

Company Registration No. 04282969 (England and Wales)

**HAWKESWOOD METAL RECYCLING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2018**

TUESDAY



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# HAWKESWOOD METAL RECYCLING LIMITED

## COMPANY INFORMATION

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|--------------------------|--|
| <b>Directors</b>         | Mr W A Hawkeswood<br>Mr G Woodhouse  |
| <b>Company number</b>    | 04282969   |
| <b>Registered office</b> | Riverside Works<br>Trevor Street<br>Nechells<br>Birmingham<br>B7 5RG                                   |
| <b>Auditor</b>           | Trevor Jones & Co<br>Old Bank Chambers<br>582-586 Kingsbury Road<br>Erdington<br>Birmingham<br>B24 9ND |
| <b>Business address</b>  | Riverside Works<br>Trevor Street<br>Nechells<br>Birmingham<br>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 2018**

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The directors present the strategic report for the year ended 30 April 2018.

### Business review

The waste and recycling industry has continued to experience difficult trading conditions over the past year however the markets have become more stable with steel scrap returning to a more normal range for most of the year and healthy London Metal Exchange levels.

### 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.

The main macroeconomic risk for the 2019 results from the UK's decision to leave the EU ("Brexit"). Management has considered the impact of Brexit going forward. The potential impacts are Weakness of the pound, a weakening of the UK economy which may impact on scrap arisings, trade barriers and tariffs and changes in legislation. New import controls have been implemented by China which may have some negative impact on prices of particular grades.

### Key performance indicators

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

|                                  | 2018        | 2017       |
|----------------------------------|-------------|------------|
| Turnover                         | £10,318,601 | £9,263,422 |
| Gross Profit                     | £1,225,376  | £1,644,383 |
| Gross Profit percentage          | 11.9%       | 17.8%      |
| Operating Profit/(loss)          | -1,481,113  | £736,603   |
| Net current assets/(liabilities) | £102,264    | £31,546    |
| Net assets                       | £2,914,453  | £4,564,021 |

Sales increased significantly at £10.3m (2017 £9.2m), however there was a reduction in the gross profit percentage 17.8% (2017 11.9%). Gross Profit reduced from £1.6m in 2017 to £1.2m in 2018.

Administration expenses remained stable at £1.4m (2017 £1.4m).

The operating loss of £1.5m is due to an exceptional cost of £1.8m for the forgiveness of inter group debt.

The company continues to invest in the future. Total capital expenditure on tangible fixed assets in the year was £455k (2017 £347k).

# HAWKESWOOD METAL RECYCLING LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2018**

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### Financial risk management objectives and policies

- *Currency risk.* The Group is exposed to foreign currency risk as there are sales denominated in currencies other than Sterling. Transaction exposures including those associated with forecast transactions, are hedged when known, with the use of forward time option contracts.
- *Credit risk.* This risk is managed with the use of stringent credit limits, review of credit offered and regular monitoring of outstanding debt.
- *Metal price risk.* The Group is exposed to the movement in scrap metal prices. The prices, stock quantities and sales orders are reviewed constantly in order to mitigate the risk.
- *Going concern and liquidity risk.* The Group and Company seek to manage financial risk by ensuring sufficient liquidity is available to meet amounts owing as they fall due and meet the foreseeable needs of the business.

The Directors looks forward to a period of sustained, controlled growth during 2019.

On behalf of the board

  
.....  
Mr W A Hawkeswood

Director

5/11/18

# **HAWKESWOOD METAL RECYCLING LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 APRIL 2018**

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The directors present their annual report and financial statements for the year ended 30 April 2018.

### **Principal activities**

The principal activity of the company continued to be that of the recycling of ferrous and non-ferrous metals.

### **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 7.

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.

