

Slicker Recycling Limited
(formerly Hydrodec (UK) Limited)

Registered number: 08652156

Directors' report and financial statements

For the year ended 31 December 2016

SATURDAY



A6AQLOMX

A07

15/07/2017

#176

COMPANIES HOUSE

Slicker Recycling Limited

Company Information

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Directors | Andrew Black (appointed 4 March 2016) David Dinwoodie (appointed 4 March 2016) Mark Olpin (appointed 4 March 2016) |
| Company secretary | James Hodges (resigned 4 March 2016) |
| Registered number | 08652156 |
| Registered office | Enterprise House Barracks Road Sandy Lane Industrial Estate Stourport-on-Severn Worcestershire DY13 9RW |
| Independent auditor | Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT |

Slicker Recycling Limited

Contents

| | Page |
|------------------------------------------|----------------|
| Strategic Report | 1 - 2 |
| Directors' Report | 3 - 4 |
| Independent Auditor's Report | 5 - 6 |
| Statement of Comprehensive Income | 7 |
| Statement of Financial Position | 8 |
| Statement of Changes in Equity | 9 |
| Notes to the Financial Statements | 10 - 29 |

**Strategic Report
For the Year Ended 31 December 2016**

Introduction

The Directors present their Strategic Report for the year ended 31 December 2016.

Principal activities and business review

The principal activities of the company are the collection and processing of waste lubricant oil, together with related waste services, and the sale of processed fuel oil.

On 4 March 2016 Mr Andrew Black acquired the company from Hydrodec Group plc. Subsequently, Greenbottle Limited acquired the company from Mr Andrew Black on 13 April 2016, a company which is fully owned by Mr Andrew Black.

Trading conditions at the start of 2016 proved very challenging as the oil price fell to its lowest levels for several years in January. Conditions improved month on month as both the oil price returned to a more sustainable level and the company benefitted from a reduced cost base following the restructuring and reorganisation activities undertaken in 2015 and which continued into 2016. In addition the company secured new more lucrative contracts for the supply of processed fuel oil. As a result the company returned to profitability and the generation of cash in June which continued throughout the year.

In the last quarter the company successfully rebranded to Slicker Recycling which has been received positively within the wider market.

In December the company acquired the trade and assets of John Rome from Avanti Environmental Group Limited. John Rome provides interceptor cleaning and ancillary services. The acquisition fits with the company's strategy to broaden its service offering and presents an ideal opportunity to improve earnings growth..

Future developments

Trading conditions in 2017 have stabilised considerably when compared to 2016. The redevelopment at Ipswich has been completed and commissioned. This provides the company with its own export facilities beneficially situated on the east coast. The company has secured several new high profile contracts for the collection of waste oil and related services. The increased feedstock allows for increased production and corresponding sales volumes. The interceptor cleaning business is trading above expectations and the company expects growth to be ahead of original expectations.

The company continues to review business lines and to look at cost rationalisation and operational efficiencies. The business recognises the importance of its people and continues to invest in existing staff together with some strategic recruitment to further strengthen the management team.

Going concern

The directors have a reasonable expectation that the company has resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Slicker Recycling Limited

**Strategic Report
For the Year Ended 31 December 2016**

Principal risks and uncertainties

The management of the business and the execution of the company strategy are subject to the following risks:

Credit and liquidity risk

The company's sources of funding currently comprise of operating cash flow, bank borrowings and intercompany loans with the current parent company, Greenbottle Limited.

Pricing risk

The selling price of processed fuel oil is exposed to movements in the Platts and gas oil indices. This exposure has been mitigated by aligning feedstock acquisition pricing with the same indices.

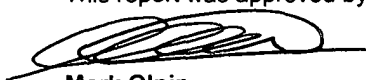
Foreign exchange risk

The Platts index is denominated in US Dollars and the company also exports oil with the sales denominated in US Dollars. Currently no hedging instruments are used. Management keeps under review the extent of its exposure to currency fluctuation.

Other key performance indicators

| | Year ended 31 December 2016 | Year ended 31 December 2015 |
|-----------------------------|-----------------------------|-----------------------------|
| Turnover (£'000) | 22,209 | 22,094 |
| EBITDA (£'000) | 505 | (4,319) |
| Loss after tax (£'000) | (219) | (7,633) |
| Average number of employees | 147 | 184 |

This report was approved by the board on 12th July 2017 and signed on its behalf.



Mark Olpin
Director

**Directors' Report
For the Year Ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

Principal activity

The principal activities of the company are the collection and processing of waste lubricant oil, together with related waste services, and the sale of processed fuel oil.

