

Company Registration No. 04282969 (England and Wales)

**HAWKESWOOD METAL RECYCLING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2017**

WEDNESDAY



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# HAWKESWOOD METAL RECYCLING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr W A Hawkeswood Mr G Woodhouse
<b>Company number</b>	04282969
<b>Registered office</b>	Riverside Works Trevor Street Nechells Birmingham B7 5RG
<b>Auditor</b>	Trevor Jones & Co Old Bank Chambers 582-586 Kingsbury Road Erdington Birmingham B24 9ND
<b>Business address</b>	Riverside Works Trevor Street Nechells Birmingham B7 5RG

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# **HAWKESWOOD METAL RECYCLING LIMITED**

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# HAWKESWOOD METAL RECYCLING LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 APRIL 2017**

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The directors present the strategic report for the year ended 30 April 2017.

### **Fair review of the business**

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and noncomplex nature of the business and is written in the context of the risks and uncertainties we face.

The waste industry has continued to experience difficult trading conditions over the past year however the markets have become more stable than the previous year with steel scrap returning to a more normal range for most of the year.

### **Principal risks and uncertainties**

The identification, assessment and management of risk is an integral element of the business. The principal risks facing the business are detailed below:-

- Macroeconomic conditions. The business has exposure to both scrap metal prices and volumes, both of which are linked to the global economic environment. Changes in the level of consumer and industrial activity will have a direct impact on the supply and demand for recycled metal and the level of activity and results achieved by the company.
- Health and safety. The company acknowledges that its employees work within a hazardous environment. A robust health and safety system is in place in order to mitigate this risk. Policies, processes, procedures and training is continually monitored and reviewed.
- Competition. The market in which the group operates is competitive which can lead to margin pressures. Constant price review and market analysis are in place to mitigate this risk
- New legislation and regulation. This could potentially increase costs. This is monitored in order to identify and mitigate the impact on the business.

### **Key performance indicators**

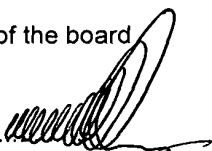
The company uses a number of key financial performance indicators in assessing and driving performance as shown below:

- Turnover – £9.2 million
- Gross profit – £1.6 million
- operating profit £736K
- net current assets £32K
- net assets £4.5 million

These are not comparable with the previous year due to the fact that on 1 May 2016 the group was restructured and the shredding side of the business was taken over by another subsidiary undertaking. This had the effect of reducing the company's turnover and the costs associated with the shredding business.

The directors look forward to a period of sustained and controlled growth during 2018.

On behalf of the board



Mr W A Hawkeswood

Director

30/1/18

# HAWKESWOOD METAL RECYCLING LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2017**

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The directors present their annual report and financial statements for the year ended 30 April 2017.

### Principal activities

The principal activity of the company continued to be that of metal recycling.

There were no significant changes in the nature of these activities during the year.

### Directors

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

Mr W A Hawkeswood

Mr G Woodhouse

### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Research and development

The company is not involved in any research and development activities.

### Future developments

There were no important events that have occurred since the year end.

The company's aim is for future growth based on further investment in its core activities.

### Auditor

In accordance with the company's articles, a resolution proposing that Trevor Jones & Co be reappointed as auditor of the company will be put at a General Meeting.

### Statement of disclosure to auditor

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

On behalf of the board

  
.....  
Mr W A Hawkeswood

Director

Date: 30/1/18

# **HAWKESWOOD METAL RECYCLING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2017***

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

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

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

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

# **HAWKESWOOD METAL RECYCLING LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF HAWKESWOOD METAL RECYCLING LIMITED**

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We have audited the financial statements of Hawkeswood Metal Recycling Limited for the year ended 30 April 2017 set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# HAWKESWOOD METAL RECYCLING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HAWKESWOOD METAL RECYCLING 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Trevor Jones & Co*

Adrian McKeown (Senior Statutory Auditor)  
for and on behalf of Trevor Jones & Co