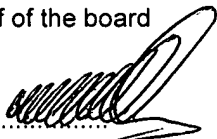
### **Auditor**

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: 6/11/18

# **HAWKESWOOD METAL RECYCLING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2018***

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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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#### Opinion

We have audited the financial statements of Hawkeswood Metal Recycling Limited (the 'company') for the year ended 30 April 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



# 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.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

*Trevor Jones & Co*

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

7/11/18

Chartered Accountants  
Statutory Auditor

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

# HAWKESWOOD METAL RECYCLING LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

|  | Notes    | 2018<br>£          | 2017<br>£        |
|--|----------|--------------------|------------------|
| Turnover   | 3        | 10,318,601         | 9,263,422        |
| Cost of sales  |          | (9,093,225)        | (7,619,039)      |
| <b>Gross profit</b>                                  |          | <b>1,225,376</b>   | <b>1,644,383</b> |
| Administrative expenses                              |          | (1,434,994)        | (1,397,057)      |
| Other operating income                               |          | 550,882            | 489,277          |
| Exceptional item                                     | 4        | (1,822,377)        | -                |
| <b>Operating (loss)/profit</b>                       | <b>5</b> | <b>(1,481,113)</b> | <b>736,603</b>   |
| Interest receivable and similar income               | 8        | 5                  | 8                |
| Interest payable and similar expenses                | 9        | (98,504)           | (68,030)         |
| Fair value gains and losses on investment properties | 13       | -                  | 191,476          |
| <b>(Loss)/profit before taxation</b>                 |          | <b>(1,579,612)</b> | <b>860,057</b>   |
| Tax on (loss)/profit                                 | 10       | (69,956)           | 58,654           |
| <b>(Loss)/profit for the financial year</b>          |          | <b>(1,649,568)</b> | <b>918,711</b>   |

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

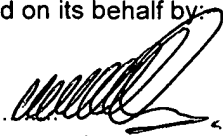
# HAWKESWOOD METAL RECYCLING LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2018

|  | Notes | 2018<br>£        | £                | 2017<br>£        | £                |
|--|-------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>  |       |                  |                  |                  |                  |
| Goodwill   | 11    |                  | 28,000           |                  | 35,000           |
| Tangible assets  | 12    |                  | 4,289,287        |                  | 4,725,410        |
| Investment properties  | 13    |                  | 400,000          |                  | 400,000          |
|  |       |                  | <u>4,717,287</u> |                  | <u>5,160,410</u> |
| <b>Current assets</b>  |       |                  |                  |                  |                  |
| Stocks   | 15    | 767,910          |                  | 454,309          |                  |
| Debtors  | 16    | 1,272,820        |                  | 1,584,760        |                  |
| Cash at bank and in hand                                       |       | 10,868           |                  | 11,643           |                  |
|  |       | <u>2,051,598</u> |                  | <u>2,050,712</u> |                  |
| <b>Creditors: amounts falling due within one year</b>          | 17    | (1,949,334)      |                  | (2,019,166)      |                  |
| <b>Net current assets</b>                                      |       |                  | <u>102,264</u>   |                  | <u>31,546</u>    |
| <b>Total assets less current liabilities</b>                   |       |                  | <u>4,819,551</u> |                  | <u>5,191,956</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                  | (1,390,098)      |                  | (86,935)         |
| <b>Provisions for liabilities</b>                              | 21    |                  | (515,000)        |                  | (541,000)        |
| <b>Net assets</b>  |       |                  | <u>2,914,453</u> |                  | <u>4,564,021</u> |
| <b>Capital and reserves</b>                                    |       |                  |                  |                  |                  |
| Called up share capital  | 25    |                  | 1,000            |                  | 1,000            |
| Revaluation reserve  |       |                  | 504,319          |                  | 569,415          |
| Fair value reserve   |       |                  | 191,476          |                  | 191,476          |
| Distributable profit and loss reserves                         |       |                  | 2,217,658        |                  | 3,802,130        |
| <b>Total equity</b>  |       |                  | <u>2,914,453</u> |                  | <u>4,564,021</u> |

The financial statements were approved by the board of directors and authorised for issue on 31.11.18 and are signed on its behalf by:

  
Mr W A Hawkeswood  
Director

Company Registration No. 04282969

# HAWKESWOOD METAL RECYCLING LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

|  | Share capital | Revaluation reserve | Fair value reserve | Profit and loss reserves | Total       |
|--|---------------|---------------------|--------------------|--------------------------|-------------|
|  | £             | £                   | £                  | £                        | £           |
| <b>Balance at 1 May 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   |
| <b>Year ended 30 April 2018:</b>                   |               |                     |                    |                          |             |
| Loss and total comprehensive income for the year   | -             | -                   | -                  | (1,649,568)              | (1,649,568) |
| Transfers  | -             | (65,096)            | -                  | 65,096                   | -           |
| <b>Balance at 30 April 2018</b>                    | 1,000         | 504,319             | 191,476            | 2,217,658                | 2,914,453   |