Results and dividends

The loss for the year, after taxation, amounted to £219k (2015 - loss £7,633k).

Directors

The directors who served during the year were:

Andrew Black (appointed 4 March 2016)
David Dinwoodie (appointed 4 March 2016)
Mark Olpin (appointed 4 March 2016)

**Directors' Report (continued)
For the Year Ended 31 December 2016**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, 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 12th July 2017 and signed on its behalf.



**Mark Olpin
Director**

Independent Auditor's Report to the Shareholders of Slicker Recycling Limited

We have audited the financial statements of Slicker Recycling Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 Auditors' 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 31 December 2016 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Slicker Recycling Limited

Independent Auditor's Report to the Shareholders of Slicker Recycling Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

Louis Burns

Louis Burns (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street
Birmingham
B3 2RT

Date: *13 July 2017*

Slicker Recycling Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2016**

| | Note | 2016 £000 | 2015 £000 |
|------------------------------------------------|------|--------------|----------------|
| Turnover | 4 | 22,209 | 22,094 |
| Cost of sales | | (17,922) | (22,006) |
| Gross profit | | <u>4,287</u> | <u>88</u> |
| (Loss)/profit on sale of tangible assets | | (107) | 581 |
| Administrative expenses | | (4,478) | (5,909) |
| Gain on bargain purchase | 5 | - | 597 |
| Amortisation of intangible fixed assets | | (50) | (1,256) |
| Impairment of intangible fixed assets | | - | (1,840) |
| Operating loss | 6 | <u>(348)</u> | <u>(7,739)</u> |
| Interest payable and expenses | 9 | (67) | (326) |
| Loss before tax | | <u>(415)</u> | <u>(8,065)</u> |
| Tax on loss | 10 | 196 | 432 |
| Loss for the year | | <u>(219)</u> | <u>(7,633)</u> |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | <u>(219)</u> | <u>(7,633)</u> |

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

Statement of Financial Position
As at 31 December 2016

| | Note | 2016 £000 | 2015 £000 |
|---------------------------------------------------------|------|-------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 96 | 135 |
| Tangible assets | 12 | 4,679 | 4,666 |
| | | <u>4,775</u> | <u>4,801</u> |
| Current assets | | | |
| Stocks | 13 | 386 | 276 |
| Debtors: amounts falling due within one year | 14 | 4,743 | 3,461 |
| Cash at bank and in hand | 15 | 283 | - |
| | | <u>5,412</u> | <u>3,737</u> |
| Creditors: amounts falling due within one year | 16 | (4,617) | (7,023) |
| Net current assets/(liabilities) | | <u>795</u> | <u>(3,286)</u> |
| Total assets less current liabilities | | <u>5,570</u> | <u>1,515</u> |
| Creditors: amounts falling due after more than one year | 17 | (4,165) | (55) |
| Provisions for liabilities | | | |
| Other provisions | 21 | (430) | (690) |
| | | <u>(430)</u> | <u>(690)</u> |
| Net assets | | <u><u>975</u></u> | <u><u>770</u></u> |
| Capital and reserves | | | |
| Capital contribution reserve | 23 | 11,899 | 11,475 |
| Profit and loss account | 23 | (10,924) | (10,705) |
| | | <u>975</u> | <u>770</u> |

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

12th July 2017

Mark Olpin
Director



Slicker Recycling Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2016**

| | Share capital £000 | Capital contribution reserve £000 | Profit and loss account £000 | Total equity £000 |
|------------------------------------------------|--------------------------|--------------------------------------------|------------------------------------|----------------------|
| At 1 January 2016 | - | 11,475 | (10,705) | 770 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (219) | (219) |
| Total comprehensive income for the year | - | - | (219) | (219) |
| Funds contributed by shareholders | - | 424 | - | 424 |
| At 31 December 2016 | - | 11,899 | (10,924) | 975 |

**Statement of Changes in Equity
For the Year Ended 31 December 2015**

| | Share capital £000 | Capital contribution reserve £000 | Profit and loss account £000 | Total equity £000 |
|------------------------------------------------|--------------------------|--------------------------------------------|------------------------------------|----------------------|
| At 1 January 2015 | - | - | (3,072) | (3,072) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (7,633) | (7,633) |
| Total comprehensive income for the year | - | - | (7,633) | (7,633) |
| Funds contributed by shareholders | - | 11,475 | - | 11,475 |
| At 31 December 2015 | - | 11,475 | (10,705) | 770 |

The notes on pages 10 to 29 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

1. General information

Slicker Recycling Limited is a private company incorporated in England and Wales.

