



Scott-Moncrieff
business advisers and accountants

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Company registration number SC173861

Abbreviated Financial Statements

For the year ended 30 April 2013

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HEALTHCARE ENVIRONMENTAL SERVICES LIMITED
Abbreviated financial statements for the year ended 30 April 2013

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HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Directors, officers and advisers

Directors

Garry Pettigrew
Alison Pettigrew

Secretary and registered office

Garry Pettigrew
Calderhead Road
Shotts
ML7 4EQ

Registered number

SC173861

Principal place of business

Calderhead Road
Shotts
Lanarkshire
ML7 4EQ

Auditor

Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Directors' report for the year ended 30 April 2013

The directors present their report and the financial statements of the company for the year ended 30 April 2013.

Review of the business

The principal activity of the company is the provision of a range of chemical and clinical waste disposal services.

Turnover has increased during the year by 4 per cent to £16,197,919. The directors are satisfied with the increase in sales. This has been achieved through the securing of new customers and existing contracts performing well.

Results and dividends

The results for the year are shown on the profit and loss account on page 5. The profit for the year after taxation was £784,229.

A dividend of £350,000, amounting to £70 per share, in respect of the year ended 30 April 2013 was paid in the year.

Future Developments

The directors are happy with the performance of the company and will continue to look for opportunities to grow turnover and increase profitability. The construction of the new premises in Shotts was on-going at the year end and will be complete by April 2014.

Directors

The directors who served during the year were:

Garry Pettigrew
Alison Pettigrew

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Fixed assets

In the opinion of the directors, the value of the company's freehold land and buildings is not materially in excess of that shown in the financial statements when considered in relation to its use in the company's trade.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Directors' report for the year ended 30 April 2013 (continued)

Employees

It is the company's policy that employees should be kept as fully informed as possible about the activities of the company. This is achieved through internal communications such as notice boards and regular briefings.

Disabled employees

The company recognises its obligations towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demands of the company's operations and the abilities of the disabled persons allow.

Political and charitable contributions

Various charitable contributions were made during the year totalling £4,600 (2012: £1,710).

Principal risks and uncertainties facing the company

The directors view the principal risks and uncertainties facing the company as being legislative changes and increasing fuel and utility costs.

Key performance indicators

The primary focus is on maintaining sales and gross margin. Sales have grown by 4% to £16,197,919 in the year, mainly as a result of securing new customers and existing contracts performing well. Gross margin has increased from 53.7% to 58.8% this year due to a decrease in the cost of treating non-treatable waste and a reduction in staff costs as the organisation becomes more streamlined.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the directors are aware, there is no relevant information of which the company's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information, and to establish that the company's auditor is aware of the information.

Auditor

The auditor, Scott-Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the board



Garry Pettigrew
Secretary

Approved by the Board on 16 January 2014.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

**Independent auditor's report to Healthcare Environmental Services Limited
under section 449 of the Companies Act 2006**

We have examined the abbreviated financial statements of Healthcare Environmental Services Limited for the year ended 30 April 2013 which comprise the Abbreviated Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes, together with the financial statements of Healthcare Environmental Services Limited for the year ended 30 April 2013 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with sections 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

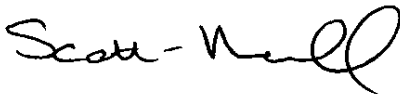
The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff
Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Date: 16 January 2014

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Abbreviated profit and loss account for the year ended 30 April 2013

| | <u>Notes</u> | <u>2013</u> £ | <u>2012</u> £ |
|--|--------------|--------------------|--------------------|
| Turnover | 2 | <u>16,197,919</u> | <u>15,623,418</u> |
| Gross profit and other operating income | | 9,492,715 | 8,387,773 |
| Distribution costs | | (4,213,360) | (4,186,291) |
| Administrative expenses | | <u>(4,084,264)</u> | <u>(3,660,750)</u> |
| Operating profit | 3 | 1,195,091 | 540,732 |
| Other interest receivable and similar income | | 47 | 55 |
| Interest payable and similar charges | 6 | <u>(162,235)</u> | <u>(168,607)</u> |
| Profit on ordinary activities before taxation | | 1,032,903 | 372,180 |
| Taxation on profit on ordinary activities | 7 | <u>(248,674)</u> | <u>(102,011)</u> |
| Profit for the financial year | 17 | <u>784,229</u> | <u>270,169</u> |

