Company Registration No. 04364685 (England and Wales)

SWM & WASTE RECYCLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PEPLOWS
CHARTERED ACCOUNTANTS

SWM & WASTE RECYCLING LIMITED

COMPANY INFORMATION

Directors	Mr SR Akers Mr RJ Penfold Mr ME Mogford
Company number	04364685
Registered office	Gratton Way Roundswell Business Park Barnstaple Devon United Kingdom EX31 3NL
Auditor	Peplows Limited Moorgate House King Street Newton Abbot Devon TQ12 2LG

SWM & WASTE RECYCLING LIMITED

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SWM & WASTE RECYCLING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business
The main activities of the business continue to be the recycling of scrap metal and waste, including cardboard, plastics and paper.

In particular, the company will transform scrap metal and waste into useful resources safely, compliantly, sustainably and economically.

In order to maintain its position as one of the leading Total Waste Management Service providers in the South West, the company will continue to provide customers with cost effective and sustainable Waste Management Solutions which are supported by exemplary customer service.

It is the intention of the Directors to maintain and grow the business by focussing on the expansion of core recycling activities, and the development of innovative recycling solutions which add value throughout supply chains.

The Directors are further committed to improving and developing the business through the implementation of safe and sustainable practices which exceed employee and customer expectations and extended the scope and reach of the company offering.

On behalf of the board

Mr ME Mogford
Director

28 June 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Results and dividends
The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £261,313. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr SR Akers
Mr RJ Penfold
Mr ME Mogford

Financial instruments
Principal risks and uncertainties
The company's principal operational risks include the health, safety and welfare of its employees, employee retention and recruitment, the supply and demand for scrap metal , exposure to fluctuating global metal prices and market competition.

Risk from exposure to global markets is controlled by fixing purchase and sales contracts, monitoring market sentiment and watching market movement and reaction.

In addition, price fluctuations are managed by tight control of prices paid and through careful evaluation of margins. In order to mitigate its risk and provide additional protection against market changes the company will continue to diversify its customer base.

The company will manage the risk of employee movement by providing training and development opportunities for all employees. Training will also be provided in cross functional skills to provide short term cover for leavers, absenteeism and illness.

The company will also offer flexible working arrangements where appropriate and develop a supportive and welcoming culture that is enhanced by safe sites and working practices, competitive pay, and escalating holiday entitlement.

The health, safety and well being of employees is managed by a proactive, practical and consultative approach which includes, a robust Management System that is reviewed at least annually and externally audited, risk assessment, and access to an Occupational Health Practitioner.

The company will continue to manage liquidity risk through a combination of planned provision which includes lender facilities, careful cash management, prudent investment, and restructuring.

Auditor
The auditor, Peplows Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Development and performance

The company's sales have increased due to the global economic recovery following the lifting of Coronavirus restrictions. There has also been a substantial increase in demand and prices for scrap metal, recycled cardboard, plastics and paper.

Faced with future economic uncertainties, due, primarily to the war in the Ukraine, the Directors have continued to invest in order to provide sustainable practices which will provide protection against economic down, whilst, allowing the company to take advantage of opportunities as a result of economic upturns.

Analysis based on Key performance indicators

The Directors monitor company performance by preparing annual budgets, and using a number of key performance indicators including, but, not restricted to Turnover, Gross Margin, EBITDA, staff cost as a percentage of turnover, and transport costs as a percentage of turnover.

On behalf of the board

Mr ME Mogford
Director

28 June 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWM & WASTE RECYCLING LIMITED

Opinion

We have audited the financial statements of SWM & Waste Recycling Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

Matters on which we are required to report by exception

In the 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 and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

•the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

•we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the recycling sector;

•we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including data protection, employment, environmental and health and safety legislation;

•we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

•identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

•making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;

•considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

•reviewing the operation, via testing and/or discussing with management, of internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

•performed analytical procedures to identify any unusual or unexpected relationships;

•tested journal entries (including movements in accruals and prepayments) to identify unusual transactions;

•assessed whether judgements and assumptions made in determining the accounting estimates made by the company were indicative of potential bias;

•investigated the rationale behind significant or unusual transactions; and

•reviewing the records past the accounting date for any indication of transactions that should be reflected in these accounts.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