# HAWKESWOOD METAL RECYCLING LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

|   | Notes | 2018<br>£ | £           | 2017<br>£ | £           |
|---|-------|-----------|-------------|-----------|-------------|
| <b>Cash flows from operating activities</b>                   |       |           |             |           |             |
| Cash (absorbed by)/generated from operations                  | 28    |           | (333,100)   |           | 278,275     |
| Interest paid   |       |           | (98,504)    |           | (68,030)    |
| Income taxes (paid)/refunded                                  |       |           | (51,956)    |           | 6,681       |
| <b>Net cash (outflow)/inflow from operating activities</b>    |       |           | (483,560)   |           | 216,926     |
| <b>Investing activities</b>                                   |       |           |             |           |             |
| Purchase of tangible fixed assets                             |       | (336,531) |             | (346,724) |             |
| Proceeds on disposal of tangible fixed assets                 |       | 290,102   |             | 26,891    |             |
| Interest received   |       | 5         |             | 8         |             |
| <b>Net cash used in investing activities</b>                  |       |           | (46,424)    |           | (319,825)   |
| <b>Financing activities</b>                                   |       |           |             |           |             |
| Proceeds from borrowings                                      |       | 1,708,900 |             | -         |             |
| Repayment of borrowings                                       |       | (445,902) |             | -         |             |
| Payment of finance leases obligations                         |       | (74,516)  |             | (12,321)  |             |
| <b>Net cash generated from/(used in) financing activities</b> |       |           | 1,188,482   |           | (12,321)    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       |           | 658,498     |           | (115,220)   |
| Cash and cash equivalents at beginning of year                |       |           | (1,439,067) |           | (1,323,847) |
| <b>Cash and cash equivalents at end of year</b>               |       |           | (780,569)   |           | (1,439,067) |
| <b>Relating to:</b>   |       |           |             |           |             |
| Cash at bank and in hand                                      |       |           | 10,868      |           | 11,643      |
| Bank overdrafts included in creditors payable within one year |       |           | (791,437)   |           | (1,450,710) |

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2018**

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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 2018

### 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:

|                                 |                         |
|---------------------------------|-------------------------|
| Tenants improvement to premises | 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 2018

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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 2018

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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.

##### ***Other financial liabilities***

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

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

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

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### 1 Accounting policies

(Continued)

#### ***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.

##### ***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.

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 1 Accounting policies

(Continued)

#### 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.

### 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:

|   | 2018<br>£         | 2017<br>£        |
|---|-------------------|------------------|
| <b>Turnover analysed by class of business</b> |                   |                  |
| UK sales                                      | 6,957,347         | 7,846,725        |
| Export sales                                  | 3,361,254         | 1,416,697        |
|   | <u>10,318,601</u> | <u>9,263,422</u> |

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| <b>Other significant revenue</b>                 |           |           |
| Interest income                                  | 5         | 8         |
| Grants received                                  | 28,403    | 8,721     |
| Rental income arising from investment properties | 20,000    | 20,000    |
| Equipment rental                                 | 502,479   | 450,352   |
| Other income                                     | -         | 10,204    |
|  | <u></u>   | <u></u>   |

### 4 Exceptional costs

|                                 | 2018<br>£        | 2017<br>£ |
|---------------------------------|------------------|-----------|
| Forgiveness of inter group debt | <u>1,822,377</u> | <u>-</u>  |

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 5 Operating (loss)/profit

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| Operating (loss)/profit for the year is stated after charging/(crediting):                |           |           |
| Exchange gains  | -         | (34,926)  |
| Government grants   | (28,403)  | (8,721)   |
| Fees payable to the company's auditor for the audit of the company's financial statements | 6,856     | 4,476     |
| Depreciation of owned tangible fixed assets   | 342,070   | 359,783   |
| Depreciation of tangible fixed assets held under finance leases                           | 20,939    | 9,010     |
| Loss on disposal of tangible fixed assets   | 238,423   | 119,959   |
| Amortisation of intangible assets   | 7,000     | 7,000     |
| Cost of stocks recognised as an expense   | 9,093,225 | 7,619,039 |
| Operating lease charges   | -         | 2,078     |