*3d.11.18*

Chartered Accountants  
Statutory Auditor

Old Bank Chambers  
582-586 Kingsbury Road  
Erdington  
Birmingham  
B24 9ND



# HAWKESWOOD METAL RECYCLING LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 £
Turnover	3	9,263,421	21,765,254
Cost of sales		(7,667,846)	(18,202,054)
<b>Gross profit</b>		<b>1,595,575</b>	<b>3,563,200</b>
Administrative expenses		(1,348,249)	(3,682,524)
Other operating income		489,277	302,199
<b>Operating profit</b>	<b>4</b>	<b>736,603</b>	<b>182,875</b>
Interest receivable and similar income	7	8	10
Interest payable and similar expenses	8	(68,030)	(40,587)
Fair value gains and losses on investment properties	12	191,476	-
<b>Profit before taxation</b>		<b>860,057</b>	<b>142,298</b>
Tax on profit	9	58,654	(100,000)
<b>Profit for the financial year</b>		<b>918,711</b>	<b>42,298</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

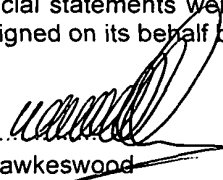
# HAWKESWOOD METAL RECYCLING LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Goodwill	10		35,000		42,000
Tangible assets	11		4,725,410		5,102,853
Investment properties	12		400,000		-
			<u>5,160,410</u>		<u>5,144,853</u>
<b>Current assets</b>					
Stocks	14	454,309		980,160	
Debtors	15	1,584,760		1,802,722	
Cash at bank and in hand		11,643		255,778	
		<u>2,050,712</u>		<u>3,038,660</u>	
<b>Creditors: amounts falling due within one year</b>	16	(2,019,166)		(3,845,414)	
<b>Net current assets/(liabilities)</b>			<u>31,546</u>		<u>(806,754)</u>
<b>Total assets less current liabilities</b>			<u>5,191,956</u>		<u>4,338,099</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(86,935)		(77,789)
<b>Provisions for liabilities</b>	20		(541,000)		(615,000)
<b>Net assets</b>			<u><u>4,564,021</u></u>		<u><u>3,645,310</u></u>
<b>Capital and reserves</b>					
Called up share capital	24		1,000		1,000
Revaluation reserve			569,415		785,867
Fair value reserve			191,476		-
Distributable profit and loss reserves			<u>3,802,130</u>		<u>2,858,443</u>
<b>Total equity</b>			<u><u>4,564,021</u></u>		<u><u>3,645,310</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30/1/18 and are signed on its behalf by:

  
Mr WA Hawkeswood  
Director

Company Registration No. 04282969

## HAWKESWOOD METAL RECYCLING LIMITED

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

	Share capital	Revaluation reserve	Fair value reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 May 2015</b>	1,000	785,867	-	2,816,145	3,603,012
<b>Year ended 30 April 2016:</b>					
Profit and total comprehensive income for the year	-	-	-	42,298	42,298
<b>Balance at 30 April 2016</b>	1,000	785,867	-	2,858,443	3,645,310
<b>Year ended 30 April 2017:</b>					
Profit and total comprehensive income for the year	-	-	-	918,711	918,711
Transfers	-	(216,452)	191,476	24,976	-
<b>Balance at 30 April 2017</b>	1,000	569,415	191,476	3,802,130	4,564,021

# HAWKESWOOD METAL RECYCLING LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	28		278,275		(230,082)
Interest paid			(68,030)		(40,587)
Income taxes refunded/(paid)			6,681		-
<b>Net cash inflow/(outflow) from operating activities</b>			216,926		(270,669)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(346,724)		(450,042)	
Proceeds on disposal of tangible fixed assets		26,891		167,001	
Interest received		8		10	
<b>Net cash used in investing activities</b>			(319,825)		(283,031)
<b>Financing activities</b>					
Payment of finance leases obligations		(12,321)		(39,573)	
<b>Net cash used in financing activities</b>			(12,321)		(39,573)
<b>Net decrease in cash and cash equivalents</b>			(115,220)		(593,273)
Cash and cash equivalents at beginning of year			(1,323,847)		(730,574)
<b>Cash and cash equivalents at end of year</b>			(1,439,067)		(1,323,847)
<b>Relating to:</b>					
Cash at bank and in hand			11,643		255,778
Bank overdrafts included in creditors payable within one year			(1,450,710)		(1,579,625)

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

#### Company information

Hawkeswood Metal Recycling Limited is a private company limited by shares incorporated in England and Wales. The registered office is Riverside Works, Trevor Street, Nechells, Birmingham, B7 5RG.