•agreeing financial statement disclosures to underlying supporting documentation;

•enquiring of management as to actual and potential litigation and claims;

•reviewing any relevant correspondence with HMRC, relevant regulators (Environment agency) and the company's legal advisors; and

•searching online for details of any potential breaches or incidents.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Peplows

Michael Young Bsc FCA (Senior Statutory Auditor)
For and on behalf of Peplows Limited

28 June 2022

Chartered Accountants
Statutory Auditor

Moorgate House
King Street
Newton Abbot
Devon
TQ12 2LG

SWM & WASTE RECYCLING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	16,896,543	11,526,524
Cost of sales		(12,160,945)	(8,189,995)
Gross profit		4,735,598	3,336,529
Administrative expenses		(3,174,314)	(2,727,386)
Other operating income		54,487	192,816
Operating profit	4	1,615,771	801,959
Interest receivable and similar income	7	51	93
Interest payable and similar expenses	8	(43,936)	(16,322)
Profit before taxation		1,571,886	785,730
Tax on profit	9	(292,280)	(287,032)
Profit for the financial year		1,279,606	498,698

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SWM & WASTE RECYCLING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Profit for the year	1,279,606	498,698
Other comprehensive income	-	-
Total comprehensive income for the year	1,279,606	498,698

SWM & WASTE RECYCLING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	**12**		4,291,866		3,843,514
Current assets					
Stocks	**14**	230,542		119,163	
Debtors	**15**	2,987,051		2,711,188	
Cash at bank and in hand		2,396,208		1,997,296	
		5,613,801		4,827,647	
Creditors: amounts falling due within one year	**16**	(2,949,668)		(3,307,225)	
Net current assets			2,664,133		1,520,422
Total assets less current liabilities			6,955,999		5,363,936
Creditors: amounts falling due after more than one year	**17**		(1,686,271)		(1,175,682)
Provisions for liabilities					
Deferred tax liability	**20**	435,696		372,515	
			(435,696)		(372,515)
Net assets			4,834,032		3,815,739
Capital and reserves					
Called up share capital	**22**		1,400		1,400
Profit and loss reserves			4,832,632		3,814,339
Total equity			4,834,032		3,815,739

SWM & WASTE RECYCLING LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2022

The financial statements were approved by the board of directors and authorised for issue on 28 June 2022 and are signed on its behalf by:

Mr SR Akers
Director

Mr RJ Penfold
Director

Mr ME Mogford
Director

Company Registration No. 04364685

SWM & WASTE RECYCLING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2020		1,400	3,317,841	3,319,241
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	498,698	498,698
Dividends	10	-	(2,200)	(2,200)
Balance at 31 March 2021		1,400	3,814,339	3,815,739
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	1,279,606	1,279,606
Dividends	10	-	(261,313)	(261,313)
Balance at 31 March 2022		1,400	4,832,632	4,834,032

SWM & WASTE RECYCLING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from operations	**25**		1,074,649		1,660,585
Interest paid			(43,936)		(16,322)
Income taxes paid			(95,624)		-
Net cash inflow from operating activities			935,089		1,644,263
Investing activities					
Purchase of tangible fixed assets		(1,007,690)		(1,831,230)	
Proceeds on disposal of tangible fixed assets		3,150		81,300	
Interest received		51		93	
Net cash used in investing activities			(1,004,489)		(1,749,837)
Financing activities					
Repayment of bank loans		(187,500)		1,250,000	
Payment of finance leases obligations		917,125		(183,554)	
Dividends paid		(261,313)		(2,200)	
Net cash generated from financing activities			468,312		1,064,246
Net increase in cash and cash equivalents			398,912		958,672
Cash and cash equivalents at beginning of year			1,997,296		1,038,624
Cash and cash equivalents at end of year			2,396,208		1,997,296

1 Accounting policies

Company information

SWM & Waste Recycling Limited is a private company limited by shares incorporated in England and Wales. The registered office is Gratton Way, Roundswell Business Park, Barnstaple, Devon, United Kingdom, EX31 3NL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The company recognises income once the goods have passed over the weigh bridge for depatch.

Revenue from contracts for the provision of professional services is recognised based on the number of hours provided as invoiced at the end of each month.

