

Countrystyle Recycling Limited

Registered number 05103813

Director's report and financial statements

For the year ended 30 April 2013



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COUNTRYSTYLE RECYCLING LIMITED

COMPANY INFORMATION

Director	T L Heathcote
Registered number	05103813
Registered office	Countrystyle Group Head Office Ashford Road Kent ME17 2DL
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 37 Frederick Place Brighton BN1 4EA

COUNTRYSTYLE RECYCLING LIMITED

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COUNTRYSTYLE RECYCLING LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2013

The director presents his report and the financial statements for the year ended 30 April 2013

Director's responsibilities statement

The director is responsible for preparing the directors' 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 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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,
- 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.

Principal activities and business review

The principal activities of the company are the provision of waste collection, resource management, recycling and treatment services.

The company provides integrated and sustainable resource management solutions through the operation of materials recovery facilities (MRFs), waste transfer stations, specialist resource processing plants and composting facilities across Kent. The company also has an extensive HGV fleet, ranging from articulated tractor and trailer units to waste collection vehicles. Countrystyle Group is one of the South East's leading independent resource management companies producing quality materials for manufacturing processes.

Business review

Divestments

The year ended 30 April 2013 saw an adjustment in the focus of the company's activities through the sale on 31st October 2012 of Countrystyle Group's organic processing sites located outside Kent, together with its development rights in 4 Anaerobic Digestion projects, to Tamar Energy Limited. This transaction involved a pre-sale reorganisation which saw the Company selling its subsidiaries and related businesses (TJ Composting Group Limited, TJ Composting Services Limited, The Beddingham Composting Company Limited, Countrystyle Recycling (Suffolk) Limited and Countrystyle Renewable Power (Essex) Limited) to Countrystyle Composting Limited which was then sold onto Tamar as a combined group by Countrystyle Group Limited.

The Tamar sale also involved the company entering into a long term trading agreement with Tamar Organics Limited for the brokering of organic material in to its acquired organic sites and future AD facilities, together with the supply of a range of services to Tamar including, haulage, on-site general waste services and plant hire.

COUNTRYSTYLE RECYCLING LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2013

Current Activities

Organic Recycling

The company retained its in-vessel composting facility at Ridham Dock, Sittingbourne, Kent as part of the transaction with Tamar Energy. This facility continues to process 45,000 tonnes of food and green waste per annum, including from Medway Council pursuant to a 15 year waste recycling contract.

Commercial & Industrial Collection & Recycling

The company offers a comprehensive portfolio of waste management services from its waste transfer stations at Strood and Folkestone and its head office depot at Lenham, providing a range of collection methods and compaction services, such as wheelie bins, roll-on-off (RoRo) containers and skips. Immediately prior to the sale of part of the company's organics division, the company acquired the business and assets of Any Waste Solution from Irish environmental group, One 51 plc. This further enhanced the company's trade waste collection and compaction services, with the addition of 6 dustcarts, 2 RoRo and 10 skip lorries to the company's existing fleet, which have been fully integrated into the company's Strood and Lenham depots. During the year further investment has been made in the Strood MRF which has significantly improved recycling rates at the facility.

Other Activities

The company's waste wood recycling and recovery activities have further developed during the period and this has involved the company taking on a long term lease of buildings at Ridham Sea Terminals. These facilities are used exclusively for the processing of waste wood into biomass for export to Scandinavia and Northern Europe for recovery. The company has secured contracts for the supply of processed biomass which has improved the year round movement of this resource through the company's facilities.

Countrystyle also offers a recycling solution for plasterboard waste through its gypsum recycling facility at its Ridham MRF. The company continues to work closely and collaboratively with Knauf Drywall to maximise the amount of recycled gypsum powder supplied by the company and used in the production of new plasterboard through Knauf Drywall's plasterboard plant adjacent to the company's Ridham MRF.