#### 1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Hawkeswood Holding Group Limited. These consolidated financial statements are available from its registered office,

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT. Income is recognised when goods are despatched.

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

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. The company's accounting policy was to write this off over 20 years but in accordance within FRS 102 this policy has been reviewed. On the basis that on transition the estimated useful life of acquired goodwill was eight years the company is now amortising on a straight-line basis the residual cost over this period.

#### 1.5 Tangible fixed assets

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

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	2% on cost
Leasehold improvements	2% on cost
Plant and machinery	5%-10% Reducing balance
Fixtures, fittings & equipment	33% Reducing balance
Motor vehicles	15% Reducing balance

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

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### 1.7 Impairment of fixed assets

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

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

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

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

(Continued)

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

#### 1.8 Stocks

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

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

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

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

##### **Other financial assets**

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

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

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

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

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

##### ***Derecognition of financial assets***

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

##### ***Classification of financial liabilities***

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

##### ***Basic financial liabilities***

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

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

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

##### ***Derecognition of financial liabilities***

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

#### 1.11 Taxation

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



# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

(Continued)

#### **Current tax**

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

#### **Deferred tax**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.12 Employee benefits**

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

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

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

#### **1.13 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.14 Leases**

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

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

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

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

#### **1.15 Government grants**

Capital grants are credited to accruals and deferred income and released to the profit and loss account over the expected useful life of the assets.

#### **1.16 Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
UK sales	9,263,421	21,765,254

	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	8	10
Grants received	8,721	8,733
Equipment rental	430,532	-
Other income	10,204	-

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(34,926)	29,132
Government grants	(8,721)	(8,733)
Fees payable to the company's auditor for the audit of the company's financial statements	4,476	14,418
Depreciation of owned tangible fixed assets	359,783	360,134
Depreciation of tangible fixed assets held under finance leases	9,010	30,019
Loss/(profit) on disposal of tangible fixed assets	119,959	(15,799)
Amortisation of intangible assets	7,000	7,000
Cost of stocks recognised as an expense	7,619,039	18,202,054
Operating lease charges	2,078	11,508

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £34,926 (2016 - £29,132).

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 5 Employees

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

	2017 Number	2016 Number
Productive	5	21
Management and Administration	-	4
	<u>5</u>	<u>25</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	193,383	1,055,691
Social security costs	16,351	61,519
Pension costs	752	702
	<u>210,486</u>	<u>1,117,912</u>

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	-	85,426
Company pension contributions to defined contribution schemes	702	702
	<u>702</u>	<u>86,128</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

### 7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	<u>8</u>	<u>10</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>8</u>	<u>10</u>

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	55,087	39,550
Interest on finance leases and hire purchase contracts	4,728	1,037
	<u>59,815</u>	<u>40,587</u>
<b>Other finance costs:</b>		
Other interest	8,215	-
	<u>68,030</u>	<u>40,587</u>

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	15,346	-
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(74,000)	100,000
	<u></u>	<u></u>
<b>Total tax (credit)/charge</b>	<u>(58,654)</u>	<u>100,000</u>

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

	2017 £	2016 £
Profit before taxation	<u>860,057</u>	<u>142,298</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	171,323	28,460
Tax effect of expenses that are not deductible in determining taxable profit	3,228	2,715
Change in unrecognised deferred tax assets	(74,000)	100,000
Group relief	(154,729)	34,435
Permanent capital allowances in excess of depreciation	18,473	(65,610)
Effect of revaluations of investments	(38,295)	-
Under/(over) provided in prior years	15,346	-
	<u></u>	<u></u>
<b>Taxation (credit)/charge for the year</b>	<u>(58,654)</u>	<u>100,000</u>

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 10 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 May 2016 and 30 April 2017	140,000
<b>Amortisation and impairment</b>	
At 1 May 2016	98,000
Amortisation charged for the year	7,000
At 30 April 2017	105,000
<b>Carrying amount</b>	
At 30 April 2017	35,000
At 30 April 2016	42,000

