

Registered number: 04366658

JOHNSONS AGGREGATES AND RECYCLING LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2021

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JOHNSONS AGGREGATES AND RECYCLING LIMITED

COMPANY INFORMATION

Directors	S D Johnson P D Wood P W Capell J G Earl L G D Johnson (appointed 24 August 2020)
Company secretary	H M Johnson
Registered number	04366658
Registered office	Johnsons Recycling Centre Crompton Road Off Merlin Way Ilkeston Derbyshire DE7 4BG
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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JOHNSONS AGGREGATES AND RECYCLING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

Introduction

The principal activity of the company was recycling of aggregates and the collection and processing of incinerator bottom ash (IBA).

Business review

The Company has produced its greatest set of financial results despite the impacts of Coronavirus. This is testament to the investment in the Company and the strength and resilience of the Company's stakeholder relationships. The Company has grown its financial performance for each of the last 4 years and is forecasting that trend to continue.

Demand for IBA recycling facilities remains strong, and in the next 3 years it is expected that Energy from Waste ("EfW") requirement for IBA recycling services will be greater than supply. This is a key risk for EfW's, although presents an opportunity for the business to continue its growth, which the Board believe the Company should. The Company is contractually committed to develop a 3rd site, and has further sites identified for future growth. Completion of this site will take the Company's IBA processing capacity to >1m tonnes per annum.

Since the balance sheet date, BGF Investments LP ("BGF"), who have a seat on the Board, have invested further funds into the business to support the 3rd site development and growth plan referred to above. Estimated capital expenditure on the new site is in the order of £8m and the directors are estimating, subject to final planning and permitting approvals, that this will become operational in the autumn of 2021. Since their initial investment in the Company in 2016, BGF have provided several rounds of additional growth capital and remain supportive of the Company's further growth plans.

A critical part of IBA processing is a sustainable demand for the Incinerator Bottom Ash Aggregate ("IBAA"). IBAA is a well accepted product and during the year, we achieved approved supplier status to a further large county council. The Company aims to have >80% of its IBAA on long term supply contracts, and is forecasting to achieve this in the next 2 years. The Company has also progressed alternative uses for IBAA and remains confident that it will be able to diversify the markets into which it supplies IBAA. Research and Development remains a large part of our activities to ensure that we maximise material recovery from all of our waste streams and continue to guarantee 100% diversion from landfill.

The Company continues to invest heavily and this continues to impact our statutory profit. Management use an underlying basis of Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") to measure the financial performance. This measure is highlighted below:

£000's	FY18	FY19	FY20	FY21
Operating Profit	623	476	1,584	2,925
Depreciation	825	1,460	1,444	1,390
Management assessed non recurring costs	471	280	345	792
EBITDA	1,919	2,216	3,373	5,107
% Increase on prior year	138%	15%	52%	51%

Management have also made an assessment that there were costs of c£0.79m in the year (2020:£0.34m) that relate to unique items that will not be repeated, and the underlying EBITDA is c£5.1m. The commercial robustness of the business remains solid and the services and products remain in great demand.

The year included the impact of the Covid 19 pandemic, which has led to 3 national lockdowns, as well as the finalisation of the Brexit process. In respect of Covid, the company continued to operate throughout and has taken extensive steps to protect the well being of its employees and visitors to its sites. In the early months of the financial period, whilst businesses generally adjusted to new ways of working in light of the pandemic, demand for the company's aggregate related products fell sharply, although this recovered strongly towards the end of 2020, a trend which has continued since the year end as construction and infrastructure projects have enjoyed a resurgence.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

Business review (continued)

On the metals side of the business, sales were similarly depressed in the spring and early months of the 2020 summer as a result of covid, but again have recovered strongly. Metal prices have risen significantly during the year and this has played a part in the strong financial performance reported. As with the aggregates side of the business, the positive momentum has continued post year end for the metals division.

An area for improvement is reducing the continuing high maintenance costs associated with the company's production plant which absorbs considerable wear and tear in what is quite a heavy industrial process. There is a fine line to be drawn between maximising potential output of the plant and running volumes which do not lead to excessive downtimes. Management are constantly reviewing the position.

