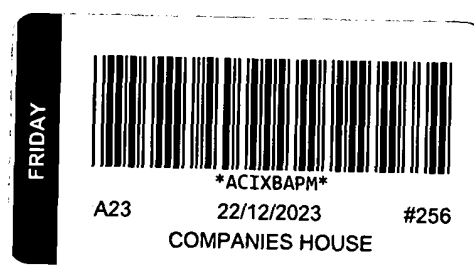


Company Registration Number 04269422

A & A RECYCLING SERVICES LIMITED
FINANCIAL STATEMENTS
31 MARCH 2023



ArmstrongWatson[®]
Accountants, Business & Financial Advisers

A & A RECYCLING SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr R S Balmer Mrs P E Watson Mr R S Jenkinson Mr M D Howarth
Company secretary	Mrs P E Watson
Registered number	04269422
Registered office	Clifton Moor Clifton Penrith Cumbria CA10 2EY
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors James Watson House Montgomery Way Rosehill Industrial Estate Carlisle CA1 2UU
Bankers	Lloyds Bank plc 3 Maple Walk Chelmsley Wood Birmingham B37 5TS

A & A RECYCLING SERVICES LIMITED

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A & A RECYCLING SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The Directors present their report and the financial statements for the year ended 31 March 2023.

The company specialises in recycling waste wood and manufacturing recycled wood products together with ancillary waste streams and services.

Business review

The underlying profit was £564,536 (2022: £849,993). The profit before taxation for the year was £546,500 (2022: £1,054,167).

The directors are satisfied with the results for the year given the challenging economic environment that the company has operated within during the financial year.

The gross profit margin for the year was 27.4% (2022: 28.9%) which was consistent with management expectations.

Average staff numbers during the year were 65 (2022: 57).

Principal risks and uncertainties

The directors consider the key risks and uncertainties to the company achieving its growth targets as follows:

- Availability of materials in the market due to uncertainty in the construction industry.
- Fluctuating gate fee prices for unprocessed waste wood.
- Unplanned or extended plant shutdowns of key outlet customers.
- Fluctuating costs in oil which will impact upon both haulage and production costs.
- Changes in government budget and support offered to the industry.

Financial key performance indicators

Financial key performance indicators used by the directors in assessing the performance of the business were gross profit % and net profit %.

Gross Profit % was 27.4% (2022 – 28.9%) and Net Profit % was 4.0% (2022 – 7.9%). These were both in line with management expectations for the year.

This report was approved by the board and signed on its behalf.



.....
Mrs P E Watson
Director

Date: 10th October 2023

A & A RECYCLING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make 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 to 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.

Directors

The directors who served during the year were:

Mr R S Balmer
Mrs P E Watson
Mr R S Jenkinson
Mr M D Howarth

Future developments

There are no specific future developments planned for the Company, other than the continuation of its current activities

Disclosure of information to auditors

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

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

Post balance sheet events

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

A & A RECYCLING SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



.....
Mrs P E Watson
Director

Date: 10th October 2023

A & A RECYCLING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & A RECYCLING SERVICES LIMITED

Opinion

We have audited the financial statements of A & A Recycling Services Limited (the 'company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 31 March 2023 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

A & A RECYCLING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & A RECYCLING SERVICES LIMITED (CONTINUED)

Opinion 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 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 2, 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.

A & A RECYCLING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & A RECYCLING SERVICES LIMITED (CONTINUED)

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 an Auditors' 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:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and environmental legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition and management override of controls.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.


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. This description forms part of our Auditors' Report.

A & A RECYCLING SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & A RECYCLING SERVICES LIMITED
(CONTINUED)**

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Joanna Gray (Oct 20, 2023 16:10 GMT+1)

Joanna Gray (Senior Statutory Auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Carlisle
Date: 20/10/2023

A & A RECYCLING SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	13,694,434	13,306,210
Cost of sales		(9,936,432)	(9,457,834)
Gross profit		3,758,002	3,848,376
Administrative expenses		(3,182,657)	(2,792,387)
Other operating income	5	144,995	131,925
Operating profit		720,340	1,187,914
Interest payable and similar expenses	9	(173,840)	(133,747)
Profit before tax		546,500	1,054,167
Tax on profit	10	18,036	(204,174)
Profit for the financial year		564,536	849,993

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 23 form part of these financial statements.