None of the company's activities were acquired or discontinued during the above two years.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Abbreviated balance sheet as at 30 April 2013

| | <u>Notes</u> | <u>2013</u> £ | <u>2012</u> £ |
|--|--------------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 702,881 | 708,467 |
| Tangible assets | 9 | 4,445,421 | 4,549,465 |
| | | 5,148,302 | 5,257,932 |
| Current assets | | | |
| Stock | 10 | 135,832 | 149,819 |
| Debtors | 11 | 3,317,668 | 3,930,794 |
| Cash at bank and in hand | | 485,224 | 42,205 |
| | | 3,938,724 | 4,122,818 |
| Creditors: amounts falling due within one year | 12 | (5,222,058) | (5,163,535) |
| Net current liabilities | | (1,283,334) | (1,040,717) |
| Total assets less current liabilities | | 3,864,968 | 4,217,215 |
| Creditors: amounts falling due after more than one year | 13 | (663,379) | (1,408,327) |
| Provision for liabilities | 15 | (74,406) | (115,934) |
| Net assets | | <u>3,127,183</u> | <u>2,692,954</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 5,000 | 5,000 |
| Revaluation reserve | 17 | 467,500 | 495,000 |
| Profit and loss account | 17 | 2,654,683 | 2,192,954 |
| Shareholders' funds | 19 | <u>3,127,183</u> | <u>2,692,954</u> |

The directors have taken advantage of the special provisions of part 15 of the Companies Act 2006 relating to medium-sized companies in the preparation of the accounts.

The abbreviated financial statements were authorised for issue by the board of directors on 16 January 2014 and signed on its behalf by:



Garry Pettigrew
Director



Alison Pettigrew
Director

Company Registration No: SC173861

The notes on pages 8 to 15 form part of these financial statements.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Cash flow statement for the year ended 30 April 2013

| | <u>Notes</u> | <u>2013</u> <u>£</u> | <u>2012</u> <u>£</u> |
|--|--------------|-------------------------|-------------------------|
| Operating activities | | | |
| Net cash flow from operating activities | 20a | 2,961,385 | 956,643 |
| Returns on investments and servicing of finance | | | |
| Interest and similar income received | | 47 | 55 |
| Interest and similar charges paid | | (43,046) | (90,980) |
| Interest element of finance lease payments | | (119,189) | (77,627) |
| Net cash flow from returns on investments and servicing of finance | | (162,188) | (168,552) |
| Taxation | | | |
| Corporation tax paid | | (130,695) | (216,196) |
| Capital expenditure | | | |
| Payments to acquire intangible fixed assets | | (33,998) | - |
| Payments to acquire tangible fixed assets | | (987,988) | (736,565) |
| Receipts from sale of tangible fixed assets | | 168,267 | 91,150 |
| Net cash flow from investing activities | | (853,719) | (645,415) |
| | | 1,814,783 | (73,520) |
| Equity dividends paid | | (350,000) | (330,000) |
| Net cash flow before financing | | 1,464,783 | (403,520) |
| Financing | | | |
| Repayment of other bank loan | | (205,392) | (201,444) |
| Capital repayments on finance lease and HP contracts | | (206,477) | (250,699) |
| Net cash flow from financing | | (411,869) | (452,143) |
| Increase/(decrease) in cash | 20c | <u>1,052,914</u> | <u>(855,663)</u> |

The notes on pages 8 to 15 form part of these financial statements.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013

1 Accounting policies

Going concern

The directors expect the company to continue to grow and continue to generate a healthy profit in the year to 30 April 2014 and going forward. The company has sufficient net assets and has the continued support of the bank to ensure it can remain in operational existence for a period of 12 months from the date on which these accounts have been signed. As a consequence it is deemed appropriate to have these financial statements prepared on a going concern basis.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, subject to the revaluation of certain assets, and have been prepared in accordance with applicable accounting standards.

Turnover

Turnover represents the value of the goods and services supplied by the company during the year, excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

| | | |
|---------------------|-----|------------------------------|
| Freehold buildings | 2% | on cost |
| Leasehold property | | Over the period of the lease |
| Motor vehicles | 25% | reducing balance |
| Plant and machinery | 25% | reducing balance |

Intangible assets

Intangible fixed assets are stated at cost, and are amortised on a straight line basis over their anticipated useful lives as follows:

Intellectual property - The intellectual property capitalised is in respect of a product which is now on the market. The intangible asset is now amortised over its expected useful life of 20 years.

Intellectual property is stated at the directors' valuation less amortisation and is reviewed annually for potential impairment.

Stocks

Stock is valued at the lower of cost and estimated net realisable value.

Net realisable value is the price at which the stock can be realised in the normal course of business, less further costs to completion of sale.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

1 Accounting policies (continued)

Hire purchase and lease transactions

Assets acquired under hire purchase agreements are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account as they fall due.