The company made some use of the Government's furlough scheme with regard to Covid, but it was not necessary to make any applications under the various government backed loan schemes. At the year end the company had cash at bank in excess of £5m. With regard to Brexit, to date this has had little impact upon the company's export of reclaimed metals, much of which is sold into the EU.

Since the year end, and in conjunction with the development of a third processing plant, the company has successfully completed a restructuring of its finances. The company has converted a temporary bank facility secured on its freehold property, shown as a £3.375m balance due within one year within the financial statements, into a £3.75m commercial mortgage repayable over 15 years and this will improve the appearance of the balance sheet. BGF have subscribed for a further £3m of Loan Notes to assist with the capital expenditure programme at the new site, and a c£3m bank trade facility has been agreed in connection with the importation of plant and equipment for the new facility, with the understanding that this will be converted into a traditional hire purchase arrangement upon successful commissioning.

Principal risks and uncertainties

The company has exposure to key risk areas which are monitored as follows:

Financial risk and expansion of activities

The company's principal financial instruments comprise the operational bank accounts, overdrafts, bank loans, investor and director loans, loan notes and net obligations under finance leases and hire purchase contracts. The company has other financial assets and liabilities such as trade debtors and trade creditors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations. The company produces regular cash flow forecasts that allows it to manage this financial risk and performance against its various financial covenants.

The company has significant levels of external debt, although one of the largest providers of such debt is BGF, a significant shareholder. Debt has increased since the year end in connection with the opening of a third operational site. The company requires ongoing successful trading in order to service its debt. The third site awaits the final permits required to process IBA and will provide an updated and hopefully improved production process as well as significant additional capacity for the winning of new customer contracts. Successful installation and commissioning of the new plant, together with finalisation of the processing permits are therefore major tasks for management over the next few months. As with any major project of this nature there are inherent risks and uncertainties. Regular profit forecasts and cashflow projections are produced and significant management time is spent carefully monitoring progress at the new site.

Interest risk exposure

The company has a mix of fixed and variable rate loans. It does not hedge the variable rate element but keeps interest rate exposure under review.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2021**

Principal risks and uncertainties (continued)

Customer concentration and credit exposure

The company may offer credit terms to its customers which allow payment after the date of delivery of the goods and services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified date. In respect of sales of the company's recovered metals its customer base comprises a small number of specialist purchasers. The risk is mitigated by credit insurance and strong on-going customer relationships.

Commodity price and foreign exchange rate risk

The output of the IBA operation is a range of metals which the company sells on the global market. As such the company is exposed to commodity price and exchange rate movements. Both are outside of the company's control. The company has a hedging strategy to mitigate foreign exchange risk but does not hedge commodity prices. The company closely monitors both.

Regulatory control

The company operates in the waste disposal and environmental sectors. As such it is heavily regulated and the loss of any of the required permissions would have a material effect. As such, the Board takes its responsibilities seriously and closely monitors compliance, employing the help of external professionals where appropriate.

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

DocuSigned by:

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P D Wood
Director

Date: 25 June 2021

JOHNSONS AGGREGATES AND RECYCLING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present their report and the financial statements for the year ended 28 February 2021.

Directors' responsibilities statement

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £2,222,503 (2020: £871,887).

No dividends were paid during the year (2020: £Nil).

Directors

The directors who served during the year were:

S D Johnson
P D Wood
P W Capell
J G Earl
L G D Johnson

Matters covered in the strategic report

The directors have chosen to disclose information required under sch. 7 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 within the strategic report.

