

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021  
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 2021**

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	<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 2021**

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**DIRECTORS:**

R B Leeman  
L B Leeman  
R A Leeman

**SECRETARY:**

L B Leeman

**REGISTERED OFFICE:**

St James's House  
8 Overcliffe  
Gravesend  
Kent  
United Kingdom  
DA11 0HJ

**REGISTERED NUMBER:**

03031502

**AUDITORS:**

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

**BANKERS:**

Lloyds TSB Bank plc  
34 High Street  
Grays  
Essex  
RM17 6LZ

**SOLICITORS:**

Cripps LLP  
Wallside House  
12 Mount Ephraim Road  
Tunbridge Wells  
Kent  
TN1 1EG

**STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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The directors present their strategic report for the year ended 28 February 2021.

**REVIEW OF BUSINESS**

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

The company has been affected by the covid-19 pandemic which started in the beginning of this accounts year. The Board is delighted to report that whilst it has been a difficult year, the company has been able to continue to operate satisfactorily. The trading conditions are much improved in 2022.

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 decreased by 37.69% to £18.32 million (2020: decreased by 8.31% to £29.41million).
- Gross profit percentage increased to 15.77% (2020: decreased to 10.61%).
- Operating profit for the year was £510,496 (2020: Operating profit £254,038).
- Net current assets increased to £7.15 million (2020: decreased to £6.59 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

27 January 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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The directors present their report with the financial statements of the company for the year ended 28 February 2021.

**PRINCIPAL ACTIVITY**

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

**DIVIDENDS**

An interim dividend of £9.33333 per share was paid on the Ordinary B £1 shares on 31 March 2020. No dividends were paid on the Ordinary A £1 shares.

The total distribution of dividends for the year ended 28 February 2021 will be £ 3,500 .

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 March 2020 to the date of this report.

R B Leeman  
L B Leeman  
R A Leeman

**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

27 January 2022

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

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### **Opinion**

We have audited the financial statements of Benfleet Scrap Co Limited (the 'company') for the year ended 28 February 2021 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 2021 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**

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### **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.

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**

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**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

28 January 2022



**BENFLEET SCRAP CO LIMITED (REGISTERED NUMBER: 03031502)****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	18,327,008	29,410,497
Cost of sales		<u>15,436,264</u>	<u>26,291,243</u>
<b>GROSS PROFIT</b>		2,890,744	3,119,254
Administrative expenses		<u>2,773,276</u>	<u>2,865,216</u>
		117,468	254,038
Other operating income		<u>393,028</u>	<u>-</u>
<b>OPERATING PROFIT</b>	5	510,496	254,038
Interest receivable and similar income	6	<u>18,042</u>	<u>35,593</u>
		528,538	289,631
Interest payable and similar expenses	7	<u>25,656</u>	<u>24,172</u>
<b>PROFIT BEFORE TAXATION</b>		502,882	265,459
Tax on profit	8	<u>205,944</u>	<u>77,052</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		296,938	188,407
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>296,938</u>	<u>188,407</u>

The notes form part of these financial statements

**BENFLEET SCRAP CO LIMITED (REGISTERED NUMBER: 03031502)****STATEMENT OF FINANCIAL POSITION  
28 FEBRUARY 2021**

		2021		2020	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		<u>4,322,900</u>		<u>4,704,787</u>
			4,322,900		4,704,787
<b>CURRENT ASSETS</b>					
Stocks	12	881,670		688,964	
Debtors	13	3,369,681		4,030,849	
Cash at bank and in hand		<u>6,013,686</u>		<u>4,280,197</u>	
		10,265,037		9,000,010	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>3,108,191</u>		<u>2,408,535</u>	
<b>NET CURRENT ASSETS</b>			<u>7,156,846</u>		<u>6,591,475</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,479,746		11,296,262
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(409,864)		(636,006)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(453,238)</u>		<u>(337,050)</u>
<b>NET ASSETS</b>			<u>10,616,644</u>		<u>10,323,206</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		500		500
Retained earnings	19		<u>10,616,144</u>		<u>10,322,706</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>10,616,644</u>		<u>10,323,206</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 January 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 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 March 2019</b>	500	10,134,299	10,134,799
<b>Changes in equity</b>			
Total comprehensive income	-	188,407	188,407
<b>Balance at 29 February 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>	500	10,616,144	10,616,644