A & A RECYCLING SERVICES LIMITED
REGISTERED NUMBER: 04269422

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	5,286,678	5,067,101
		<u>5,286,678</u>	<u>5,067,101</u>
Current assets			
Stocks		53,107	37,646
Debtors: amounts falling due within one year	13	2,098,395	2,747,078
Cash at bank and in hand		1,416,618	1,201,805
		<u>3,568,120</u>	<u>3,986,529</u>
Creditors: amounts falling due within one year	14	(3,208,360)	(3,647,799)
Net current assets		<u>359,760</u>	<u>338,730</u>
Total assets less current liabilities		<u>5,646,438</u>	<u>5,405,831</u>
Creditors: amounts falling due after more than one year	15	(2,221,861)	(2,327,754)
Provisions for liabilities			
Deferred tax	17	(563,609)	(581,645)
		<u>(563,609)</u>	<u>(581,645)</u>
Net assets		<u><u>2,860,968</u></u>	<u><u>2,496,432</u></u>

A & A RECYCLING SERVICES LIMITED
REGISTERED NUMBER: 04269422

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	18	1,000	1,000
Profit and loss account		2,859,968	2,495,432
		<u>2,860,968</u>	<u>2,496,432</u>

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



.....
Mr R S Balmer
Director

Date: 10th October 2023

The notes on pages 13 to 23 form part of these financial statements.

A & A RECYCLING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2022	1,000	2,495,432	2,496,432
Comprehensive income for the year			
Profit for the year	-	564,536	564,536
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	564,536	564,536
Contributions by and distributions to owners			
Dividends	-	(200,000)	(200,000)
Total transactions with owners	-	(200,000)	(200,000)
At 31 March 2023	1,000	2,859,968	2,860,968

The notes on pages 13 to 23 form part of these financial statements.

A & A RECYCLING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	1,000	2,248,839	2,249,839
Comprehensive income for the year			
Profit for the year	-	849,993	849,993
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	849,993	849,993
Contributions by and distributions to owners			
Dividends	-	(603,400)	(603,400)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(603,400)	(603,400)
	<hr/>	<hr/>	<hr/>
At 31 March 2022	1,000	2,495,432	2,496,432
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 23 form part of these financial statements.

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

A & A Recycling Services Limited is a private company limited by shares incorporated in England & Wales, registration number 04269422. Its registered office is Clifton Moor, Clifton, Penrith, Cumbria CA10 2EY and principal place of business is The New Barn, Atherstone Lane, Hurley, Atherstone, Warwickshire, CV9 2HT.

The financial statements are presented in Pounds Sterling.

The principal activity of the company is that of the recycling and resale of wood waste.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of A W Jenkinson Holdings Limited as at 31 March 2023 and these financial statements may be obtained from Clifton Moor, Clifton, Penrith, Cumbria, United Kingdom, CA10 2EY.

2.3 Going concern

At the balance sheet date the company had net assets of £2,860,968 (2022: £2,496,432) and remains in a solvent position.

The directors have reviewed the performance and position of the company and have no intention of liquidating or ceasing to trade. The directors believe that the company will be able to continue to trade for at least 12 months from the date of signing these accounts and, accordingly, the directors have prepared these accounts on a going concern basis.

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Finance costs

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

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

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

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

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Tangible fixed assets

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

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold property improvements	- remaining term of lease
Plant and machinery	- 25% reducing balance
Motor vehicles	- 22% - 25% reducing balance
Office equipment	- 25% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Stocks

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

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

2.13 Debtors

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

2.14 Creditors

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

2.15 Financial instruments

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

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

The directors do not believe that there are any significant judgements, or key sources of estimation uncertainty involved in applying the accounting policies.

4. Turnover

The whole of the turnover is attributable to the principal activity of the business, and arose within the United Kingdom.

5. Other operating income

	2023 £	2022 £
Other operating income	144,995	131,925
	<u>144,995</u>	<u>131,925</u>

6. Auditors' remuneration

	2023 £	2022 £
Fees payable to the company's auditors for the audit of the company's financial statements	11,500	10,000
	<u>11,500</u>	<u>10,000</u>

7. Employees

	2023 £	2022 £
Wages and salaries	2,545,228	2,243,538
Social security costs	264,953	224,152
Cost of defined contribution scheme	57,578	48,196
	<u>2,867,759</u>	<u>2,515,886</u>

The average monthly number of employees, including directors, during the year was 66 (2022 - 57).

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	103,305	92,411
Company contributions to defined contribution pension schemes	2,748	2,881
	<u>106,053</u>	<u>95,292</u>

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	-	981
Finance leases and hire purchase contracts	173,840	132,766
	<u>173,840</u>	<u>133,747</u>

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	-	(65,300)
Adjustments in respect of previous periods	-	8,171
	<u>-</u>	<u>(57,129)</u>
Total current tax	<u>-</u>	<u>(57,129)</u>
Deferred tax		
Origination and reversal of timing differences	(18,036)	121,709
Changes to tax rates	-	139,594
	<u>(18,036)</u>	<u>261,303</u>
Total deferred tax	<u>(18,036)</u>	<u>261,303</u>
Taxation on (loss)/profit on ordinary activities	<u>(18,036)</u>	<u>204,174</u>

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>546,500</u>	<u>1,054,167</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	103,835	200,292
Effects of:		
Fixed asset differences	(112,926)	(103,581)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,127	244
Adjustments to tax charge in respect of prior periods	-	(8,171)
Other differences leading to an increase (decrease) in taxation	(1,017)	(24,204)
Non-taxable income	(7,063)	-
Effect of change in tax rates on deferred tax	(1,992)	139,594
Total tax charge for the year	<u><u>(18,036)</u></u>	<u><u>204,174</u></u>

Factors that may affect future tax charges

The rate of corporation tax is due to increase to 25% from 1 April 2023. This change was substantively enacted at the balance sheet date, and has therefore been applied in the calculation of the deferred tax liability.