JOHNSONS AGGREGATES AND RECYCLING LIMITED


**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2021**

Disclosure of information to auditor

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

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

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

DocuSigned by:

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P D Wood
Director

Date: 25 June 2021

JOHNSONS AGGREGATES AND RECYCLING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNSONS AGGREGATES AND RECYCLING LIMITED

Opinion

We have audited the financial statements of Johnsons Aggregates and Recycling Limited (the 'company') for the year ended 28 February 2021, which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNSONS AGGREGATES AND RECYCLING LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNSONS AGGREGATES AND RECYCLING LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the company's policies and procedures and how the company has complied with these, through discussions with directors;
- obtaining an understanding of the company's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, reviewing the monthly board minutes, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specifically around the impairment of fixed assets and the valuation of accrued income.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and associated parties;
- reviewing correspondence with local planning authorities and the Environment Agency to provide comfort that there have been no material breaches which could impact upon the company's ability to continue trading from its sites.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNSONS AGGREGATES AND
RECYCLING LIMITED (CONTINUED)**

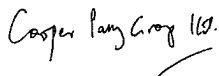
Auditor's responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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



Peter Sterling (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 25 June 2021

JOHNSONS AGGREGATES AND RECYCLING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	2021 £	2020 £
Turnover	3	30,032,077	23,817,059
Cost of sales		(23,537,314)	(19,669,068)
Gross profit		6,494,763	4,147,991
Administrative expenses		(3,750,960)	(2,563,518)
Other operating income	4	181,094	-
Operating profit	5	2,924,897	1,584,473
Interest payable and similar charges	8	(1,003,386)	(1,249,918)
Profit before taxation on ordinary activities		1,921,511	334,555
Tax on profit on ordinary activities	9	300,992	537,332
Profit for the year		<u>2,222,503</u>	<u>871,887</u>
Retained earnings at the beginning of the year		1,541,332	669,445
Profit for the year		2,222,503	871,887
Retained earnings at the end of the year		<u>3,763,835</u>	<u>1,541,332</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

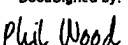
The notes on pages 14 to 35 form part of these financial statements.

JOHNSONS AGGREGATES AND RECYCLING LIMITED
REGISTERED NUMBER: 04366658

BALANCE SHEET
AS AT 28 FEBRUARY 2021

		28 February 2021 £	As restated 29 February 2020 £
	Note		
Fixed assets			
Tangible assets	10	14,828,634	15,361,998
Investments	11	100	100
		<u>14,828,734</u>	<u>15,362,098</u>
Current assets			
Stocks	12	343,719	916,552
Debtors	13	7,844,328	7,167,642
Cash at bank and in hand		5,693,026	831,576
		<u>13,881,073</u>	<u>8,915,770</u>
Creditors: amounts falling due within one year	14	(15,260,445)	(13,307,532)
Net current liabilities		<u>(1,379,372)</u>	<u>(4,391,762)</u>
Total assets less current liabilities		13,449,362	10,970,336
Creditors: amounts falling due after more than one year	15	(6,450,325)	(6,371,587)
Provisions for liabilities			
Deferred taxation	18	(898,575)	(720,793)
Net assets		<u><u>6,100,462</u></u>	<u><u>3,877,956</u></u>
Capital and reserves			
Called up share capital	19	142	142
Share premium account	20	2,336,482	2,336,482
Other reserves	20	3	-
Profit and loss account	20	3,763,835	1,541,332
Shareholders' funds		<u><u>6,100,462</u></u>	<u><u>3,877,956</u></u>

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

DocuSigned by:

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P D Wood
Director

Date: 25 June 2021

The notes on pages 14 to 35 form part of these financial statements.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	28 February 2021 £	29 February 2020 £
Cash flows from operating activities		
Profit for the financial year	2,222,503	871,887
Adjustments for:		
Depreciation of tangible assets	1,390,442	1,443,999
Profit on disposal of tangible assets	(23,336)	(43,778)
Interest charged	1,003,386	1,249,918
Taxation charge/(credit)	(300,992)	(537,332)
Decrease/(Increase) in stocks	272,056	(112,675)
Increase in debtors	(518,159)	(2,173,548)
Increase in creditors	2,966,165	35,511
Corporation tax received	621,027	652,519
Net cash generated from operating activities	<u>7,633,092</u>	<u>1,386,501</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(396,890)	(171,068)
Sale of tangible fixed assets	185,334	71,700
Net cash used in investing activities	<u>(211,556)</u>	<u>(99,368)</u>
Cash flows from financing activities		
New bank loans	4,272,836	-
Repayment of bank loans	(5,091,321)	(838,337)
Repayment of other loans	-	(58,416)
Repayment of finance leases	(363,203)	(522,429)
Movements on invoice discounting	(147,216)	(306,995)
Interest paid on loans and loan notes	(1,191,403)	(327,735)
Interest paid on finance leases	(39,779)	(59,053)
Net cash used in financing activities	<u>(2,560,086)</u>	<u>(2,112,965)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,861,450</u>	<u>(825,832)</u>
Cash and cash equivalents at beginning of year	831,576	1,657,408
Cash and cash equivalents at the end of year	<u><u>5,693,026</u></u>	<u><u>831,576</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>5,693,026</u></u>	<u><u>831,576</u></u>