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,529,833	1,476,481
Interest element of hire purchase payments paid		(25,656)	(24,172)
Tax paid		-	(112,781)
Net cash from operating activities		<u>2,504,177</u>	<u>1,339,528</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(821,132)	(1,551,748)
Sale of tangible fixed assets		238,125	180,400
Interest received		<u>18,042</u>	<u>35,593</u>
Net cash from investing activities		<u>(564,965)</u>	<u>(1,335,755)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(202,900)	48,120
Loans withdrawn		677	126,467
Equity dividends paid		<u>(3,500)</u>	<u>-</u>
Net cash from financing activities		<u>(205,723)</u>	<u>174,587</u>
<b>Increase in cash and cash equivalents</b>		<u>1,733,489</u>	<u>178,360</u>
<b>Cash and cash equivalents at beginning of year</b>	2	4,280,197	4,101,837
<b>Cash and cash equivalents at end of year</b>	2	<u>6,013,686</u>	<u>4,280,197</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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

	2021	2020
	£	£
Profit before taxation	502,882	265,459
Depreciation charges	1,054,495	1,095,201
Profit on disposal of fixed assets	(89,602)	(52,898)
Government grants	1	-
Finance costs	25,656	24,172
Finance income	(18,042)	(35,593)
	<u>1,475,390</u>	<u>1,296,341</u>
(Increase)/decrease in stocks	(192,706)	92,347
Decrease in trade and other debtors	660,491	692,530
Increase/(decrease) in trade and other creditors	<u>586,658</u>	<u>(604,737)</u>
<b>Cash generated from operations</b>	<u><b>2,529,833</b></u>	<u><b>1,476,481</b></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 2021**

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

**Year ended 29 February 2020**

	29.2.20	1.3.19
	£	£
Cash and cash equivalents	<u>4,280,197</u>	<u>4,101,837</u>

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

	At 1.3.20	Cash flow	At 28.2.21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>4,280,197</u>	<u>1,733,489</u>	<u>6,013,686</u>
	<u>4,280,197</u>	<u>1,733,489</u>	<u>6,013,686</u>
<b>Debt</b>			
Finance leases	<u>(1,042,683)</u>	<u>202,900</u>	<u>(839,783)</u>
	<u>(1,042,683)</u>	<u>202,900</u>	<u>(839,783)</u>
<b>Total</b>	<u><b>3,237,514</b></u>	<u><b>1,936,389</b></u>	<u><b>5,173,903</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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**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 actual 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 2021**

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**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 2021**

**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**

	2021 £	2020 £
Wages and salaries	2,406,116	2,669,556
Social security costs	221,960	271,196
Other pension costs	42,519	51,530
	<u>2,670,595</u>	<u>2,992,282</u>

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

	2021	2020
Administrative staff	12	12
Operatives	<u>71</u>	<u>85</u>
	<u>83</u>	<u>97</u>

	2021 £	2020 £
Directors' remuneration	<u>127,678</u>	<u>33,000</u>

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

	2021	2020
Money purchase schemes	<u>3</u>	<u>3</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

**5. OPERATING PROFIT**

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

	2021	2020
	£	£
Hire of plant and machinery	506,408	377,019
Other operating leases	462,567	465,194
Depreciation - owned assets	1,054,496	1,095,201
Profit on disposal of fixed assets	(89,602)	(52,898)
Auditors' remuneration	<u>33,970</u>	<u>38,415</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**

	2021	2020
	£	£
Deposit account interest	690	4,526
Other interest received	<u>17,352</u>	<u>31,067</u>
	<u>18,042</u>	<u>35,593</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Hire purchase	<u>25,656</u>	<u>24,172</u>

**8. TAXATION**

**Analysis of the tax charge**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	89,756	(55,714)
Deferred tax	<u>116,188</u>	<u>132,766</u>
Tax on profit	<u>205,944</u>	<u>77,052</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 28 FEBRUARY 2021**
**8. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

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

	2021 £	2020 £
Profit before tax	<u>502,882</u>	<u>265,459</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	95,548	50,437
Effects of:		
Expenses not deductible for tax purposes	55	1,037
Permanently disallowed depreciation	1,564	1,545
Change in deferred tax rate	<u>108,777</u>	<u>24,033</u>
Total tax charge	<u>205,944</u>	<u>77,052</u>