### 6 Employees

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

|                               | 2018<br>Number | 2017<br>Number |
|-------------------------------|----------------|----------------|
| Productive                    | 4              | 4              |
| Management and Administration | 1              | 1              |
|                               | <u>5</u>       | <u>5</u>       |

Their aggregate remuneration comprised:

|                       | 2018<br>£      | 2017<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 140,809        | 177,623        |
| Social security costs | 19,085         | 16,351         |
| Pension costs         | 1,663          | 752            |
|                       | <u>161,557</u> | <u>194,726</u> |

### 7 Directors' remuneration

|   | 2018<br>£     | 2017<br>£  |
|---|---------------|------------|
| Remuneration for qualifying services                          | 10,000        | -          |
| Company pension contributions to defined contribution schemes | 702           | 702        |
|   | <u>10,702</u> | <u>702</u> |

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

### 8 Interest receivable and similar income

|                           | 2018<br>£ | 2017<br>£ |
|---------------------------|-----------|-----------|
| <b>Interest income</b>    |           |           |
| Interest on bank deposits | 5         | 8         |

Investment income includes the following:

|  |   |   |
|--|---|---|
| Interest on financial assets not measured at fair value through profit or loss | 5 | 8 |
|--|---|---|

### 9 Interest payable and similar expenses

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |           |           |
| Interest on bank overdrafts and loans                                | 43,537    | 55,087    |
| Interest on finance leases and hire purchase contracts               | 4,286     | 4,728     |
| Interest payable to group undertakings                               | 50,520    | -         |
|  | 98,343    | 59,815    |
| <b>Other finance costs:</b>  |           |           |
| Other interest   | 161       | 8,215     |
|  | 98,504    | 68,030    |

### 10 Taxation

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| <b>Current tax</b>                                   |           |           |
| UK corporation tax on profits for the current period | 93,000    | 15,346    |
| Adjustments in respect of prior periods              | 2,956     | -         |
| Total current tax                                    | 95,956    | 15,346    |
| <b>Deferred tax</b>                                  |           |           |
| Origination and reversal of timing differences       | (26,000)  | (74,000)  |
| Total tax charge/(credit)                            | 69,956    | (58,654)  |

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 10 Taxation

(Continued)

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

|   | 2018<br>£   | 2017<br>£ |
|---|-------------|-----------|
| (Loss)/profit before taxation   | (1,579,612) | 860,057   |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%) | (300,126)   | 171,323   |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | 360,427     | 3,228     |
| Change in unrecognised deferred tax assets  | (26,000)    | (74,000)  |
| Group relief  | -           | (154,729) |
| Permanent capital allowances in excess of depreciation  | 32,699      | 18,473    |
| Effect of revaluations of investments   | -           | (38,295)  |
| Under/(over) provided in prior years  | 2,956       | 15,346    |
| Taxation charge/(credit) for the year   | 69,956      | (58,654)  |

### 11 Intangible fixed assets

|                                    | Goodwill<br>£ |
|------------------------------------|---------------|
| <b>Cost</b>                        |               |
| At 1 May 2017 and 30 April 2018    | 140,000       |
| <b>Amortisation and impairment</b> |               |
| At 1 May 2017                      | 105,000       |
| Amortisation charged for the year  | 7,000         |
| At 30 April 2018                   | 112,000       |
| <b>Carrying amount</b>             |               |
| At 30 April 2018                   | 28,000        |
| At 30 April 2017                   | 35,000        |