Other activities within the company that have contributed to its financial performance during the financial year include the management and restoration of the inert landfill site owned by Aylesford Newsprint Limited at Margett's Pit, Kent and the integrated resource management contracts operated by the company including the 7 year contract awarded by The City of London Corporation for the waste management and cleansing services at New Spitalfields Market, Leyton, East London.

Business rationalisation and improvement

In addition to the above mentioned acquisition and divestment activity, during the financial period, there has been a rationalisation of the continuing business to improve profitability. This has included an extensive fleet replacement programme and the upgrade of certain key items of plant to improve reliability and recycling volumes. It is expected that further improvements will be made during financial year 2013/14.

Financial Performance

The company's profit and loss account is set out on page 7 and for the financial year shows turnover of £33,486k (2012- £29,847k) and a profit before tax of £3,809k (2012 - loss £768k).

Profit attributable to the sale of part of the company's organic recycling operation to Tamar Energy represented £1,995k. During the period up to the completion of the sale to Tamar (1st May – 31st October 2012), the divested organic recycling business contributed £805k of operating profit on a turnover of £1,400k.

The proceeds of sale from the Tamar Energy transaction have allowed the company to repay all of its term loan indebtedness.

COUNTRYSTYLE RECYCLING LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2013

Results and dividends

The profit for the year, after taxation, amounted to £3,410,853 (2012 - loss £585,858)

During the year dividends of £900,000 were paid to the parent company, Countrystyle Group Limited

Directors

The directors who served during the year were

T L Heathcote

R N Cormac-Walshe (resigned 31 May 2013)

M Stewart (resigned 31 October 2012)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks
The key business risks affecting the company are

Liquidity risk

The company manages its cash and borrowing requirements in order to, where possible, minimise interest expense whilst ensuring Countrystyle has sufficient liquid resources to meet its operating needs

Credit risk

The majority of customers who wish to trade on credit terms are subject to full credit verification procedures
Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where considered necessary

Legislative risk

Countrystyle operates waste contracts and changes in government policy could affect its trading The directors monitor announcements and resource regulations closely and shape Countrystyle's operating activities in a manner which will ensure full compliance with industry standards

Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues The company has complied with all applicable legislation and regulations

Provision of information to auditor

The director at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

COUNTRYSTYLE RECYCLING LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2013

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 31 July 2013 and signed on its behalf



T L Heathcote
Director

COUNTRYSTYLE RECYCLING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COUNTRYSTYLE RECYCLING LIMITED

We have audited the financial statements of Countrystyle Recycling Limited for the year ended 30 April 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 1, 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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 April 2013 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 the 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.

COUNTRYSTYLE RECYCLING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COUNTRYSTYLE RECYCLING LIMITED

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



Richard Hopkins (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

37 Frederick Place
Brighton
BN1 4EA

Date 9/8/13

COUNTRYSTYLE RECYCLING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2013

	Note	2013 £	2012 £
Turnover	1,2		
Continuing operations		32,086,606	27,975,664
Discontinued operations		1,399,864	1,871,236
		<u>33,486,470</u>	<u>29,846,900</u>
Cost of sales	4	(25,861,541)	(23,745,076)
		<u>7,624,929</u>	<u>6,101,824</u>
Gross profit			
Administrative expenses	4	(5,627,474)	(6,647,518)
Other operating income	3	67,868	100,255
		<u>2,065,323</u>	<u>(445,439)</u>
Operating profit/(loss)	5		
Continuing operations		1,260,012	(1,239,567)
Discontinued operations		805,311	794,128
		<u>2,065,323</u>	<u>(445,439)</u>
Exceptional items			
Other exceptional items	10	1,995,028	-
		<u>4,060,351</u>	<u>(445,439)</u>
Profit/(loss) on ordinary activities before interest			
Interest payable and similar charges	9	(251,085)	(322,898)
		<u>3,809,266</u>	<u>(768,337)</u>
Profit/(loss) on ordinary activities before taxation			
Tax on profit/(loss) on ordinary activities	11	(398,413)	182,479
		<u>3,410,853</u>	<u>(585,858)</u>
Profit/(loss) for the financial year	22		

