

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022  
FOR  
BENFLEET SCRAP CO LIMITED**

The Carley Partnership  
Statutory Auditor  
St James's House  
8 Overcliffe  
Gravesend  
Kent  
DA11 0HJ

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Statement of Financial Position</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Statement of Cash Flows</b>	<b>10</b>
<b>Notes to the Statement of Cash Flows</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>

**BENFLEET SCRAP CO LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

<b>DIRECTORS:</b>	R B Leeman L B Leeman
<b>SECRETARY:</b>	L B Leeman
<b>REGISTERED OFFICE:</b>	St James's House 8 Overcliffe Gravesend Kent United Kingdom DA11 0HJ
<b>REGISTERED NUMBER:</b>	03031502
<b>AUDITORS:</b>	The Carley Partnership Statutory Auditor St James's House 8 Overcliffe Gravesend Kent DA11 0HJ
<b>BANKERS:</b>	Lloyds TSB Bank plc 34 High Street Grays Essex RM17 6LZ
<b>SOLICITORS:</b>	Cripps LLP Wallside House 12 Mount Ephraim Road Tunbridge Wells Kent TN1 1EG

**STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

The directors present their strategic report for the year ended 28 February 2022.

**REVIEW OF BUSINESS**

The company operates mainly from Caxton House , Basildon, Essex.

The Board is delighted to report that the company has operated excellently in this financial year, much improved on the previous year that was affected by the COVID-19 pandemic.

The Director has continued to explore opportunities to invest and expand the operations of the company throughout the year. The company has maintained a strong financial position, with large reserves held of liquid funds as at the balance sheet date.

The company is aware of its social and environmental responsibilities and continually seek ways to improve their environment policies and investing in new technologies to reduce it's carbon footprint.

Fair review of business and key performance indicators

The directors consider that the key financial performance indicators (KPIs) are those factors by reference to which the performance, development and strength of the company's business can be measured by its members. These KPIs comprise turnover, gross profit percentage, operating profit and net assets.

- Turnover for the year increased by 90.28% to £34.87 million (2021: decreased by 37.69% to £18.32 million).
- Gross profit percentage decreased to 15.76% (2021: increased to 15.77%).
- Operating profit for the year was £2.12 million (2021: operating profit £510,496).
- Net current assets increased to £9.14 million (2021: increased to £7.15 million).

Principal risks and uncertainties

The operations and management of the business are subject to a number of risks. These risks are reviewed by the director on an ongoing basis. The main risks identified by the director are as follows:-

- Scrap prices are fixed by the end users and reflect supply and demand worldwide: as a result prices can be volatile and may fluctuate on a daily basis.
- Scrap demand depends on both domestic and overseas levels of steel production and currency which in turn is closely linked to economic conditions.
- Possible scrap shortage.
- Continuing regulation of the industry will significantly increase the cost of compliance.
- High transport costs.
- Fluctuation in exchange rates, which affect exports and scrap prices.

The company maintains a high level of liquid funds to mitigate some of the uncertainties in the business environment in which it operates.

Financial risk, management objective and policies

The company's principal financial instruments comprise cash balances. The company has no bank loans.

The company has taken action to mitigate its liquidity risk by making sure all liabilities are paid on time and the company's cash has been spread over different financial institutions.

**ON BEHALF OF THE BOARD:**

R B Leeman - Director

22 November 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

The directors present their report with the financial statements of the company for the year ended 28 February 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of scrap metal merchants.

**DIVIDENDS**

Interim dividends totalling £6.66566 per share were paid on the Ordinary B £1 shares during the year. No dividends were paid on the Ordinary A £1 shares.

The total distribution of dividends for the year ended 28 February 2022 will be £ 2,500 .

**DIRECTORS**

L B Leeman has held office during the whole of the period from 1 March 2021 to the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, The Carley Partnership, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

R B Leeman - Director

22 November 2022

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BENFLEET SCRAP CO LIMITED**

---

### **Opinion**

We have audited the financial statements of Benfleet Scrap Co Limited (the 'company') for the year ended 28 February 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 28 February 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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 the audit:

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BENFLEET SCRAP CO LIMITED**

---

### **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 or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page three, 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 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.