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 12 Tangible fixed assets

|                                    | Tenants<br>improvement<br>to premises<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|--|-----------------------------|---|------------------------|------------|
| <b>Cost</b>                        |  |                             |   |                        |            |
| At 1 May 2017                      | 665,629                                    | 8,818,108                   | 287,901                                   | 506,638                | 10,278,276 |
| Additions                          | -  | 320,037                     | 11,524                                    | 123,850                | 455,411    |
| Disposals                          | -  | (889,520)                   | -   | (18,975)               | (908,495)  |
| At 30 April 2018                   | 665,629                                    | 8,248,625                   | 299,425                                   | 611,513                | 9,825,192  |
| <b>Depreciation and impairment</b> |  |                             |   |                        |            |
| At 1 May 2017                      | 103,937                                    | 4,807,692                   | 278,157                                   | 363,080                | 5,552,866  |
| Depreciation charged in the year   | 13,090                                     | 312,926                     | 4,860                                     | 32,133                 | 363,009    |
| Eliminated in respect of disposals | -  | (365,373)                   | -   | (14,597)               | (379,970)  |
| At 30 April 2018                   | 117,027                                    | 4,755,245                   | 283,017                                   | 380,616                | 5,535,905  |
| <b>Carrying amount</b>             |  |                             |   |                        |            |
| At 30 April 2018                   | 548,602                                    | 3,493,380                   | 16,408                                    | 230,897                | 4,289,287  |
| At 30 April 2017                   | 561,692                                    | 4,010,416                   | 9,744                                     | 143,558                | 4,725,410  |

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

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| Plant and machinery  | 207,751   | 141,835   |
| Depreciation charge for the year in respect of leased assets | 20,939    | 9,010     |

### 13 Investment property

|                                 | 2018<br>£ |
|---------------------------------|-----------|
| <b>Fair value</b>               |           |
| At 1 May 2017 and 30 April 2018 | 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.

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 13 Investment property

(Continued)

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

|                          | 2018<br>£ | 2017<br>£ |
|--------------------------|-----------|-----------|
| Cost                     | 271,398   | 271,398   |
| Accumulated depreciation | -         | -         |
| Carrying amount          | 271,398   | 271,398   |

### 14 Financial instruments

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Carrying amount of financial assets</b>      |           |           |
| Debt instruments measured at amortised cost     | 637,276   | 1,149,676 |
| <b>Carrying amount of financial liabilities</b> |           |           |
| Measured at amortised cost                      | 1,962,641 | 1,947,961 |

### 15 Stocks

|                                     | 2018<br>£ | 2017<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 767,910   | 454,309   |

### 16 Debtors

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due within one year:</b>          |                  |                  |
| Trade debtors  | 536,367          | 426,855          |
| Amounts due from fellow undertakings                 | 6,979            | -                |
| Other debtors  | 233,591          | 90,031           |
| Prepayments and accrued income                       | 495,883          | 435,084          |
|  | 1,272,820        | 951,970          |
| <b>Amounts falling due after more than one year:</b> |                  |                  |
| Amounts due from fellow group undertakings           | -                | 632,790          |
| <b>Total debtors</b>                                 | <b>1,272,820</b> | <b>1,584,760</b> |



# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

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

|                                    | Notes | 2018<br>£        | 2017<br>£        |
|------------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts          | 19    | 791,437          | 1,450,710        |
| Obligations under finance leases   | 20    | 72,072           | 45,756           |
| Trade creditors                    |       | 469,845          | 319,058          |
| Amounts due to group undertakings  |       | 455,463          | -                |
| Corporation tax                    |       | 93,000           | 49,000           |
| Other taxation and social security |       | 3,053            | 62,997           |
| Other creditors                    |       | 13,388           | 11,411           |
| Accruals and deferred income       |       | 51,076           | 80,234           |
|                                    |       | <u>1,949,334</u> | <u>2,019,166</u> |

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

|                                  | Notes | 2018<br>£        | 2017<br>£     |
|----------------------------------|-------|------------------|---------------|
| Obligations under finance leases | 20    | 58,840           | 40,792        |
| Loans from group undertakings    | 19    | 1,262,998        | -             |
| Government grants                | 23    | 17,740           | 46,143        |
| Accruals and deferred income     |       | 50,520           | -             |
|                                  |       | <u>1,390,098</u> | <u>86,935</u> |