The principal activities of the company are detail in the Directors Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

This is the first year the company has prepared its financial statements in accordance with FRS 102, accordingly the financial information as at 1 January 2015 (being the date of transition) and for the year ended 31 December 2015 has been restated for material adjustments on adoption of FRS 102 in the current year. Detail of the transition adjustments are in note 27.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Greenbottle Limited as at 31 December 2016 and these financial statements may be obtained from Enterprise House Barracks Road, Sandy Lane Industrial Estate, Stourport-On-Severn, DY13 9RW.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

- Freehold buildings and long leaseholds (with 50 years or more to run) are depreciated at 2% pa.
- Short leaseholds over the term of the lease.
- Plant and machinery 5 to 15 years
- Freehold land and assets in the course of construction are not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements
For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Property, plant and equipment

Property, plant and equipment are depreciated over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, maintenance programmes, market information and management considerations. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. Detail on property, plant and equipment can be found in note 12.

Environmental provision

Provision made to cover anticipated costs in relation to the restoration of a number of sites following sale or completion of activities.

4. Turnover

The whole of the turnover is attributable to the principal activities of the Company, which are the provision of collection of waste oil and sale of processed fuel oil. Turnover arises from the United Kingdom as well as from exports of oil.

5. Other operating income

| | 2016 £000 | 2015 £000 |
|--------------------------|--------------|--------------|
| Gain on bargain purchase | - | 597 |
| | - | 597 |

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

6. Operating loss

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

| | 2016 | 2015 |
|-----------------------------------------------------------------------------------------------------|-------------|--------------|
| | £000 | £000 |
| Depreciation of tangible fixed assets | 803 | 921 |
| Amortisation of intangible assets | 50 | - |
| Auditor's remuneration | 21 | 24 |
| Fees payable to the company's auditors and its associates for other services to the company: | | |
| - Other services | 3 | - |
| - Taxation compliance services | 4 | - |
| Exchange differences | (1) | 1 |
| Other operating lease rentals | 550 | 1,288 |
| | <u>550</u> | <u>1,288</u> |

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 4,471 | 5,948 |
| Social security costs | 432 | 560 |
| Cost of defined contribution scheme | 84 | 103 |
| | <u>4,987</u> | <u>6,611</u> |

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

| | 2016 | 2015 |
|----------------|-------------|-------------|
| | No. | No. |
| Direct labour | 128 | 161 |
| Administration | 19 | 23 |
| | <u>147</u> | <u>184</u> |

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

8. Directors' remuneration

| | 2016 £000 | 2015 £000 |
|---------------------------------------------------------------|----------------------|----------------------|
| Directors' emoluments | 123 | - |
| Company contributions to defined contribution pension schemes | 14 | - |
| | <u>137</u> | <u>-</u> |

During the year retirement benefits were accruing to 1 director (2015 - NIL) in respect of defined contribution pension schemes.

9. Interest payable and similar charges

| | 2016 £000 | 2015 £000 |
|--------------------------------------------|----------------------|----------------------|
| Interest payable on bank borrowing | 66 | 18 |
| Interest payable to group undertakings | - | 307 |
| Finance leases and hire purchase contracts | 1 | 1 |
| | <u>67</u> | <u>326</u> |

10. Taxation

| | 2016 £000 | 2015 £000 |
|------------------------------------------------|----------------------|----------------------|
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 417 | (115) |
| Changes to tax rates | 36 | (317) |
| Adjustments in respect of prior periods | (649) | - |
| Total deferred tax | <u>(196)</u> | <u>(432)</u> |
| Taxation on loss on ordinary activities | <u>(196)</u> | <u>(432)</u> |

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

| | 2016 £000 | 2015 £000 |
|-------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Loss on ordinary activities before tax | <u>(415)</u> | <u>(8,065)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%) | (83) | (1,633) |
| Effects of: | | |
| Tax exempt income | - | (121) |
| Deferred tax not recognised | 335 | 1,437 |
| Change in recognised deductible temporary differences | - | (80) |
| Adjustments to deferred tax charge in respect of prior periods | (649) | - |
| Expenses not deductible for tax purposes | 2 | - |
| Fixed asset differences | 75 | - |
| Adjustment to deferred tax rate | <u>124</u> | <u>(35)</u> |
| Total tax credit for the year | <u>(196)</u> | <u>(432)</u> |