The rental income is recognised on a time apportioned basis.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life. The Goodwill is now fully amortised.

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Straight line over 50 years and land not depreciated
Leasehold land and buildings	Over the remaining period of the lease
Plant and equipment	Straight line over 5 and 10 years
Fixtures and fittings	Straight line over 5 years
Motor vehicles	Straight line over 5 and 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

1 Accounting policies **(Continued)**

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1 Accounting policies **(Continued)**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	16,110,127	10,889,170
Rendering of services	786,416	637,354
	16,896,543	11,526,524

	2022	2021
	£	£
Other significant revenue		
Interest income	51	93
Grants received	-	134,541
Rental income	54,487	58,275

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2022 £	2021 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	330	304
Government grants	-	(134,541)
Fees payable to the company's auditor for the audit of the company's financial statements	10,100	10,800
Depreciation of owned tangible fixed assets	559,338	383,345
Profit on disposal of tangible fixed assets	(3,150)	(77,967)
Operating lease charges	329,684	345,809

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Production	34	44
Administration and support	21	14
Other departments	7	3
Total	62	61

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,580,580	1,598,421
Social security costs	147,674	129,760
Pension costs	145,551	154,108
	1,873,805	1,882,289

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	140,517	175,664
Company pension contributions to defined contribution schemes	70,946	90,652
	211,463	266,316

6 Directors' remuneration **(Continued)**

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	51	93

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	51	93

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	34,902	-
Other interest on financial liabilities	664	-
	35,566	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	8,370	16,322
	43,936	16,322

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	213,205	12,975
Deferred tax		
Origination and reversal of timing differences	79,075	231,351
Changes in tax rates	-	42,706
Total deferred tax	79,075	274,057
Total tax charge	292,280	287,032

9 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	1,571,886	785,730
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	298,658	149,289
Tax effect of expenses that are not deductible in determining taxable profit	402	424
Tax effect of utilisation of tax losses not previously recognised	(7,299)	(7,299)
Permanent capital allowances in excess of depreciation	18,103	109,875
Other non-reversing timing differences	(17,584)	34,743
Taxation charge for the year	292,280	287,032

10 Dividends

	2022	2021
	£	£
Interim paid	261,313	2,200

11 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2021 and 31 March 2022	512,208
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	512,208
Carrying amount	
At 31 March 2022	-
At 31 March 2021	-

12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2021	879,642	387,890	4,942,413	204,508	941,267	7,355,720
Additions	224,541	115,143	528,374	93,632	46,000	1,007,690
Disposals	-	-	-	-	(83,000)	(83,000)
At 31 March 2022	1,104,183	503,033	5,470,787	298,140	904,267	8,280,410
Depreciation and impairment						
At 1 April 2021	-	369,292	2,263,156	193,464	686,294	3,512,206
Depreciation charged in the year	-	1,652	449,801	13,360	94,525	559,338
Eliminated in respect of disposals	-	-	-	-	(83,000)	(83,000)
At 31 March 2022	-	370,944	2,712,957	206,824	697,819	3,988,544
Carrying amount						
At 31 March 2022	1,104,183	132,089	2,757,830	91,316	206,448	4,291,866
At 31 March 2021	879,642	18,598	2,679,257	11,044	254,973	3,843,514

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022	2021
	£	£
Plant and equipment	363,237	378,519
Motor vehicles	35,584	79,945
	398,821	458,464

13 Financial instruments

Details of long term financial liabilities are provided in the borrowings note.

14 Stocks

	2022	2021
	£	£
Raw materials and consumables	230,542	119,163

Stocks are included net of costs of landfill for waste stock that can not be recycled.

15 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	2,650,636	2,408,928
Other debtors	891	3,050
Prepayments and accrued income	335,524	283,316
	2,987,051	2,695,294
Deferred tax asset (note 20)	-	15,894
	2,987,051	2,711,188

The carrying amount of trade debtors pledged as security for liabilities amounted to £2,650,636 (2021 £2,408,928).

The bank holds the company's book debts as part of its security for the bank finance.