### 19 Loans and overdrafts

|                               | 2018<br>£        | 2017<br>£        |
|-------------------------------|------------------|------------------|
| Bank overdrafts               | 791,437          | 1,450,710        |
| Loans from group undertakings | 1,262,998        | -                |
|                               | <u>2,054,435</u> | <u>1,450,710</u> |
| Payable within one year       | 791,437          | 1,450,710        |
| Payable after one year        | 1,262,998        | -                |
|                               | <u>2,054,435</u> | <u>1,450,710</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 2018

### 20 Finance lease obligations

|   | 2018<br>£      | 2017<br>£     |
|---|----------------|---------------|
| Future minimum lease payments due under finance leases: |                |               |
| Within one year   | 72,072         | 45,756        |
| In two to five years                                    | 58,840         | 40,792        |
|   | <u>130,912</u> | <u>86,548</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.

### 21 Provisions for liabilities

|                          | Notes | 2018<br>£      | 2017<br>£      |
|--------------------------|-------|----------------|----------------|
| Deferred tax liabilities | 22    | <u>515,000</u> | <u>541,000</u> |

### 22 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<br>2018<br>£ | Liabilities<br>2017<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Balances:</b>               |                          |                          |
| Accelerated capital allowances | <u>515,000</u>           | <u>541,000</u>           |
| <b>Movements in the year:</b>  |                          | 2018<br>£                |
| Liability at 1 May 2017        |                          | 541,000                  |
| Credit to profit or loss       |                          | (26,000)                 |
| Liability at 30 April 2018     |                          | <u>515,000</u>           |

# HAWKESWOOD METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 23 Government grants & deferred income

|                                | 2018<br>£     | 2017<br>£     |
|--------------------------------|---------------|---------------|
| Arising from government grants | 17,740        | 46,143        |
|                                | <u>17,740</u> | <u>46,143</u> |

### 24 Retirement benefit schemes

| Defined contribution schemes  | 2018<br>£    | 2017<br>£  |
|---|--------------|------------|
| Charge to profit or loss in respect of defined contribution schemes | <u>1,663</u> | <u>752</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.

### 25 Share capital

|   | 2018<br>£    | 2017<br>£    |
|---|--------------|--------------|
| Ordinary share capital<br>Issued and fully paid<br>1,000,000 Ordinary shares of 0.1p each | <u>1,000</u> | <u>1,000</u> |
|   | <u>1,000</u> | <u>1,000</u> |

### 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 2018

### 28 Cash generated from operations

|  | 2018<br>£        | 2017<br>£      |
|--|------------------|----------------|
| (Loss)/profit for the year after tax                 | (1,649,568)      | 918,711        |
| <b>Adjustments for:</b>                              |                  |                |
| Taxation charged/(credited)                          | 69,956           | (58,654)       |
| Finance costs  | 98,504           | 68,030         |
| Investment income                                    | (5)              | (8)            |
| Loss on disposal of tangible fixed assets            | 238,423          | 119,959        |
| Fair value gains and losses on investment properties | -                | (191,476)      |
| Amortisation and impairment of intangible assets     | 7,000            | 7,000          |
| Depreciation and impairment of tangible fixed assets | 363,009          | 368,793        |
| <b>Movements in working capital:</b>                 |                  |                |
| (Increase)/decrease in stocks                        | (313,601)        | 525,851        |
| Decrease in debtors                                  | 311,940          | 217,962        |
| Increase/(decrease) in creditors                     | 569,645          | (1,689,172)    |
| (Decrease) in deferred income                        | (28,403)         | (8,721)        |
| <b>Cash (absorbed by)/generated from operations</b>  | <b>(333,100)</b> | <b>278,275</b> |