**9. DIVIDENDS**

	2021 £	2020 £
Ordinary B shares of £1 each		
Interim	<u>3,500</u>	-

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 March 2020	
and 28 February 2021	<u>5,000</u>
<b>AMORTISATION</b>	
At 1 March 2020	
and 28 February 2021	<u>5,000</u>
<b>NET BOOK VALUE</b>	
At 28 February 2021	-
At 29 February 2020	-

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021

## 11. TANGIBLE FIXED ASSETS

	Leasehold £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 March 2020	665,923	7,119,363	2,932,839	10,718,125
Additions	-	522,132	299,000	821,132
Disposals	-	(613,694)	(649,887)	(1,263,581)
At 28 February 2021	665,923	7,027,801	2,581,952	10,275,676
<b>DEPRECIATION</b>				
At 1 March 2020	529,057	3,539,126	1,945,155	6,013,338
Charge for year	8,233	790,291	255,972	1,054,496
Eliminated on disposal	-	(508,366)	(606,692)	(1,115,058)
At 28 February 2021	537,290	3,821,051	1,594,435	5,952,776
<b>NET BOOK VALUE</b>				
At 28 February 2021	128,633	3,206,750	987,517	4,322,900
At 29 February 2020	136,866	3,580,237	987,684	4,704,787

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

	Plant & Machinery £
<b>Net book values</b>	
At 28 February 2021	1,615,049
At 29 February 2020	1,563,300
<b>Depreciation charge for the year</b>	
At 28 February 2021	413,343
At 29 February 2020	334,024

## 12. STOCKS

	2021 £	2020 £
Stock	881,670	688,964

## 13. DEBTORS

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,558,419	1,801,290
Other debtors	162,352	158,494
Directors' current accounts	2,413	3,090
Tax	55,713	55,713
Prepayments and accrued income	210,115	531,593
	1,989,012	2,550,180

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

**13. DEBTORS - continued**

	2021 £	2020 £
Amounts falling due after more than one year:		
Other debtors	<u>1,380,669</u>	<u>1,480,669</u>
Aggregate amounts	<u>3,369,681</u>	<u>4,030,849</u>

Please see note 22 for related party disclosures.

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

	2021 £	2020 £
Hire purchase contracts (see note 16)	429,919	406,677
Trade creditors	1,145,002	997,513
Corporation tax	89,756	-
Social security and other taxes	668,510	393,721
Other creditors	28,312	23,509
Accrued expenses	<u>746,692</u>	<u>587,115</u>
	<u>3,108,191</u>	<u>2,408,535</u>

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

	2021 £	2020 £
Hire purchase contracts (see note 16)	<u>409,864</u>	<u>636,006</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 2021 £	2020 £
Net obligations repayable:		
Within one year	429,919	406,677
Between one and five years	<u>409,864</u>	<u>636,006</u>
	<u>839,783</u>	<u>1,042,683</u>

	Non-cancellable operating leases 2021 £	2020 £
Within one year	292,321	174,734
Between one and five years	611,782	510,970
In more than five years	<u>1,200,723</u>	<u>1,319,405</u>
	<u>2,104,826</u>	<u>2,005,109</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

**17. PROVISIONS FOR LIABILITIES**

	2021 £	2020 £
Deferred tax	<u>453,238</u>	<u>337,050</u>
		Deferred tax
		£
Balance at 1 March 2020		337,050
Provided during year movement		116,188
Balance at 28 February 2021		<u>453,238</u>
	2021 £	2020 £
Accelerated capital allowances	116,188	97,287
Tax losses	-	-
	<u>116,188</u>	<u>97,287</u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2021 £	2020 £
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 2020	10,322,706
Profit for the year	296,938
Dividends	<u>(3,500)</u>
At 28 February 2021	<u>10,616,144</u>

**20. PENSION COMMITMENTS**

The pension cost charge represents defined contributions payable by the company to an independently administered fund. There was £1,581 provided within creditors at 28th February 2021 (2020: £1,492).

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

During the year, the company made a loan to a director amounting to £3,006 and received repayments amounting to £3,683. The balance outstanding at the balance sheet date was £2,413 (2020: £3,090). Interest is being charged on this loan at 2.5% 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 2021 was £1,480,669 (2020: £1,580,669). 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 £5,164 (2020: £7,000) 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.

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