The notes on pages 14 to 35 form part of these financial statements.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 28 FEBRUARY 2021

	At 1 March 2020 £	Cash flows £	New finance leases £	Other non- cash changes £	At 28 February 2021 £
Cash at bank and in hand	831,576	4,861,450	-	-	5,693,026
Invoice discounting	(1,249,519)	147,216	-	-	(1,102,303)
Debt due after 1 year	(6,046,652)	-	-	250,094	(5,796,558)
Debt due within 1 year	(5,397,559)	814,061	-	(2,144,481)	(6,727,979)
Finance leases	(643,170)	363,203	(622,186)	-	(902,153)
	<u>(12,505,324)</u>	<u>6,185,930</u>	<u>(622,186)</u>	<u>(1,894,387)</u>	<u>(8,835,967)</u>

The notes on pages 14 to 35 form part of these financial statements.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

1. Accounting policies

Johnsons Aggregates and Recycling Limited ("the company") is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 28 February 2021 however have been drawn up for the period 1 March 2021 (2020: year ended 29 February 2020).

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

At the year end the company had Shareholders Funds of £6.1m (2020: £3.9m) albeit it also had net current liabilities of £1.4m (2020: £4.3m) The company also carries relatively high levels of debt relative to its size largely the result of the substantial investment made in building its main manufacturing site several years ago. Net debt at the year end was £8.8m (2020: £12.5m)

In the year ended 28 February 2021 the company reported an EBITDA, adjusted for management's calculation of non recurring costs, of £5.1m (2020: £3.4m) the company's most successful year of trading yet. Trading since the year end has remained very strong buoyed by high metal prices and a strong demand for the company's aggregate products used within the construction sector. A rescheduling of the company's debt has also taken place since the year end. This has provided both increased facilities as well as a more favourable repayment profile.

The directors have prepared detailed profit and cashflow forecasts covering a period of at least 12 months from the date of approval of these financial statements. The forecasts incorporate the investment cost and additional debt, largely provided by its shareholders, taken on since the year end in connection with the construction of a new manufacturing facility being built to facilitate further growth. As with any project of this scale and complexity, and which utilises a new technology, the forecasts contain a number of assumptions and therefore inherent uncertainties. Final regulatory consents are still awaited, but from discussions with the authorities concerned, which have been ongoing and constructive throughout the project, the directors are confident that the consents will be obtained. On the basis of these forecasts, along with various sensitivities applied, the directors are satisfied that the company will continue to meet its obligations as they fall due and that it is appropriate that the financial statements be prepared on a going concern basis.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

1. Accounting policies (continued)

1.2 Turnover

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

Sale of goods

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

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

1.3 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold property	-	25 years straight line
Freehold property improvements	-	25 years straight line
Leasehold improvements	-	4 years straight line
Plant and machinery	-	4 - 15 years straight line
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	3 years straight line

No depreciation is charged on freehold land.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense immediately.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

1. Accounting policies (continued)

1.4 Investments

Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of production on a standard cost basis. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

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

1.6 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty.

1.7 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure. In the current financial year government grants received relate to the receipt of Coronavirus Job Retention Scheme income which is included within other operating income in the consolidated statement of comprehensive income.