Pension scheme

The company operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

2 Turnover

The turnover is attributable to the one principal activity of the company.

No exports were made by the company during the year.

3 Operating profit

This is stated after charging:

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Amortisation of intangibles | 39,584 | 39,359 |
| Depreciation of assets | 831,814 | 1,006,476 |
| Loss/(profit) on disposal of tangible fixed assets | 91,951 | (7,875) |
| Auditor's remuneration - Audit fee | 12,000 | 12,000 |
| Auditor's remuneration - fees for corporate finance & accountancy services | 33,787 | 30,475 |
| Auditor's remuneration - corporation tax services | 1,500 | 1,500 |
| | <u>919,636</u> | <u>1,102,915</u> |

4 Employee information

| | <u>2013</u> £ | <u>2012</u> £ |
|---|------------------|------------------|
| Staff costs including directors' remuneration: | | |
| Wages and salaries | 3,412,949 | 3,532,809 |
| Social security costs | 307,345 | 305,305 |
| Other pension costs | 3,138 | 2,712 |
| | <u>3,723,432</u> | <u>3,840,826</u> |

The average number of persons employed during the year, including executive directors, was made up as follows:

| | <u>2013</u> Number | <u>2012</u> Number |
|----------------|-----------------------|-----------------------|
| Operational | 111 | 103 |
| Administration | 53 | 55 |
| | <u>164</u> | <u>158</u> |

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

5 Directors' remuneration

| | <u>2013</u> £ | <u>2012</u> £ |
|---|------------------|------------------|
| Salaries and benefits | 295,743 | 313,061 |
| Company contributions to defined contribution pension schemes | 2,032 | 1,989 |
| | <u>297,775</u> | <u>315,050</u> |

One director is a member of a defined contribution pension scheme (2012: One).

Included in the directors' remuneration are benefits in kind of £2,069 (2012: £2,057).

The remuneration of the highest paid director was:

| | | |
|--------------|----------------|----------------|
| Remuneration | <u>149,860</u> | <u>158,287</u> |
|--------------|----------------|----------------|

6 Interest payable and similar charges

| | <u>2013</u> £ | <u>2012</u> £ |
|---|------------------|------------------|
| In respect of loans repayable within five years: | | |
| On bank loans and overdrafts | 18,996 | 70,275 |
| Interest on directors' loan accounts | 8,412 | 5,499 |
| Interest on overdue tax | 200 | 1,098 |
| Other interest | 15,438 | 14,108 |
| On obligations under hire purchase agreements | 119,189 | 77,627 |
| | <u>162,235</u> | <u>168,607</u> |

7 Taxation on profit on ordinary activities

| | <u>2013</u> £ | <u>2012</u> £ |
|---|------------------|------------------|
| United Kingdom corporation tax at 23.92% (2012: 25.84%) | 301,091 | 141,584 |
| Deferred taxation (note 15) | (41,528) | (39,573) |
| Adjustments in respect of previous years | (10,889) | - |
| | <u>248,674</u> | <u>102,011</u> |

Factors affecting tax charge for the period

| | | |
|---|----------------|----------------|
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.92% (2012: 25.84%) | 247,048 | 96,028 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 10,024 | 18,544 |
| Depreciation in excess of capital allowances | 38,162 | 29,723 |
| Fixed asset timing differences | 5,857 | - |
| Marginal relief | - | (2,711) |
| Current tax charge for the year | <u>301,091</u> | <u>141,584</u> |

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

8 Intangible fixed assets

| | <u>Patents</u> £ |
|-----------------------|---------------------|
| Cost | |
| At 1 May 2012 | 787,185 |
| Additions | 33,998 |
| At 30 April 2013 | <u>821,183</u> |
| Amortisation | |
| At 1 May 2012 | 78,718 |
| Charge for the year | 39,584 |
| At 30 April 2013 | <u>118,302</u> |
| Net book value | |
| At 30 April 2013 | <u>702,881</u> |
| At 30 April 2012 | <u>708,467</u> |