### **Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, our approach was as follows:

- we obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that are applicable to the company and of how the company is complying with those frameworks;
- we enquired of management about their own identification and assessment of the risks of irregularities, including any known instances of fraud;
- we discussed matters concerning non-compliance with laws and regulations and how fraud might occur including assessment of how the financial statements might be susceptible to fraud.

As a result of these procedures we consider that the most significant laws and regulations relating to the financial statements are FRS102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to enable us to detect non-compliance with significant laws and regulations which may have a material impact on the financial statements which included reviewing disclosures within the financial statements and inspecting correspondence with tax authorities.

We considered the risk of fraud through management override and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. In response, we incorporated testing of the appropriateness of journal entries, assessing judgements made by management in making accounting estimates and evaluating the business rationale for any significant unusual transactions or those outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BENFLEET SCRAP CO LIMITED**

---

### **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 a Report of the Auditors 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.

Claire Ralph (Senior Statutory Auditor)  
for and on behalf of The Carley Partnership  
Statutory Auditor  
St James's House  
8 Overcliffe  
Gravesend  
Kent  
DA11 0HJ

23 November 2022



**BENFLEET SCRAP CO LIMITED (REGISTERED NUMBER: 03031502)****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Notes	2022 £	2021 £
<b>TURNOVER</b>	3	34,871,815	18,327,008
Cost of sales		<u>29,375,733</u>	<u>15,436,264</u>
<b>GROSS PROFIT</b>		5,496,082	2,890,744
Administrative expenses		<u>3,426,729</u>	<u>2,773,276</u>
		2,069,353	117,468
Other operating income		<u>57,796</u>	<u>393,028</u>
<b>OPERATING PROFIT</b>	5	2,127,149	510,496
Interest receivable and similar income	6	<u>17,598</u>	<u>18,042</u>
		2,144,747	528,538
Interest payable and similar expenses	7	<u>26,087</u>	<u>25,656</u>
<b>PROFIT BEFORE TAXATION</b>		2,118,660	502,882
Tax on profit	8	<u>374,918</u>	<u>205,944</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,743,742	296,938
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,743,742</u>	<u>296,938</u>

The notes form part of these financial statements

**BENFLEET SCRAP CO LIMITED (REGISTERED NUMBER: 03031502)****STATEMENT OF FINANCIAL POSITION  
28 FEBRUARY 2022**

	Notes	2022 £	£	2021 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		<u>3,800,541</u>		<u>4,322,900</u>
			3,800,541		4,322,900
<b>CURRENT ASSETS</b>					
Stocks	12	1,709,791		881,670	
Debtors	13	6,254,015		3,369,681	
Cash at bank and in hand		<u>6,523,739</u>		<u>6,013,686</u>	
		14,487,545		10,265,037	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>5,343,499</u>		<u>3,108,191</u>	
<b>NET CURRENT ASSETS</b>			<u>9,144,046</u>		<u>7,156,846</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,944,587		11,479,746
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(146,382)		(409,864)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(440,319)</u>		<u>(453,238)</u>
<b>NET ASSETS</b>			<u>12,357,886</u>		<u>10,616,644</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		500		500
Retained earnings	19		<u>12,357,386</u>		<u>10,616,144</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>12,357,886</u>		<u>10,616,644</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 November 2022 and were signed on its behalf by:

R B Leeman - Director

**BENFLEET SCRAP CO LIMITED (REGISTERED NUMBER: 03031502)****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 March 2020</b>	500	10,322,706	10,323,206
<b>Changes in equity</b>			
Dividends	-	(3,500)	(3,500)
Total comprehensive income	-	296,938	296,938
<b>Balance at 28 February 2021</b>	<u>500</u>	<u>10,616,144</u>	<u>10,616,644</u>
<b>Changes in equity</b>			
Dividends	-	(2,500)	(2,500)
Total comprehensive income	-	1,743,742	1,743,742
<b>Balance at 28 February 2022</b>	<u>500</u>	<u>12,357,386</u>	<u>12,357,886</u>