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account

The notes on pages 10 to 25 form part of these financial statements

COUNTRYSTYLE RECYCLING LIMITED

Registered number 05103813

BALANCE SHEET

AS AT 30 APRIL 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Goodwill		429,483		50,001	
Negative goodwill		(583,953)		-	
Net goodwill		<u>(154,470)</u>		<u>50,001</u>	
Intangible assets	12		(154,470)		50,001
Tangible assets	13		9,562,954		10,779,305
Investments	14		-		2,695,280
			<u>9,408,484</u>		<u>13,524,586</u>
Current assets					
Stocks	15	101,096		102,869	
Debtors	16	6,853,920		6,318,000	
Cash at bank and in hand		<u>1,974,923</u>		<u>12,134</u>	
		8,929,939		6,433,003	
Creditors: amounts falling due within one year	17	<u>(6,536,011)</u>		<u>(7,450,476)</u>	
Net current assets/(liabilities)			2,393,928		(1,017,473)
Total assets less current liabilities			11,802,412		12,507,113
Creditors: amounts falling due after more than one year	18		(3,720,326)		(6,657,462)
Provisions for liabilities					
Deferred tax	19		(36,273)		(250,183)
Accruals and deferred income	20		<u>(257,218)</u>		<u>(321,726)</u>
Net assets			<u>7,788,595</u>		<u>5,277,742</u>
Capital and reserves					
Called up share capital	21		1		1
Profit and loss account	22		<u>7,788,594</u>		<u>5,277,741</u>
Shareholders' funds	23		<u>7,788,595</u>		<u>5,277,742</u>

COUNTRYSTYLE RECYCLING LIMITED

BALANCE SHEET (continued) AS AT 30 APRIL 2013

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 July 2013



T L Heathcote
Director

The notes on pages 10 to 25 form part of these financial statements

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1. Accounting Policies

1 1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1 2 Going concern

The financial statements have been prepared on a going concern basis by the company directors. They have considered a period in excess of twelve months from the signing of these financial statements. The company is forecasting significant profits for the financial year to 30 April 2014.

1 3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1 4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1 5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in the period in which the non-monetary assets acquired are recovered. In the case of fixed assets this is the period over which they are depreciated, and in the case of current assets, the period over which they are sold or otherwise realised.

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	10 years straight line
Plant & machinery	-	3 - 7 years straight line (previously 20% reducing balance)
Motor vehicles	-	7 years straight line (previously 20% reducing balance)
Fixtures & fittings	-	4 years straight line (previously 20% reducing balance)
Improvements to property	-	straight line over term of lease (previously 10% straight line)

Freehold land is not depreciated.

The company changed its method of calculating depreciation from the reducing balance method to the straight-line method with effect from 1 May 2012. This is a change in an accounting estimate and has been applied retrospectively from the date of acquisition. The change has been made because the straight-line method more accurately reflects the pattern of usage.

As a result of the change to the straight-line method of depreciating the assets, the depreciation expense increased by approximately £236k in the year.

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 Accounting Policies (continued)

1 10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1 11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1 12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account to match the depreciation charged. Other grants are credited to the profit and loss account as the related expenditure is incurred

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. Turnover

All turnover arose within the United Kingdom

The discontinued turnover relates to the organics part of the business that was sold to Tamar during the year

3 Other operating income

	2013 £	2012 £
Other operating income	3,361	1,700
Government grants receivable	64,507	98,555
	<u>67,868</u>	<u>100,255</u>

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

4 Analysis of operating profit/(loss)

	2013		2012	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	32,086,606	1,399,864	27,975,664	1,871,236
Cost of sales	(25,344,659)	(516,882)	(22,870,742)	(874,334)
Gross profit	6,741,947	882,982	5,104,922	996,902
Administrative expenses	(5,549,803)	(77,671)	(6,444,744)	(202,774)
Other operating income	67,868	-	100,255	-
	<u>1,260,012</u>	<u>805,311</u>	<u>(1,239,567)</u>	<u>794,128</u>