9 Tangible fixed assets

| | <u>Land and buildings</u> £ | <u>Motor vehicles</u> £ | <u>Plant and machinery</u> £ | <u>Total</u> £ |
|---------------------------|--|--------------------------------|-------------------------------------|-------------------|
| Cost | | | | |
| At 1 May 2012 | 951,346 | 2,291,482 | 4,123,221 | 7,366,049 |
| Additions | 282,800 | 690,088 | 15,100 | 987,988 |
| Disposals | - | (469,396) | - | (469,396) |
| At 30 April 2013 | <u>1,234,146</u> | <u>2,512,174</u> | <u>4,138,321</u> | <u>7,884,641</u> |
| Depreciation | | | | |
| At 1 May 2012 | 41,755 | 933,058 | 1,841,771 | 2,816,584 |
| Charge for the year | 24,488 | 312,497 | 494,829 | 831,814 |
| Adjustments for disposals | - | (209,178) | - | (209,178) |
| At 30 April 2013 | <u>66,243</u> | <u>1,036,377</u> | <u>2,336,600</u> | <u>3,439,220</u> |
| Net book value | | | | |
| At 30 April 2013 | <u>1,167,903</u> | <u>1,475,797</u> | <u>1,801,721</u> | <u>4,445,421</u> |
| At 30 April 2012 | <u>909,591</u> | <u>1,358,424</u> | <u>2,281,450</u> | <u>4,549,465</u> |

10 Stocks

| | <u>2013</u> £ | <u>2012</u> £ |
|---------------------------|------------------|------------------|
| Consumables and bin stock | <u>135,832</u> | <u>149,819</u> |

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

11 Debtors

| | <u>2013</u> £ | <u>2012</u> £ |
|--------------------------------------|------------------|------------------|
| Trade debtors | 2,947,415 | 3,186,440 |
| Amounts owed by related undertakings | 244,331 | 447,506 |
| Prepaid expenses and accrued income | 125,922 | 296,848 |
| | <u>3,317,668</u> | <u>3,930,794</u> |

12 Creditors: amounts falling due within one year

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Bank loans and overdrafts | 1,356,448 | 1,670,667 |
| Trade creditors | 1,914,921 | 2,129,659 |
| Amounts owed to related undertakings | 360,022 | 22 |
| Other creditors | 119,055 | 7,136 |
| Corporation tax | 301,091 | 141,584 |
| Other tax and social security | 390,225 | 424,693 |
| Net obligations under finance leases and hire purchase contracts | 601,107 | 653,704 |
| Accruals and deferred income | 179,189 | 136,070 |
| | <u>5,222,058</u> | <u>5,163,535</u> |
| Secured creditors | <u>1,957,555</u> | <u>2,324,371</u> |

Included in bank loans and overdrafts at 30 April 2013 are loans with Clydesdale Bank of £332,766 which were repaid in full during August 2013 and £167,701 which was re-banked with HSBC Bank Plc post year end as a long term loan.

Included in other creditors is £107,383 (2012: £nil) due to the directors. Interest is charged at 8.5% per annum.

13 Creditors: amounts falling due after more than one year

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Bank loans | - | 501,068 |
| Net obligations under finance leases and hire purchase contracts | 663,379 | 817,259 |
| Other creditors | - | 90,000 |
| | <u>663,379</u> | <u>1,408,327</u> |
| Secured creditors | <u>663,379</u> | <u>1,318,327</u> |

The bank holds a floating charge over the assets of the company in respect of all sums and obligations due. At 30 April 2013 the bank also held a standard security over the property in Dundee then owned by the company as well as having a charge over the debtor book.

Post year end, the mortgage on the Dundee property has been repaid and the security discharged.

Hire purchase and finance companies have security over the fixed assets financed until the finance is paid in full.

Included in other creditors is £nil (2012: £90,000) due to the directors.

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

14 Commitments under hire purchase agreements

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Amounts payable within 1 year (note 12) | 601,107 | 653,704 |
| Amounts payable between 2 to 5 years (note 13) | <u>663,379</u> | <u>817,259</u> |
| | <u>1,264,486</u> | <u>1,470,963</u> |

15 Provisions for liabilities

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Accelerated capital allowances | <u>74,406</u> | <u>115,934</u> |
| Provision at start of year | 115,934 | |
| Deferred tax charge in profit and loss account for year (note 7) | <u>(41,528)</u> | |
| Provision at end of year | <u>74,406</u> | |

16 Called-up share capital

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Allotted, called up and fully paid Equity shares: | | |
| 5,000 ordinary shares of £1 each | <u>5,000</u> | <u>5,000</u> |

17 Reserves

| | <u>Revaluation reserve</u> £ | <u>Profit and loss account</u> £ |
|--------------------------------|-------------------------------------|---|
| At 1 May 2012 | 495,000 | 2,192,954 |
| Profit for the year | - | 784,229 |
| Release of revaluation reserve | (27,500) | 27,500 |
| Dividends paid (note 18) | - | (350,000) |
| At 30 April 2013 | <u>467,500</u> | <u>2,654,683</u> |

18 Dividends

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| On equity shares: | | |
| Interim dividend in respect of the year ended 30 April 2013 of £70 (2012: £66) per share | <u>350,000</u> | <u>330,000</u> |