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2022**

		2022 £	2021 £
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,421,345	2,529,833
Interest element of hire purchase payments paid		(26,087)	(25,656)
Tax paid		(90,392)	-
Net cash from operating activities		<u>1,304,866</u>	<u>2,504,177</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(533,254)	(821,132)
Sale of tangible fixed assets		88,000	238,125
Interest received		17,598	18,042
Net cash from investing activities		<u>(427,656)</u>	<u>(564,965)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(334,411)	(202,900)
Loans introduced		2,413	-
Loans withdrawn		(32,659)	677
Equity dividends paid		(2,500)	(3,500)
Net cash from financing activities		<u>(367,157)</u>	<u>(205,723)</u>
<b>Increase in cash and cash equivalents</b>		<u>510,053</u>	<u>1,733,489</u>
<b>Cash and cash equivalents at beginning of year</b>	2	6,013,686	4,280,197
<b>Cash and cash equivalents at end of year</b>	2	<u>6,523,739</u>	<u>6,013,686</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021
	£	£
Profit before taxation	2,118,660	502,882
Depreciation charges	967,054	1,054,495
Loss/(profit) on disposal of fixed assets	560	(89,602)
Government grants	57,795	-
Government grants	(57,796)	1
Finance costs	26,087	25,656
Finance income	(17,598)	(18,042)
	<u>3,094,762</u>	<u>1,475,390</u>
Increase in stocks	(828,121)	(192,706)
(Increase)/decrease in trade and other debtors	(2,853,418)	660,491
Increase in trade and other creditors	<u>2,008,122</u>	<u>586,658</u>
<b>Cash generated from operations</b>	<u><u>1,421,345</u></u>	<u><u>2,529,833</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 28 February 2022**

	28.2.22	1.3.21
	£	£
Cash and cash equivalents	<u>6,523,739</u>	<u>6,013,686</u>

**Year ended 28 February 2021**

	28.2.21	1.3.20
	£	£
Cash and cash equivalents	<u>6,013,686</u>	<u>4,280,197</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.3.21	Cash flow	At 28.2.22
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>6,013,686</u>	<u>510,053</u>	<u>6,523,739</u>
	<u>6,013,686</u>	<u>510,053</u>	<u>6,523,739</u>
<b>Debt</b>			
Finance leases	<u>(839,783)</u>	<u>334,411</u>	<u>(505,372)</u>
	<u>(839,783)</u>	<u>334,411</u>	<u>(505,372)</u>
<b>Total</b>	<u><u>5,173,903</u></u>	<u><u>844,464</u></u>	<u><u>6,018,367</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

**1. STATUTORY INFORMATION**

Benfleet Scrap Co Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

**Basis of preparing financial statements**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through the statement of comprehensive income.

The financial statements are presented in Sterling, which is the functional currency of the entity.

**Significant judgements and estimates**

There are no significant estimates or assumptions made that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Revenue recognition**

Revenue refers to the amounts earned from the Company's principal activity: that was mainly on selling of scrap metal.

The revenue shown in the income statement represents amounts invoiced during the year, exclusive of Value Added Tax.

**Tangible fixed assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

**Depreciation**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant & machinery - 20% on reducing balance and 15% on cost

Motor vehicles - 25% on reducing balance

Short Leasehold - Amortised over period of lease or amortised at 20% on a straight line basis.

**Government grants**

Grant income is recognised using the accrual model in the period in which it becomes receivable.

**Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

---

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

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

**Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

**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.

**Creditors**

Short term trade 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

**2. ACCOUNTING POLICIES - continued**

**Provisions for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The amount of discount is recognised as finance cost in profit or loss in the period it arises.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

**3. TURNOVER**

The company does not disclose its turnover by geographic location as it considers that it would be detrimental to its business.