1.9 Operating leases

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

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

1. Accounting policies (continued)

1.10 Leasing and hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Hire purchase contracts are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.11 Pensions

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

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

1.12 Provisions

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses are presented in the profit and loss account within administrative expenses.

1.14 Finance costs

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

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

1. Accounting policies (continued)

1.15 Current and deferred taxation

The tax charge for the year comprises current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised where material, in respect of all timing differences at the reporting date except otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

1.16 Prior year restatement

A prior year restatement has been included as the directors believe that the spares stock is better represented within stock than in prepayments. This restatement has no impact upon either the prior year's reported profit or the Shareholders' Funds.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

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

The directors of the company make estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered below:

Valuation of accrued income

A significant part of the company's sales relates to reclaimed metals. The metals are sold in bulk based upon an assumed metal content of each despatch. It is only when the despatch is chemically analysed by the purchaser to confirm the precise metal content and purity that a final selling price is arrived at. The directors, when estimating accrued income at each period end therefore make an assessment of the likely outturn of each despatch. This is based upon the size of the metals shipped and historic data relating to final metal content compared to the content assumed.

Impairment of non-current assets

The directors assess the impairment of tangible and fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

Carrying value of stocks

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

2. Judgements in applying accounting policies (continued)

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Directors review are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. Legal advice is sought where appropriate.

Leases

The directors determine whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of the amount likely to be due. The directors estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**3. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	13,395,782	13,882,505
Europe	16,636,295	9,934,554
	<u>30,032,077</u>	<u>23,817,059</u>

4. Other operating income

	2021 £	2020 £
Government grants receivable	181,094	-
	<u>181,094</u>	<u>-</u>

Government grants relate to income received under the Coronavirus Job Retention Scheme.

5. Operating profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets:	-	-
- owned by the company	950,995	1,058,964
- held under finance leases	439,447	385,035
Auditor's remuneration	24,000	22,000
Exchange differences	167,982	35,198
Operating lease rentals	958,264	711,828
Profit on sale of tangible assets	<u>(23,336)</u>	<u>(43,778)</u>

JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	6,460,381	5,013,695
Social security costs	554,926	442,251
Pension costs	138,358	102,706
	<u>7,153,665</u>	<u>5,558,652</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production	143	128
Administration	21	20
	<u>164</u>	<u>148</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	368,172	285,370
Company contributions to defined contribution pension schemes	10,336	9,256
	<u>378,508</u>	<u>294,626</u>

During the year retirement benefits were accruing to 3 directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £166,528 (2020: £144,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £438 (2020: £456).

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

8. Interest payable and similar charges

	2021 £	2020 £
Bank interest payable	185,165	309,675
Other loan interest payable	18,344	139,832
Finance leases and hire purchase contracts	41,966	59,053
Investor and directors loan note interest	757,911	741,358
	<u>1,003,386</u>	<u>1,249,918</u>

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profit for the year	(483,499)	(595,142)
Adjustments in respect of previous periods (see below)	4,725	-
	<u>(478,774)</u>	<u>(595,142)</u>
Deferred tax		
Origination and reversal of timing differences	177,782	57,810
Taxation on profit on ordinary activities	<u>(300,992)</u>	<u>(537,332)</u>

The adjustments in respect of previous periods relate to research and development tax credits.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,921,511	334,555
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	365,087	63,565
Effects of:		
Fixed asset differences	23,071	13,418
Expenses not deductible for tax purposes	6,104	4,490
Adjustments to tax charge in respect of prior periods	4,725	-
Adjustments to deferred tax charge in respect of prior periods	4,476	-
Additional deduction for research and development expenditure	(785,774)	(600,811)
Adjustment to deferred tax to average rates	85,326	(6,801)
Other differences leading to an increase (decrease) in the tax charge	(4,007)	(11,193)
Total tax (credit)/charge for the year	(300,992)	(537,332)

Factors that may affect future tax charges

The company has estimated tax losses carried forward of £985,000 (2020: £985,000).