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

19 Reconciliation of movement in shareholders' funds

| | <u>2013</u> £ | <u>2012</u> £ |
|--|------------------|------------------|
| Profit for the year | 784,229 | 270,169 |
| Dividends | (350,000) | (330,000) |
| Net addition to/(reduction in) shareholders' funds | 434,229 | (59,831) |
| Shareholders' funds at 1 May 2012 | 2,692,954 | 2,752,785 |
| Shareholders' funds at 30 April 2013 | <u>3,127,183</u> | <u>2,692,954</u> |

20 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash flow operating activities

| | <u>2013</u> £ | <u>2012</u> £ |
|---|------------------|------------------|
| Operating profit | 1,195,091 | 540,732 |
| Depreciation charges | 831,814 | 1,006,476 |
| Amortisation charges | 39,584 | 39,359 |
| Loss/(profit) on sale of fixed assets | 91,951 | (7,875) |
| Decrease/(increase) in stock | 13,987 | (23,970) |
| Decrease/(increase) in debtors | 613,126 | (337,440) |
| Increase/(decrease) in creditors | 175,832 | (260,639) |
| Net cash inflow from operating activities | <u>2,961,385</u> | <u>956,643</u> |

b) Analysis of change in net debt

| | <u>Brought forward</u> | <u>Cash flows</u> | <u>Other changes</u> | <u>Carried forward</u> |
|-----------------------------------|------------------------|-------------------|----------------------|------------------------|
| Cash at bank and in hand | 42,205 | 443,019 | - | 485,224 |
| Bank overdraft | (1,465,876) | 609,895 | - | (855,981) |
| | (1,423,671) | 1,052,914 | - | (370,757) |
| Debt due within one year | (858,495) | (243,079) | - | (1,101,574) |
| Debt due after more than one year | (1,408,327) | 292,989 | 451,959 | (663,379) |
| | <u>(3,690,493)</u> | <u>1,102,824</u> | <u>451,959</u> | <u>(2,135,710)</u> |

c) Reconciliation of net cash flow to movement in debt

| | <u>2013</u> £ | <u>2012</u> £ |
|---|--------------------|--------------------|
| Net increase/(decrease) in cash | 1,052,914 | (855,663) |
| Reduction in bank loan | 205,392 | 201,444 |
| Reduction in long term loan | 90,000 | - |
| Reduction in finance lease and HP contracts | 206,477 | 250,699 |
| Changes in net funds/(debt) | 1,554,783 | (403,520) |
| Net debt at 1 May 2012 | (3,690,493) | (3,286,973) |
| Net debt at 30 April 2013 | <u>(2,135,710)</u> | <u>(3,690,493)</u> |

HEALTHCARE ENVIRONMENTAL SERVICES LIMITED

Notes to the abbreviated financial statements for the year ended 30 April 2013 (continued)

21 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 30 April 2013 were as set out below:

| | <u>Land and buildings</u> £ | <u>2013</u> <u>Other</u> £ | <u>Land and buildings</u> £ | <u>2012</u> <u>Other</u> £ |
|--------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| Operating leases which expire: | | | | |
| Within one year | 16,000 | 1,850 | 16,000 | 1,504 |
| Within two to five years | 91,743 | 21,582 | 91,743 | 5,400 |
| Over five years | 129,334 | - | 129,334 | - |
| | <u>237,077</u> | <u>23,432</u> | <u>237,077</u> | <u>6,904</u> |

22 Controlling party

The ultimate controlling party is Garry Pettigrew.

23 Post balance sheet events

In October 2013, the mortgage on the property in Dundee was repaid and the security discharged. The property was sold by Healthcare Environmental Services Limited to Starryshaw Consultants Limited and has been leased back to the company.

24 Capital expenditure

| | <u>2013</u> £ | <u>2012</u> £ |
|---|------------------|------------------|
| Contracted for but not provided for in the financial statements | <u>2,977,219</u> | <u>-</u> |

25 Pension commitments and other post-retirement benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £3,138 (2012: £2,712).

26 Transactions with directors

At the balance sheet date there is a directors loan of £107,383 (2012: £90,000) owed by the company. This is included in other creditors. Interest at a rate of 8.5% is charged on the directors loan. The interest charge in the year was £8,412 (2012: £5,499). Under the terms of the mortgage facility between the company and the lender £90,000 was to be treated as repayable after more than one year. However, this mortgage was repaid post year end and this balance is now included within creditors falling within one year. The maximum due in the year was £138,000 (2012: £201,455).

Dividends of £350,000 (2012: £330,000) were paid in the year to the directors.