5 Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting)

	2013 £	2012 £
Amortisation - intangible fixed assets	(18,818)	-
Depreciation of tangible fixed assets		
- owned by the company	1,772,950	1,385,856
- held under finance leases	411,441	511,865
Difference on foreign exchange	(8,936)	14,549
Profit on sales of fixed assets	(94,126)	(265,546)
Government grants receivable	(64,507)	(98,555)
Operating lease rentals - plant and machinery	109,914	49,147
Operating lease rentals - other operating leases	215,458	124,000

6. Auditors' remuneration

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	-	28,000
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	5,000	5,000

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

7 Staff costs

Staff costs, including director's remuneration, were as follows

	2013 £	2012 £
Wages and salaries	5,956,090	6,322,746
Social security costs	620,680	662,768
Other pension costs	13,468	11,498
	<u>6,590,238</u>	<u>6,997,012</u>

The average monthly number of employees, including the director, during the year was as follows

	2013 No.	2012 No.
	<u>226</u>	<u>234</u>

8 Director's remuneration

	2013 £	2012 £
Emoluments	<u>566,584</u>	<u>276,788</u>

The highest paid director received remuneration of £510,138 (2012 - £NIL)

9 Interest payable

	2013 £	2012 £
On bank loans and overdrafts	117,159	193,044
On finance leases and hire purchase contracts	133,926	127,922
Other interest payable	-	1,932
	<u>251,085</u>	<u>322,898</u>

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

10 Exceptional items

	2013 £	2012 £
Profit on disposal of goodwill	162,200	-
Profit on disposal of investments	2,721,579	-
Director and employee settlements	(801,662)	-
Sundry deal costs	(80,327)	-
Loss on disposal of fixed assets	(6,762)	-
	<u>1,995,028</u>	<u>-</u>

11 Taxation

	2013 £	2012 £
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/loss for the year	719,542	(45,020)
Adjustments in respect of prior periods	(107,219)	(905)
Total current tax	<u>612,323</u>	<u>(45,925)</u>
Deferred tax		
Origination and reversal of timing differences	(201,714)	(106,805)
Effect of tax rate change on opening balance	(12,196)	(29,749)
Total deferred tax (see note 19)	<u>(213,910)</u>	<u>(136,554)</u>
Tax on profit/loss on ordinary activities	<u>398,413</u>	<u>(182,479)</u>

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

11 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit/loss on ordinary activities before tax	3,809,266	(768,337)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	914,224	(199,768)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	(4,516)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	45,244	13,573
Depreciation for year in excess of capital allowances	249,012	144,051
Adjustments to tax charge in respect of prior periods	(107,219)	(905)
Short term timing difference leading to an increase (decrease) in taxation	(89)	93
Non-taxable income	(481,860)	-
Other differences leading to a decrease in the tax charge	(2,473)	(2,969)
Current tax charge/(credit) for the year (see note above)	612,323	(45,925)

Included in the prior period tax adjustment is an amount of £109,669 in respect of a research and development claim

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

12 Intangible fixed assets

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 May 2012	50,001	-	50,001
Additions	317,009	(615,490)	(298,481)
Disposals	(50,000)	-	(50,000)
Transferred from investments	114,645	-	114,645
At 30 April 2013	431,655	(615,490)	(183,835)
Amortisation			
At 1 May 2012	-	-	-
Charge for the year	12,720	(31,537)	(18,817)
On disposals	(10,548)	-	(10,548)
At 30 April 2013	2,172	(31,537)	(29,365)
Net book value			
At 30 April 2013	429,483	(583,953)	(154,470)
At 30 April 2012	50,001	-	50,001

An amount of £114,645 has been transferred from investments. This relates to the unamortised cost of the Folkestone business.