The Chancellor has announced that Corporation Tax rates will increase to 25% from April 2023.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

10. Tangible fixed assets

	Freehold land and buildings £	Freehold improve- ments £	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £
Cost or valuation						
At 1 March 2020	2,243,798	1,967,853	237,793	16,281,416	169,233	33,615
Additions	-	-	-	1,009,875	9,201	-
Disposals	-	-	-	(380,500)	(9,959)	-
At 28 February 2021	<u>2,243,798</u>	<u>1,967,853</u>	<u>237,793</u>	<u>16,910,791</u>	<u>168,475</u>	<u>33,615</u>
Depreciation						
At 1 March 2020	127,109	168,061	237,793	4,875,146	143,108	20,493
Charge for the year	63,681	81,114	-	1,212,092	27,467	6,088
Disposals	-	-	-	(218,502)	(9,959)	-
At 28 February 2021	<u>190,790</u>	<u>249,175</u>	<u>237,793</u>	<u>5,868,736</u>	<u>160,616</u>	<u>26,581</u>
Net book value						
At 28 February 2021	<u>2,053,008</u>	<u>1,718,678</u>	<u>-</u>	<u>11,042,055</u>	<u>7,859</u>	<u>7,034</u>
At 29 February 2020	<u>2,116,689</u>	<u>1,799,792</u>	<u>-</u>	<u>11,406,270</u>	<u>26,125</u>	<u>13,122</u>

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

10. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 March 2020	20,933,708
Additions	1,019,076
Disposals	(390,459)
At 28 February 2021	<u>21,562,325</u>
Depreciation	
At 1 March 2020	5,571,710
Charge for the year	1,390,442
Disposals	(228,461)
At 28 February 2021	<u>6,733,691</u>
Net book value	
At 28 February 2021	<u>14,828,634</u>
At 29 February 2020	<u>15,361,998</u>

Included within freehold land and buildings is freehold land at a cost of £597,740 (2020: £597,740) which is not depreciated.

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

	2021 £	2020 £
Plant and machinery	1,701,077	1,382,399
Motor vehicles	-	26,125
	<u>1,701,077</u>	<u>1,408,524</u>

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 March 20 and 28 February 2021	100
Net book value	
At 28 February 2021	100
At 29 February 2020	100

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
Johnsons Aggregates Limited	Crompton Road, Off Merlin Way, Ilkeston, Derbyshire, England, DE7 4BG	Ordinary	100%

The company is dormant and therefore the profit for the year amounts to £Nil (2020: £Nil). The aggregate of share capital and reserves of the company as at 28 February 2021 is £100 (2020: £100).

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

12. Stocks

	2021 £	As restated 2020 £
Plant and machinery spare stock	292,595	300,777
Finished goods and goods for resale	51,124	615,775
	<u>343,719</u>	<u>916,552</u>

Plant and machinery spare stock of £300,777 was included in prepayments and accrued income in the prior year. A prior year adjustment has been made to reclassify this as plant and machinery spare stock.

13. Debtors

	2021 £	As restated 2020 £
Trade debtors	3,100,910	2,245,866
Other debtors	815,375	794,571
Prepayments and accrued income	3,928,043	4,127,205
	<u>7,844,328</u>	<u>7,167,642</u>

An impairment loss of £13,000 (2020: £11,319) was recognised in administrative expenses against trade debtors during the year.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Investor loan notes	1,875,400	-
Invoice discounting facility	1,102,303	1,249,519
Bank loans	3,583,850	4,402,335
Other loans	1,268,729	994,999
Trade creditors	4,708,391	2,594,163
Other taxation and social security	152,929	120,448
Obligations under finance lease and hire purchase contracts	248,487	318,560
Other creditors	34,930	26,916
Accruals and deferred income	2,285,426	3,600,592
	<u>15,260,445</u>	<u>13,307,532</u>

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

14. Creditors: Amounts falling due within one year (continued)

The invoice discounting facility is secured over book debts.