**HAWKESWOOD METAL RECYCLING LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 30 APRIL 2018**

# HAWKESWOOD METAL RECYCLING LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2018

|  |             | 2018        |           | 2017        |
|--|-------------|-------------|-----------|-------------|
|  | £           | £           | £         | £           |
| <b>Turnover</b>                                      |             |             |           |             |
| Sales  |             | 10,318,601  |           | 9,263,422   |
| <b>Cost of sales</b>                                 |             |             |           |             |
| Purchases  | 9,093,225   |             | 7,619,039 |             |
|  |             | (9,093,225) |           | (7,619,039) |
| <b>Gross profit</b>                                  | 11.88%      | 1,225,376   | 17.75%    | 1,644,383   |
| <b>Other operating income</b>                        |             |             |           |             |
| Rent receivable                                      | 20,000      |             | 20,000    |             |
| Government grants receivable and released            | 28,403      |             | 8,721     |             |
| Equipment rental                                     | 502,479     |             | 450,352   |             |
| Other operating income                               | -           |             | 10,204    |             |
|  |             | 550,882     |           | 489,277     |
| <b>Administrative expenses</b>                       |             | (1,434,994) |           | (1,397,057) |
| <b>Exceptional items</b>                             |             |             |           |             |
| Forgiveness of inter group debt                      | (1,822,377) |             | -         |             |
| <b>Operating (loss)/profit</b>                       |             | (1,481,113) |           | 736,603     |
| <b>Investment revenues</b>                           |             |             |           |             |
| Bank interest received                               | 5           |             | 8         |             |
|  |             | 5           |           | 8           |
| <b>Interest payable and similar expenses</b>         |             |             |           |             |
| Bank interest on loans and overdrafts                | 43,537      |             | 55,087    |             |
| Hire purchase interest payable                       | 4,286       |             | 4,728     |             |
| Interest on overdue taxation                         | 161         |             | 8,215     |             |
| Interest payable to group companies                  | 50,520      |             | -         |             |
|  |             | (98,504)    |           | (68,030)    |
| Fair value gains and losses on investment properties |             | -           |           | 191,476     |
| <b>(Loss)/profit before taxation</b>                 |             | (1,579,612) |           | 860,057     |

# HAWKESWOOD METAL RECYCLING LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 APRIL 2018

|   | 2018<br>£        | 2017<br>£        |
|---|------------------|------------------|
| <b>Administrative expenses</b>            |                  |                  |
| Wages and salaries                        | 130,809          | 128,816          |
| Social security costs                     | 19,085           | 16,351           |
| Temporary staff                           | 24,824           | 64,567           |
| Staff commissions payable                 | -                | 48,807           |
| Staff welfare                             | 13,111           | 14,957           |
| Staff training                            | -                | 885              |
| Staff pension costs                       | 961              | 50               |
| Directors' remuneration                   | 10,000           | -                |
| Directors' pension costs                  | 702              | 702              |
| Rent                                      | 239,167          | 247,917          |
| Rates                                     | 24,325           | 39,168           |
| Security costs                            | 65,328           | 66,627           |
| Cleaning                                  | 1,298            | 3,823            |
| Power, light and heat                     | 10,202           | 11,054           |
| Repairs                                   | 13,768           | 17,346           |
| Insurance                                 | 19,957           | 15,240           |
| Equipment repairs                         | 33,216           | 28,886           |
| Computer running costs                    | 14,781           | 13,671           |
| Motor vehicles leasing                    | -                | 2,078            |
| Motor running expenses                    | 14,687           | 36,821           |
| Haulage and transport costs               | 55,308           | 68,667           |
| Travelling costs                          | 1,498            | -                |
| Professional subscriptions                | 7,582            | 10,418           |
| Legal and professional fees               | 21,462           | 4,877            |
| Audit fees                                | 6,856            | 4,476            |
| Charitable donations                      | 22,790           | 3,845            |
| Bank charges                              | 23,051           | 29,875           |
| Bad and doubtful debts                    | -                | 3,297            |
| Protective clothing                       | 1,558            | 2,262            |
| Printing and stationery                   | 1,833            | 6,778            |
| Advertising                               | 414              | 33               |
| Telecommunications                        | 9,503            | 12,712           |
| Entertaining                              | 23,821           | 8,397            |
| Sundry expenses                           | 347              | 4,087            |
| Licenses                                  | 11,690           | 14,230           |
| Canteen                                   | 2,628            | 4,511            |
| Amortisation                              | 7,000            | 7,000            |
| Depreciation                              | 363,009          | 368,793          |
| (Profit)/ loss on sale of tangible assets | 238,423          | 119,959          |
| (Profit)/loss on foreign exchange         | -                | (34,926)         |
|   | <u>1,434,994</u> | <u>1,397,057</u> |