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
Cost				
At 1 May 2012	2,057,570	9,038,945	4,691,750	307,612
Additions	-	1,865,353	639,000	9,999
Transfers intra group	-	(80,000)	-	-
Disposals	-	(2,152,899)	(1,787,551)	-
At 30 April 2013	2,057,570	8,671,399	3,543,199	317,611
Depreciation				
At 1 May 2012	204,684	4,540,593	2,984,901	121,745
Charge for the year	458,336	1,820,979	774,632	121,588
On disposals	-	(1,248,381)	(1,249,743)	-
At 30 April 2013	663,020	5,113,191	2,509,790	243,333
Net book value				
At 30 April 2013	1,394,550	3,558,208	1,033,409	74,278
At 30 April 2012	1,852,886	4,498,352	1,706,849	185,867
			Improvements to property £	Total £
Cost				
At 1 May 2012			4,641,724	20,737,601
Additions			55,919	2,570,271
Transfers intra group			-	(80,000)
Disposals			(83,406)	(4,023,856)
At 30 April 2013			4,614,237	19,204,016
Depreciation				
At 1 May 2012			2,106,373	9,958,296
Charge for the year			(991,144)	2,184,391
On disposals			(3,501)	(2,501,625)
At 30 April 2013			1,111,728	9,641,062
Net book value				
At 30 April 2013			3,502,509	9,562,954
At 30 April 2012			2,535,351	10,779,305

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

13 Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2013 £	2012 £
Plant and machinery	1,376,690	1,481,017
Motor vehicles	291,393	933,108
	<u>1,668,083</u>	<u>2,414,125</u>

The company changed its method of calculating depreciation from the reducing balance method to the straight-line method with effect from 1 May 2012. This is a change in an accounting estimate and has been applied retrospectively from the date of acquisition. The change has been made because the straight-line method more accurately reflects the pattern of useage.

As a result of the change to the straight-line method of depreciating the assets, the depreciation expense increased by approximately £236k in the year.

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

14 Fixed asset investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 May 2012	2,058,345	1,317,518	3,375,863
Movements	-	(1,317,518)	(1,317,518)
Disposals	(1,515,645)	-	(1,515,645)
Transferred to goodwill	(542,700)	-	(542,700)
At 30 April 2013	-	-	-
Impairment			
At 1 May 2012	680,583	-	680,583
Impairment on disposals	(252,528)	-	(252,528)
Transferred to goodwill	(428,055)	-	(428,055)
At 30 April 2013	-	-	-
Net book value			
At 30 April 2013	-	-	-
At 30 April 2012	1,377,762	1,317,518	2,695,280

During the year the following subsidiaries were disposed of

TJ Composting Group Limited
Countrystyle Recycling (Folkestone) Limited
Countrystyle Recycling (Suffolk) Limited

A net amount of £114,645 has been transferred to goodwill relating to the unamortised cost of the Folkestone purchase for which the trade is still operational

15 Stocks

	2013 £	2012 £
Finished goods and goods for resale	101,096	102,869

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

16 Debtors

	2013 £	2012 £
Trade debtors	5,873,714	5,113,253
Amounts owed by group undertakings	-	144,957
Director's loan	-	-
Corporation tax repayable	-	45,051
Other debtors	271,483	474,586
Prepayments and accrued income	599,054	540,153
Corporation tax	109,669	-
	<u>6,853,920</u>	<u>6,318,000</u>

17 Creditors: Amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	42,360	1,005,810
Net obligations under finance leases and hire purchase contracts	834,659	1,160,014
Trade creditors	3,161,975	3,531,334
Amounts owed to group undertakings	-	100
Amounts owed to associates	874,750	880,208
Corporation tax	719,542	-
Social security and other taxes	442,815	429,860
Directors' current accounts	10,963	2,263
Other creditors	21,003	22,713
Accruals and deferred income	427,944	418,174
	<u>6,536,011</u>	<u>7,450,476</u>