16 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	18	250,000	187,500
Obligations under finance leases	19	345,644	189,108
Trade creditors		1,560,055	2,093,745
Corporation tax		213,205	95,624
Other taxation and social security		198,198	461,526
Other creditors		4,099	1,848
Accruals and deferred income		378,467	277,874
		2,949,668	3,307,225

17 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	18	812,500	1,062,500
Obligations under finance leases	19	873,771	113,182
		1,686,271	1,175,682

18 Loans and overdrafts

	2022	2021
	£	£
Bank loans	1,062,500	1,250,000
Payable within one year	250,000	187,500
Payable after one year	812,500	1,062,500

The long-term loans are secured by fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

The CBILs loan is denominated in £ with a nominal interest rate of base plus 3.81%, and the final instalment is due on 24 June 2026. The carry amount at the year end is £1,062,500 (2021 £1,250,000).

The loan initially had no payments for the first 12 months and then was repayable in monthly instalments over 60 months.

19 Finance lease obligations

	2022	2021
Future minimum lease payments due under finance leases:	£	£
Within one year	345,644	189,108
In two to five years	873,771	113,182
	1,219,415	302,290

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance leases are secured on the fixed assets financed.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Accelerated capital allowances	447,303	372,515	-	-
Pension contributions allowable for tax on a paid basis	(11,607)	-	-	15,894
	435,696	372,515	-	15,894

Movements in the year:	2022 £
Liability at 1 April 2021	356,621
Charge to profit or loss	79,075
Liability at 31 March 2022	435,696

The deferred tax liability set out above is expected to reverse over a long period and relates to accelerated capital allowances that are expected to mature over a long period.

Deferred tax is not recognised in respect of non trading tax losses of £491,357 (2021 £529,771). It is anticipated that £34,000 of these losses will be utilised in the next 12 months.

21 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	145,551	154,108

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

Ordinary share capital	2022 Number	2021 Number	2022 £	2021 £
Issued and fully paid				
Ordinary shares of £1 each	1,200	1,200	1,200	1,200
A Ordinary shares of £1 each	100	100	100	100
B Ordinary shares of £1 each	50	100	100	100
C Ordinary shares of £1 each	50	-	-	-
	1,400	1,400	1,400	1,400

22 Share capital **(Continued)**

The company has the following share classes and the rights attached to these are:

- Ordinary shares - have full voting rights
- Ordinary A, Ordinary B and Ordinary C shares - are no voting shares

On return of capital on a sale, liquidation or otherwise (except on a purchase by the Company of any Shares), the surplus assets of the Company remaining after payment of its liabilities shall distribute amongst the holders of the Shares pro-rata and pari passu with each share class to be treated equally according to the amount paid up or credited as paid on each such share.

Each share class has separate rights to dividend.

During the year ended 31 March 2022 the company allotted 50 Ordinary C shares in exchange for 50 Ordinary B shares.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	139,761	140,568
Between two and five years	550,689	555,463
In over five years	929,913	1,064,900
	1,620,363	1,760,931

24 Directors' transactions

Dividends totalling £261,313 (2021 - £2,200) were paid in the year in respect of shares held by the company's directors.

A director owns a yard used by the company and received rent during the year amounting to £24,000 (2021 £13,008).

Two directors jointly own property used by the company and received rent during the year amounting to £80,000 (2021 £80,000).

Two directors have provided personal guarantees in respect of a property leased by the company, with a total commitment of £1,062,500 (2021 £1,250,000).

25 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	1,279,606	498,698
Adjustments for:		
Taxation charged	292,280	287,032
Finance costs	43,936	16,322
Investment income	(51)	(93)
Gain on disposal of tangible fixed assets	(3,150)	(77,967)
Depreciation and impairment of tangible fixed assets	559,338	383,345
Movements in working capital:		
Increase in stocks	(111,379)	(98,393)
Increase in debtors	(291,757)	(958,694)
(Decrease)/increase in creditors	(694,174)	1,610,335
Cash generated from operations	1,074,649	1,660,585

26 Analysis of changes in net funds

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	1,997,296	398,912	2,396,208
Borrowings excluding overdrafts	(1,250,000)	187,500	(1,062,500)
Obligations under finance leases	(302,290)	(917,125)	(1,219,415)
	445,006	(330,713)	114,293