**4. EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	3,039,918	2,406,116
Social security costs	296,483	221,960
Other pension costs	57,736	42,519
	<u>3,394,137</u>	<u>2,670,595</u>

The average number of employees during the year was as follows:

	2022	2021
Administrative staff	27	12
Operatives	<u>72</u>	<u>71</u>
	<u>99</u>	<u>83</u>

	2022	2021
	£	£
Directors' remuneration	<u>132,000</u>	<u>127,678</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>2</u>	<u>3</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

**5. OPERATING PROFIT**

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

	2022	2021
	£	£
Hire of plant and machinery	645,788	506,408
Other operating leases	488,900	462,567
Depreciation - owned assets	967,053	1,054,496
Loss/(profit) on disposal of fixed assets	560	(89,602)
Auditors' remuneration	16,655	33,970
Foreign exchange differences	<u>31</u>	<u>-</u>

Operating profit or loss is the profit or loss from business operations before deduction of interest and taxes.

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022	2021
	£	£
Deposit account interest	343	690
Other interest received	<u>17,255</u>	<u>17,352</u>
	<u>17,598</u>	<u>18,042</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Hire purchase	<u>26,087</u>	<u>25,656</u>

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	387,837	89,756
Deferred tax	<u>(12,919)</u>	<u>116,188</u>
Tax on profit	<u>374,918</u>	<u>205,944</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 28 FEBRUARY 2022**
**8. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>2,118,660</u>	<u>502,882</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	402,545	95,548
Effects of:		
Expenses not deductible for tax purposes	514	55
Adjustments to tax charge in respect of previous periods	(33)	-
Permanently disallowed depreciation	890	1,564
Change in deferred tax rate	(3,101)	108,777
Capital allowances super-deduction	<u>(25,897)</u>	<u>-</u>
Total tax charge	<u>374,918</u>	<u>205,944</u>

**9. DIVIDENDS**

	2022 £	2021 £
Ordinary B shares of £1 each		
Interim	<u>2,500</u>	<u>3,500</u>

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 March 2021	5,000
Disposals	<u>5,000</u>
At 28 February 2022	<u>10,000</u>
<b>AMORTISATION</b>	
At 1 March 2021	5,000
Eliminated on disposal	<u>5,000</u>
At 28 February 2022	<u>10,000</u>
<b>NET BOOK VALUE</b>	
At 28 February 2022	-
At 28 February 2021	-

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

**11. TANGIBLE FIXED ASSETS**

	Leasehold £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 March 2021	665,923	7,027,801	2,581,952	10,275,676
Additions	-	314,136	219,118	533,254
Disposals	-	(146,045)	(184,800)	(330,845)
At 28 February 2022	<u>665,923</u>	<u>7,195,892</u>	<u>2,616,270</u>	<u>10,478,085</u>
<b>DEPRECIATION</b>				
At 1 March 2021	537,290	3,821,051	1,594,435	5,952,776
Charge for year	4,684	684,386	277,983	967,053
Eliminated on disposal	-	(75,017)	(167,268)	(242,285)
At 28 February 2022	<u>541,974</u>	<u>4,430,420</u>	<u>1,705,150</u>	<u>6,677,544</u>
<b>NET BOOK VALUE</b>				
At 28 February 2022	<u>123,949</u>	<u>2,765,472</u>	<u>911,120</u>	<u>3,800,541</u>
At 28 February 2021	<u>128,633</u>	<u>3,206,750</u>	<u>987,517</u>	<u>4,322,900</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant & Machinery £
<b>Net book values</b>	
At 28 February 2022	<u>1,354,732</u>
At 29 February 2021	<u>1,615,049</u>
<b>Depreciation charge for the year</b>	
At 28 February 2022	<u>345,738</u>
At 29 February 2021	<u>413,343</u>