## HAWKESWOOD METAL RECYCLING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

#### 11 Tangible fixed assets

	Land and buildings freehold	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 May 2016	271,398	587,808	8,752,438	287,901	506,638	10,406,183
Additions	-	77,821	268,903	-	-	346,724
Disposals	-	-	(203,233)	-	-	(203,233)
Transfer to investment property	(271,398)	-	-	-	-	(271,398)
At 30 April 2017	-	665,629	8,818,108	287,901	506,638	10,278,276
<b>Depreciation and impairment</b>						
At 1 May 2016	57,446	91,812	4,543,031	273,295	337,746	5,303,330
Depreciation charged in the year	5,428	12,125	321,044	4,862	25,334	368,793
Eliminated in respect of disposals	-	-	(56,383)	-	-	(56,383)
Transfer to investment property	(62,874)	-	-	-	-	(62,874)
At 30 April 2017	-	103,937	4,807,692	278,157	363,080	5,552,866
<b>Carrying amount</b>						
At 30 April 2017	-	561,692	4,010,416	9,744	143,558	4,725,410
At 30 April 2016	213,952	495,996	4,209,407	14,606	168,892	5,102,853

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 11 Tangible fixed assets

(Continued)

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

	2017 £	2016 £
Plant and machinery	141,835	270,174
Depreciation charge for the year in respect of leased assets	9,010	30,019

### 12 Investment property

2017  
£

#### Fair value

At 1 May 2016

Transfers from owner-occupied property

Net gains or losses through fair value adjustments

At 30 April 2017

-  
208,524  
191,476

400,000

All of the properties held by the company have been revalued on 8th August 2017 by Stephens McBride Chartered surveyors RICS based on their current market value. These valuations have been incorporated in these financial statements.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2017 £	2016 £
Cost	271,398	-
Accumulated depreciation	(62,874)	-
Carrying amount	208,524	-

	2017 £	2016 £
Freehold	400,000	-

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 13 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,149,676	571,856
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,947,961	3,817,741

### 14 Stocks

	2017 £	2016 £
Finished goods and goods for resale	454,309	980,160

### 15 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	426,855	403,773
Other debtors	90,031	168,083
Prepayments and accrued income	435,084	1,230,866
	951,970	1,802,722

	2017 £	2016 £
<b>Amounts falling due after more than one year:</b>		
Amounts due from fellow group undertakings	632,790	-

<b>Total debtors</b>	<b>1,584,760</b>	<b>1,802,722</b>
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# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	1,450,710	1,579,625
Obligations under finance leases	19	45,756	75,944
Trade creditors		319,058	1,629,912
Amounts due to group undertakings		-	303,569
Corporation tax		49,000	26,973
Other taxation and social security		62,997	23,625
Other creditors		11,411	22,321
Accruals and deferred income		80,234	183,445
		<u>2,019,166</u>	<u>3,845,414</u>

Secured creditors amount to £1,496,466 (2016: £1,655,569).

### 17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	19	40,792	22,925
Government grants	22	46,143	54,864
		<u>86,935</u>	<u>77,789</u>

Secured creditors amount to £40,792 (2016: £22,925).

### 18 Loans and overdrafts

	2017 £	2016 £
Bank overdrafts	<u>1,450,710</u>	<u>1,579,625</u>
Payable within one year	<u>1,450,710</u>	<u>1,579,625</u>

The bank overdraft is secured by a first legal charge over the company's property together with a cross guarantee given by other group undertakings and personal guarantees.

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 19 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	45,756	75,944
In two to five years	40,792	22,925
	<u>86,548</u>	<u>98,869</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 20 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	21	<u>541,000</u>	<u>615,000</u>

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	<u>541,000</u>	<u>615,000</u>
<b>Movements in the year:</b>		2017 £
Liability at 1 May 2016		615,000
Credit to profit or loss		(74,000)
Liability at 30 April 2017		<u>541,000</u>

£20,000 of the deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 22 Government grants & deferred income

	2017 £	2016 £
Arising from government grants	46,143	54,864
	<u>46,143</u>	<u>54,864</u>

### 23 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	752	702
	<u>752</u>	<u>702</u>

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

### 24 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000,000 Ordinary shares of 0.1p each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

### 25 Financial commitments, guarantees and contingent liabilities

The company received during 2014 capital grants amounting to £87,269. These grants are repayable in full if the company fails to meet certain job creation conditions. The company is currently meeting all conditions of the grants and fully expects to meet them in the future.

