881)
Share capital issued	5,089,086	–	5,089,086
Profit for the year	–	3,534,610	3,534,610
At 1 January 2014	5,089,186	(15,380,371)	(10,291,185)
Share capital issued	27,894,257	–	27,894,257
Profit for the year	–	1,015,439	1,015,439
At 31 December 2014	32,983,443	(14,364,932)	18,618,511

17. Share based payments

Shred-it International Inc (SII) had an employee share option plan whereby eligible SII employees were granted options at fair value at the grant date over such number of Class C special shares of SII. At 1 January 2014, certain employees of Shred-it Limited had been granted options as part of this plan. These share options were to vest in equal annual amounts over five years on each anniversary of the date of grant. Each vested option exercised entitled the option holder to receive one class C special share to be issued by SII.

As part of the reorganisation which saw Shred-it JV LP form in March 2014, SII accelerated the vesting of all options then outstanding under the original plan. The option holders received consideration for their disposal of the options. The participating employees of Shred-it Limited received a total consideration of £531,000. This amount has been recognised in the profit and loss account of Shred-it Limited for the year ended 31 December 2014 in accordance with the provisions of IFRS 2. This share option plan was not accounted for or disclosed in the Shred-it Limited financial statements in previous years on grounds of materiality.

The Board of Directors of Boost GP Corp., the holder of a partnership unit in Shred-it JV LP, approved two new share option plans whereby eligible employees of the Partnership or its affiliates, may be granted options at fair value over such number of Class C or Class D shares of Boost GP Corp, as the Board of Directors of Boost GP Corp. decides.

Options over the shares in Boost GP Corp. have been granted to certain employees of Shred-it Limited in the year ended 31 December 2014. These options have not been accounted for in these Shred-it Limited financial statements on grounds of materiality.

Notes to the financial statements

at 31 December 2014

18. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2014	*2013*
	£	*£*
Operating leases which expire:		
Within one year	4,125	6,635
In two to five years	737,207	51,683
Over five years	547,664	584,211
	1,288,996	642,529

19. Related party transactions

The Company has taken advantage of the exemption contained within FRS 8 from disclosing transactions with entities where 100% of their voting rights are controlled within the Shred-it Group of Companies.

20. Ultimate parent undertaking and controlling party

At the balance sheet date, the company was a wholly owned subsidiary of Shred-it JV LP, a company incorporated in Canada, which in the director's opinion is the company's ultimate parent undertaking.

The smallest and largest group in which the company's results to 31 December 2014 are consolidated is that headed by Shred-it JV LP. The consolidated financial statements of this group are available to the public and may be obtained from 2794 South Sheridan Way, Oakville, ON L6J 7T4, Canada.

On October 1st 2015, Shred-it JV LP was acquired by Stericycle Inc, a company incorporated in the United States of America. The director considers Stericycle Inc. to be the company's ultimate parent undertaking from October 2nd 2015.