Notes to the Financial Statements
For the Year Ended 31 December 2016

11. Intangible assets

| | Patents £000 | Trademarks £000 | Computer software £000 | Total £000 |
|------------------------------------------|-----------------|--------------------|------------------------------|---------------|
| Cost | | | | |
| At 1 January 2016 (as previously stated) | 1,949 | 2,154 | - | 4,103 |
| Prior Year Adjustment | - | - | 271 | 271 |
| At 1 January 2016 (as restated) | 1,949 | 2,154 | 271 | 4,374 |
| Additions | - | - | 11 | 11 |
| At 31 December 2016 | 1,949 | 2,154 | 282 | 4,385 |
| Amortisation | | | | |
| At 1 January 2016 (as previously stated) | 1,949 | 2,154 | - | 4,103 |
| Prior Year Adjustment | - | - | 136 | 136 |
| At 1 January 2016 (as restated) | 1,949 | 2,154 | 136 | 4,239 |
| Charge for the year | - | - | 50 | 50 |
| At 31 December 2016 | 1,949 | 2,154 | 186 | 4,289 |
| Net book value | | | | |
| At 31 December 2016 | - | - | 96 | 96 |
| At 31 December 2015 (as restated) | - | - | 135 | 135 |

Notes to the Financial Statements
For the Year Ended 31 December 2016

12. Tangible fixed assets

| | Long-term leasehold property £000 | Plant and machinery £000 | Total £000 |
|------------------------------------------|--------------------------------------------|--------------------------------|---------------|
| Cost or valuation | | | |
| At 1 January 2016 (as previously stated) | 1,401 | 5,265 | 6,666 |
| Prior Year Adjustment | - | (271) | (271) |
| At 1 January 2016 (as restated) | 1,401 | 4,994 | 6,395 |
| Additions | - | 1,225 | 1,225 |
| Disposals | (475) | (236) | (711) |
| Transfers between classes | 90 | 88 | 178 |
| At 31 December 2016 | 1,016 | 6,071 | 7,087 |
| Depreciation | | | |
| At 1 January 2016 (as previously stated) | 53 | 1,812 | 1,865 |
| Prior Year Adjustment | - | (136) | (136) |
| At 1 January 2016 (as restated) | 53 | 1,676 | 1,729 |
| Charge for the year on owned assets | 14 | 789 | 803 |
| Disposals | (24) | (100) | (124) |
| At 31 December 2016 | 43 | 2,365 | 2,408 |
| Net book value | | | |
| At 31 December 2016 | 973 | 3,706 | 4,679 |
| At 31 December 2015 (as restated) | 1,348 | 3,318 | 4,666 |

The net book value of land and buildings may be further analysed as follows:

| | 2016 £000 | 2015 £000 |
|----------------|--------------|--------------|
| Long leasehold | 973 | 1,348 |
| | 973 | 1,348 |

Slicker Recycling Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

13. Stocks

| | 2016 £000 | 2015 £000 |
|-------------------------------------|----------------------|----------------------|
| Raw materials and consumables | 280 | 241 |
| Finished goods and goods for resale | 106 | 35 |
| | <u>386</u> | <u>276</u> |

14. Debtors

| | 2016 £000 | 2015 £000 |
|--------------------------------------|----------------------|----------------------|
| Trade debtors | 3,604 | 2,940 |
| Amounts owed by other group entities | 155 | - |
| Other debtors | 226 | 3 |
| Prepayments and accrued income | 562 | 518 |
| Deferred taxation | 196 | - |
| | <u>4,743</u> | <u>3,461</u> |

15. Cash and cash equivalents

| | 2016 £000 | 2015 £000 |
|-------------------------------------|----------------------|----------------------|
| Cash at bank and in hand | 283 | - |
| Less: bank overdrafts (see note 16) | - | (968) |
| | <u>283</u> | <u>(968)</u> |

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

16. Creditors: Amounts falling due within one year

| | 2016 £000 | 2015 £000 |
|-------------------------------------------------------------|----------------------|----------------------|
| Bank overdrafts | - | 968 |
| Bank loans | 66 | 1,890 |
| Trade creditors | 1,591 | 2,001 |
| Other taxation and social security | 816 | 554 |
| Obligations under finance lease and hire purchase contracts | 35 | 42 |
| Accruals and deferred income | 2,109 | 1,568 |
| | <u>4,617</u> | <u>7,023</u> |