The net obligations under finance leases and hire purchase contracts are secured over the assets to which the liability relates

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

18 Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Bank loans	-	3,500,000
Net obligations under finance leases and hire purchase contracts	703,948	1,053,368
Amounts owed to group undertakings	3,016,378	2,104,094
	<u>3,720,326</u>	<u>6,657,462</u>

Included within the above are amounts falling due as follows

	2013 £	2012 £
Between one and two years		
Bank loans	-	500,000
	<u>-</u>	<u>500,000</u>
Between two and five years		
Bank loans	-	1,500,000
	<u>-</u>	<u>1,500,000</u>
Over five years		
Bank loans	-	1,500,000
	<u>-</u>	<u>1,500,000</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £	2012 £
Repayable by instalments	-	1,500,000
	<u>-</u>	<u>1,500,000</u>

The bank loan was fully repaid in the year

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2013 £	2012 £
Between one and five years	703,948	1,053,368
	<u>703,948</u>	<u>1,053,368</u>

The net obligations under finance leases and hire purchase contracts are secured over the assets to which the liability relates

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

19 Deferred taxation

	2013 £	2012 £
At beginning of year	250,183	386,737
Released during year	(213,910)	(136,554)
At end of year	<u>36,273</u>	<u>250,183</u>

The provision for deferred taxation is made up as follows

	2013 £	2012 £
Accelerated capital allowances	36,405	250,411
Short term timing differences	(132)	(228)
	<u>36,273</u>	<u>250,183</u>

20 Accruals and deferred income

	2013 £	2012 £
Government grants	<u>257,218</u>	<u>321,726</u>

During the period an amount of £64,508 was released to the profit and loss account

21. Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

22 Reserves

	Profit and loss account £
At 1 May 2012	5,277,741
Profit for the year	3,410,853
Dividends Equity capital	(900,000)
At 30 April 2013	<u>7,788,594</u>

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

23 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	5,277,742	5,983,600
Profit/(loss) for the year	3,410,853	(585,858)
Dividends (Note 24)	(900,000)	(120,000)
Closing shareholders' funds	<u>7,788,595</u>	<u>5,277,742</u>

24 Dividends

	2013 £	2012 £
Dividends paid on equity capital	<u>900,000</u>	<u>120,000</u>

25 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,468 (2012 - £11,498). Contributions totalling £580 (2012 - £951) were payable to the fund at the balance sheet date and are included in creditors.

26. Operating lease commitments

At 30 April 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date:				
Within 1 year	-	-	4,775	-
Between 2 and 5 years	132,750	-	82,194	63,920
After more than 5 years	<u>95,000</u>	<u>29,000</u>	<u>-</u>	<u>2,063</u>

COUNTRYSTYLE RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

27 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with members of the group headed by Countrystyle Group Limited on the grounds that 100% of the voting rights in the company are controlled within the group headed by Countrystyle Group Limited and the company is included in the consolidated financial statements

During the period, the company entered into transactions with FGS Agri Limited, a company associated through a director's shareholding

These were sales of £577,482 (2012 £503,829) and purchases of £5,795,342 (2012 £547,633)

At the year end an amount of £789,215 (2012 £768,865) was owed to FGS Agri Limited

During the period, the company entered into transactions with FGS Plant Limited, a company associated through a director's shareholding

These were sales of £48,925 (2012 £111,680) and purchases of £571,134 (2012 £Nil)

At the year end an amount of £85,535 (2012 £111,343) was owed to FGS Plant Limited

During the year the company paid rent of £50,000 on a property in which the director has an interest

28 Ultimate parent undertaking and controlling party

The ultimate parent company is Countrystyle Group Limited, a company registered in England and Wales. The accounts of the ultimate parent company, in which the results of the company are consolidated, can be obtained from Countrystyle Group Head Office, Ashford Road, Maidstone, Kent, England