### 27 Controlling party

The company is a wholly owned subsidiary of Hawkeswood Holding Group Limited, a company incorporated in England and Wales.

The largest and smallest group for which consolidated accounts are prepared is Hawkeswood Holding Group Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 28 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	918,711	42,298
<b>Adjustments for:</b>		
Taxation (credited)/charged	(58,654)	100,000
Finance costs	68,030	40,587
Investment income	(8)	(10)
Loss/(gain) on disposal of tangible fixed assets	119,959	(15,799)
Fair value gains and losses on foreign exchange contracts and investment properties	(191,476)	-
Amortisation and impairment of intangible assets	7,000	7,000
Depreciation and impairment of tangible fixed assets	368,793	390,153
<b>Movements in working capital:</b>		
Decrease in stocks	525,851	20,118
Decrease in debtors	217,962	1,285,040
(Decrease) in creditors	(1,689,172)	(2,090,736)
(Decrease) in deferred income	(8,721)	(8,733)
<b>Cash generated from/(absorbed by) operations</b>	<b>278,275</b>	<b>(230,082)</b>

**HAWKESWOOD METAL RECYCLING LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 30 APRIL 2017**

# HAWKESWOOD METAL RECYCLING LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2017

		2017		2016
	£	£	£	£
<b>Turnover</b>				
Sales		9,263,421		21,765,254
<b>Cost of sales</b>				
Opening stock	980,160		1,000,278	
Purchases	7,093,188		18,181,936	
Closing stock	(454,309)		(980,160)	
Commissions payable	48,807		-	
		(7,667,846)		(18,202,054)
<b>Gross profit</b>	17.22%	1,595,575	16.37%	3,563,200
<b>Other operating income</b>				
Rent receivable	20,000		20,000	
Government grants receivable and released	8,721		8,733	
Management fees receivable	-		273,466	
Equipment rental	450,352		-	
Other operating income	10,204		-	
		489,277		302,199
<b>Administrative expenses</b>		(1,348,249)		(3,682,524)
<b>Operating profit</b>		736,603		182,875
<b>Investment revenues</b>				
Bank interest received	8		10	
		8		10
<b>Interest payable and similar expenses</b>				
Bank interest on loans and overdrafts	55,087		39,550	
Hire purchase interest payable	4,728		1,037	
Interest on overdue taxation	8,215		-	
		(68,030)		(40,587)
Fair value gains and losses on investment properties		191,476		-
<b>Profit before taxation</b>		860,057		142,298

# HAWKESWOOD METAL RECYCLING LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 APRIL 2017

	2017 £	2016 £
<b>Administrative expenses</b>		
Wages and salaries	193,383	850,728
Social security costs	16,351	61,519
Office wages	-	119,537
Staff welfare	14,957	12,776
Staff training	885	2,600
Staff pension costs	50	-
Directors' remuneration	-	85,426
Directors' pension costs	702	702
Rent	247,917	204,167
Rates	39,168	69,066
Security costs	66,627	129,454
Cleaning	3,823	4,840
Power, light and heat	11,054	259,595
Repairs	46,231	318,114
Insurance	15,240	25,563
Shredder repairs	-	333,281
Computer running costs	13,671	26,206
Motor vehicles leasing	2,078	11,508
Motor running expenses	36,821	204,923
Haulage and transport costs	68,667	400,114
Professional subscriptions	10,418	10,997
Legal and professional fees	4,877	8,475
Audit fees	4,476	14,418
Charitable donations	3,845	50
Bank charges	29,875	31,936
Bad and doubtful debts	3,297	-
Protective clothing	2,262	9,324
Printing and stationery	6,778	10,978
Advertising	33	44
Telecommunications	12,712	20,753
Entertaining	8,397	13,881
Sundry expenses	4,087	2,790
Licenses	14,230	14,559
Canteen	4,511	13,714
Amortisation	7,000	7,000
Depreciation	368,793	390,153
(Profit)/ loss on sale of tangible assets	119,959	(15,799)
(Profit)/loss on foreign exchange	(34,926)	29,132
	<u>1,348,249</u>	<u>3,682,524</u>