11. Dividends

	2023 £	2022 £
Dividends on ordinary shares	<u>200,000</u>	<u>603,400</u>
	<u><u>200,000</u></u>	<u><u>603,400</u></u>

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Tangible fixed assets

	Leasehold property improvem'ts £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 April 2022	1,288,519	4,681,817	5,102,071	74,022	11,146,429
Additions	91,769	949,531	1,329,051	24,774	2,395,125
Disposals	-	(932,787)	(1,100,658)	-	(2,033,445)
At 31 March 2023	1,380,288	4,698,561	5,330,464	98,796	11,508,109
Depreciation					
At 1 April 2022	1,048,333	2,477,901	2,514,045	39,049	6,079,328
Charge for the year on owned assets	249,050	224,353	84,305	12,574	570,282
Charge for the year on financed assets	-	411,628	555,511	-	967,139
Disposals	-	(579,184)	(816,134)	-	(1,395,318)
At 31 March 2023	1,297,383	2,534,698	2,337,727	51,623	6,221,431
Net book value					
At 31 March 2023	82,905	2,163,863	2,992,737	47,173	5,286,678
At 31 March 2022	240,186	2,203,916	2,588,026	34,973	5,067,101

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	1,579,213	1,806,493
Motor vehicles	2,669,817	2,373,809
	4,249,030	4,180,302

A & A RECYCLING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Debtors

	2023	2022
	£	£
Trade debtors	1,685,614	2,471,396
Other debtors	36,505	146,396
Prepayments and accrued income	376,276	129,286
	<u>2,098,395</u>	<u>2,747,078</u>

14. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	776,368	1,289,508
Other taxation and social security	302,428	333,740
Obligations under finance lease and hire purchase contracts	1,844,132	1,427,556
Accruals and deferred income	285,432	596,995
	<u>3,208,360</u>	<u>3,647,799</u>

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

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

	2023	2022
	£	£
Net obligations under finance leases and hire purchase contracts	2,221,861	2,327,754
	<u>2,221,861</u>	<u>2,327,754</u>

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	1,844,132	1,427,556
Between 1-5 years	2,221,861	2,327,754
	<u>4,065,993</u>	<u>3,755,310</u>

17. Deferred taxation

	2023 £
At beginning of year	(581,645)
Charged to profit or loss	18,036
At end of year	<u>(563,609)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(821,213)	(584,237)
Tax losses carried forward	254,351	-
Short term timing differences	3,253	2,592
	<u>(563,609)</u>	<u>(581,645)</u>

18. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,000 (2022 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £57,578 (2022 - £48,196). Contributions totalling £13,010 (2022 - £10,370) were payable to the fund at the reporting date.

A & A RECYCLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Commitments under operating leases

At 31 March 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	321,675	278,276
Later than 1 year and not later than 5 years	1,081,925	951,725
Later than 5 years	1,229,312	1,467,243
	<u>2,632,912</u>	<u>2,697,244</u>

The amount charged to the profit and loss account in respect of commitments under operating leases in the year amounted to £361,764.

21. Related party transactions

Mr A W Jenkinson has provided a personal guarantee in respect of bank borrowings. Furthermore, rent of £46,060 (2022 - £56,844) was payable during the year in respect of a lease in the name of Mr A W Jenkinson for property occupied by the company.

Transactions with other related parties were also undertaken as given below. All of the other related parties are related to the company as a result of being under common control.

	Sales £	Debtors £	Purchases £	Creditor £
2023				
Other related parties	<u>3,467,225</u>	<u>364,352</u>	<u>3,438,476</u>	<u>139,321</u>

	Sales £	Debtor £	Purchases £	Creditor £
2022				
Other related parties	<u>2,240,291</u>	<u>334,054</u>	<u>3,848,003</u>	<u>675,962</u>
	<u>2,240,291</u>	<u>334,054</u>	<u>3,848,003</u>	<u>675,962</u>

22. Controlling party

The company is a 100% subsidiary of A W Jenkinson Holdings Limited, a company incorporated in England & Wales. Mr A W Jenkinson owns 100% of the issued share capital of A W Jenkinson Holdings Limited.