**12. STOCKS**

	2022 £	2021 £
Stock	<u>1,709,791</u>	<u>881,670</u>

**13. DEBTORS**

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	4,675,616	1,558,419
Bad debt provision	(106,144)	-
Other debtors	123,637	162,352
Directors' current accounts	32,659	2,413
Tax	56,383	55,713
Prepayments and accrued income	<u>191,195</u>	<u>210,115</u>
	<u>4,973,346</u>	<u>1,989,012</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

**13. DEBTORS - continued**

	2022 £	2021 £
Amounts falling due after more than one year:		
Other debtors	<u>1,280,669</u>	<u>1,380,669</u>
Aggregate amounts	<u>6,254,015</u>	<u>3,369,681</u>

Please see note 22 for related party disclosures.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Hire purchase contracts (see note 16)	358,990	429,919
Trade creditors	2,571,360	1,145,002
Corporation tax	387,871	89,756
Social security and other taxes	691,302	668,510
Other creditors	34,212	28,312
Accrued expenses	<u>1,299,764</u>	<u>746,692</u>
	<u>5,343,499</u>	<u>3,108,191</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022 £	2021 £
Hire purchase contracts (see note 16)	<u>146,382</u>	<u>409,864</u>

Obligations under hire purchase agreements are secured on the associated assets.

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2022 £	2021 £
Net obligations repayable:		
Within one year	358,990	429,919
Between one and five years	<u>146,382</u>	<u>409,864</u>
	<u>505,372</u>	<u>839,783</u>

	Non-cancellable operating leases 2022 £	2021 £
Within one year	278,346	292,321
Between one and five years	669,311	611,782
In more than five years	<u>1,187,273</u>	<u>1,200,723</u>
	<u>2,134,930</u>	<u>2,104,826</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

**17. PROVISIONS FOR LIABILITIES**

	2022 £	2021 £
Deferred tax	<u>440,319</u>	<u>453,238</u>
		Deferred tax
		£
Balance at 1 March 2021		453,238
Credit to Statement of Comprehensive Income during year movement		(12,919)
Balance at 28 February 2022		<u>440,319</u>
	2022 £	2021 £
Accelerated capital allowances	(12,919)	116,188
Tax losses	-	-
	<u>(12,919)</u>	<u>116,188</u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2022 £	2021 £
125	Ordinary A	£1	125	125
375	Ordinary B	£1	<u>375</u>	<u>375</u>
			<u>500</u>	<u>500</u>

Both classes of share rank equally in all respects with the exception of voting of dividends that may be declared on a class of share to the exclusion of the other or may be declared at varying rates.

**19. RESERVES**

	Retained earnings £
At 1 March 2021	10,616,144
Profit for the year	1,743,742
Dividends	<u>(2,500)</u>
At 28 February 2022	<u>12,357,386</u>

**20. PENSION COMMITMENTS**

The pension cost charge represents defined contributions payable by the company to an independently administered fund. There was £5,128 provided within creditors at 28th February 2022 (2021: £1,581).

**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the year, the company made a loan to a director amounting to £32,746 and received repayments amounting to £2,500. The balance outstanding at 28th February 2022 was 32,659 (2021: £2,413). Interest is being charged on this loan at 2% per annum. The loan was repaid after the year end.

**22. RELATED PARTY DISCLOSURES**

One of the directors/shareholders has significant control of another company. The company has an agreement in place whereby it would make available a maximum of £3,000,000 for the other company to draw down from 23 August 2010. This loan is secured by a legal mortgage over that company's freehold property.

The loan balance owed to the company as at 28th February 2022 was £1,380,669 (2021: £1,480,669). Interest is charged on this loan at 1% above the Bank of England Base Rate. Interest owed to the company as at the balance sheet date was £4,477 (2021: £5,164) which is included in debtors due within one year. Capital repayments of £25,000 per quarter commenced as at 21 September 2016 as per the agreement.

The company also paid rent for properties and paid hire charge for plant and machinery to the other company during the year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.