17. Creditors: Amounts falling due after more than one year

| | 2016 £000 | 2015 £000 |
|------------------------------------------------------------------|----------------------|----------------------|
| Net obligations under finance leases and hire purchase contracts | - | 55 |
| Amounts owed to ultimate controlling party | 4,165 | - |
| | <u>4,165</u> | <u>55</u> |

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2016 £000 | 2015 £000 |
|-------------------|----------------------|----------------------|
| Within one year | 35 | 42 |
| Between 2-5 years | - | 55 |
| | <u>35</u> | <u>97</u> |

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

19. Financial instruments

| | 2016 £000 | 2015 £000 |
|-----------------------------------------------------------------------|----------------------|----------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 283 | - |
| Financial assets that are debt instruments measured at amortised cost | 3,981 | 2,943 |
| | <u>4,264</u> | <u>2,943</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (7,931) | (6,427) |
| | <u>(7,931)</u> | <u>(6,427)</u> |

20. Deferred taxation

| | 2016 £000 |
|----------------------------|----------------------|
| At beginning of year | - |
| Credited to profit or loss | 196 |
| At end of year | <u>196</u> |

The deferred tax asset is made up as follows:

| | 2016 £000 | 2015 £000 |
|--------------------------------|----------------------|----------------------|
| Accelerated capital allowances | 192 | (317) |
| Tax losses carried forward | - | 317 |
| Short term timing differences | 4 | - |
| | <u>196</u> | <u>-</u> |

Recognition of the deferred tax asset has been restricted to an amount considered recoverable by the directors based on the future profitability of the group. An amount of £1,897k (2015: £1,561k) has therefore not been recognised.

Notes to the Financial Statements
For the Year Ended 31 December 2016

21. Provisions

| | Remediation of Contaminated land £000 |
|----------------------------|------------------------------------------------|
| At 1 January 2016 | 690 |
| Charged to profit or loss | (261) |
| At 31 December 2016 | 429 |

Provision made to cover anticipated costs in relation to the restoration of a number of sites following sale or completion of activities.

22. Share capital

| | 2016 £ | 2015 £ |
|-------------------------------------------|-----------|-----------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | 2 | 2 |

23. Reserves

Capital Contribution reserve

On 4 March 2016 Mr Andrew Black acquired the Company from Hydrodec Group Plc. As a part of the sale agreement Hydrodec Group Plc forgave all debt due to it and its subsidiaries by the Company effective from 31 December 2015. The debt forgiven has been treated as a capital contribution as at 31 December 2016.

Profit and loss account

The profit and loss reserves comprise of the cumulative profits of the company.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

24. Business combinations

The trade, assets and certain liabilities of John Rome were acquired by Slicker Recycling Ltd via cash consideration on 1 December 2016. The net assets acquired were as follows:

| | Book value £000 | Fair value £000 |
|-------------------------------------|----------------------------|----------------------------|
| Tangible | 178 | 178 |
| Debtors | 619 | 619 |
| Total assets | 797 | 797 |
| Due within one year | (183) | (183) |
| Net assets | 614 | 614 |
| Total purchase consideration | 614 | 614 |

The results of John Rome since its acquisition are as follows:

| | Current period since acquisition £000 |
|-------------------|----------------------------------------------------------|
| Turnover | 152 |
| | 152 |
| Loss for the year | (30) |
| | (30) |

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 £84,000 (2015 - £103,000). Contributions totalling £16,000 (2015 - £56,000) were payable to the fund at the balance sheet date.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

26. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2016 £000 | 2015 £000 |
|---------------------------|--------------|--------------|
| Land and buildings | | |
| Within 1 year | 264 | 354 |
| Within 2 to 5 years | 775 | 1,247 |
| After more than 5 years | 1,233 | 1,268 |
| | <u>2,272</u> | <u>2,869</u> |
| | 2016 £000 | 2015 £000 |
| Other items | | |
| Within 1 year | 552 | 883 |
| Within 2 to 5 years | 1,131 | 1,700 |
| After more than 5 years | 57 | 27 |
| | <u>1,740</u> | <u>2,610</u> |

27. Controlling party

As at 31 December 2016, the company's immediate parent company was Greenbottle Limited, a company incorporated in England and Wales.

The ultimate controlling party is Andrew Black who owns 100% of the share capital of Greenbottle Limited.

28. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Under FRS 102, Computer Software costs are now shown separately from Computer Equipment and classified as intangible assets. A carrying value of £96k (2015: £135k) has been transferred from tangible assets (note 12) to intangible assets (note 11).

No other adjustments were identified.