Investor loan notes to the value of £4,189,103 (2020: £3,125,000) of which £1,041,668 (2020: £Nil) is due within 1 year, are unsecured fixed rate loan notes on which interest is charged at 10% per annum. The loan notes are repayable in half yearly instalments of £520,833 commencing on 30 June 2021. Interest is calculated on a monthly basis and during the year £1,064,103 of previously accrued loan interest has been capitalised within the loan balance and transferred from accruals and deferred income. £288,310 of interest has been paid during the year, reducing the balance of the interest accrued, any remaining interest is included within accruals and deferred income.

The remaining investor loan notes of £2,874,464 (2020: £2,431,400) of which £833,732 (2020: £Nil) is due within 1 year, are secured over the company's assets by a fixed and floating charge. Interest is charged at 10% per annum. The loan notes are repayable in half yearly instalments of £243,218 commencing on 30 June 2021. Interest is calculated on a monthly basis and during the year previously accrued interest of £443,064 has been capitalised within the loan balance and transferred from accruals and deferred income. £182,211 of interest has been paid during the year.

The bank loans are secured on the company's assets, and a personal guarantee by a director of £50,000. Interest is charged at rates between 2.81% above base rate and 5.5% above base rate. Within bank loans is a sum of £Nil (2020: £3,620,000) relating to a temporary facility in connection with the building of the manufacturing facility at Stanton, which attracted interest at 5.35%. This was repaid in the year alongside £782,335 of a commercial mortgage which attracted interest at a rate of 3.35%. These loans were refinanced into a commercial mortgage of £3,375,000 and a cashflow loan of £905,000. The commercial mortgage carries an interest charge of 3.35% and the cashflow loan an interest charge of 5.35%. The commercial mortgage had a repayment date of April 2021, hence being shown within amounts due within 1 year. Since the year end this loan has been refinanced over a 15 year period. The cashflow loan is repayable by monthly installments of £69,950 and at the year end £208,850 is still outstanding.

Included within other loans is £500,000 (2020: £500,000) of unsecured loan notes from an unconnected party, all of which is due within 1 year. These loan notes, together with accrued interest of £500,000, were due for repayment by January 2021. By agreement with the noteholder, £333,333 of accrued interest was paid in January 2021. A further £333,333 of accrued interest plus capital will be repaid in July 2021 with the balance of capital and interest of £33,333 payable in April 2022. Interest of 3% is now accruing on the amounts outstanding.

Included within other loans are amounts of £993,750 owed to two directors. Of this, £393,266, is due within one year. The loans are unsecured and carry interest of between zero and 4%. During the year interest of £18,170, which had been previously accrued within accruals and deferred income was capitalised within the loan balances. Of the various balances included within this category of debt £120,000 is repayable as a single sum within 12 months, whilst the balance is due to be cleared by capital repayments of approximately £136,000 payable every 6 months starting in June 2021.

Also included within other loans are 2 new loan notes issued in the year in the aggregate sum of £394,962. Of this sum £141,297 is represented by secured loan notes and £253,665 by unsecured loan notes. Both categories of loan note carry interest at 10%. The loan notes are repayable by 6 monthly installments which commence in June 2021 with the last one falling due in December 2023.

Obligations under finance lease and hire purchase contracts are secured over the specific assets concerned.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

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

	2021 £	2020 £
Investor loan notes	5,188,167	5,556,400
Other loans	608,391	490,477
Net obligations under finance leases and hire purchase contracts	653,667	324,610
Other creditors	100	100
	<u>6,450,325</u>	<u>6,371,587</u>

For details of the Investor Loan Notes and Other Loans see note 14.

16. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	3,583,850	4,402,335
Other loans	1,268,729	994,999
Investor loan notes	1,875,400	-
	<u>6,727,979</u>	<u>5,397,334</u>
Amounts falling due 1-2 years		
Other loans	608,391	490,477
	<u>608,391</u>	<u>490,477</u>
Amounts falling due after more than 5 years		
Investor loan notes	5,188,167	5,556,400
	<u>12,524,537</u>	<u>11,444,211</u>

Since the year end bank loans of £3,583,850, shown as due within one year have been refinanced over a 15 year period. Also since the year end the repayment of the investor loan notes which was due to commence in June 2021 have been rescheduled so as to commence in June 2022.

JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**17. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	248,487	318,560
Between 2-5 years	653,667	324,610
	<u>902,154</u>	<u>643,170</u>

Obligations under finance lease and hire purchase contracts are secured over the specific assets concerned.

18. Deferred taxation

	2021 £	2020 £
At start of the year	720,793	662,983
Charge for the year	177,782	57,810
At end of the year	<u>898,575</u>	<u>720,793</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	1,263,360	1,005,157
Short term timing differences	(177,567)	(116,853)
Tax losses carried forward	(187,218)	(167,511)
	<u>898,575</u>	<u>720,793</u>

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
7,600 Ordinary Ordinary shares of £0.01 each	76	76
5,198 A Ordinary shares of £0.01 each	52	52
70 B1 Ordinary shares of £0.10 each	7	7
70 B2 Ordinary shares of £0.10 each	7	7
	<hr/>	<hr/>
	142	142
	<hr/>	<hr/>

The Ordinary shares and A Ordinary shares have voting rights, are entitled to a dividend and have a right to any excess distribution upon an exit event in accordance with the company's articles.

The B1 Ordinary shares and B2 Ordinary shares have voting rights, are not entitled to a dividend but have a right to any excess distribution upon an exit event in accordance with the company's articles.

During the year the company issued share options to shareholders over 1177 A ordinary shares and 13 Ordinary Shares. The options were not issued in connection with any benefit, goods or services received by the company. The aggregate consideration received was £3. The options are exercisable only upon a sale of the company or a listing of its shares. The exercise price is £600 per share. The consideration paid for the options is included within other reserves.

20. Reserves

Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

The other reserve includes consideration received for share options issued to existing shareholders.

Profit and loss account

This represents accumulated profits and losses from all current and prior periods less dividends paid.

21. Contingent liabilities

At the year-end the company is involved in a dispute in which there is both a claim and a counter claim in relation to property related transaction. Because the company's legal advice is that there is unlikely to be an outflow of funds no provision has been made within these financial statements for either costs or damages.

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund amounted to £138,358 (2020: £102,706).

JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**23. Commitments under operating leases**

At 28 February 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,058,250	644,101
Later than 1 year and not later than 5 years	437,661	391,280
	<u>1,495,911</u>	<u>1,035,381</u>

24. Related party transactions

During the year, the company made purchases of £155,449 (2020: £187,409) from a company of which a director of Johnsons Aggregates and Recycling Limited is both a shareholder and director. At the year end £19,384 (2020: £16,240) was due to this company and is included within trade creditors.

Transactions with directors and family members of directors

Included within other loans is an amount of £165,680 (2020: £165,680) owed by the company to one of its directors. No interest is payable on this loan. This loan is only repayable upon certain bank and other loans having been settled.

Also included within other loans are amounts of £977,393 (2020: £819,797) owed by the company to two of its directors. The loans are repayable in instalments and interest is charged on the loans at rates of between 4% and 10% per annum. This loan is only repayable upon certain bank and other loans having been settled.

Remuneration was paid to several family members at market value during the year.

Key management personnel remuneration

Remuneration paid to key management personnel in the year, including directors, was £585,782 (2020: £512,669).

25. Post balance sheet events

Since the year end the company has entered into agreements to lease property in the East Of England in connection with a potential additional manufacturing site. The company is now finalising its application to use the site for IBA processing and storage. The directors are confident that the permits will be obtained and that processing will commence in the autumn of 2021.

In connection with the new manufacturing plant the company has committed to total expenditure in the order of £8m.

To assist with the new plant, BGF, one of the company's shareholders, have subscribed for an additional £3m of loan notes, and a trade related bank facility of £4m has been entered into as a temporary measure to import the necessary machinery.

As described in note 14, since the year end the company has also refinanced its commercial mortgage which was due for repayment in April 2021 over a 15 year period

JOHNSONS AGGREGATES AND RECYCLING LIMITED

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

26. Controlling party

The company is controlled by Mr S D Johnson who is a director of the company but subject to the terms of an investment agreement with BGF Investments LP.