

Registered number: 04366658

**JOHNSONS AGGREGATES AND RECYCLING LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 28 FEBRUARY 2023**

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## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### COMPANY INFORMATION

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

## **JOHNSONS AGGREGATES AND RECYCLING LIMITED**

### **CONTENTS**

	<b>Page</b>
<b>Strategic report</b>	<b>1 - 4</b>
<b>Directors' report</b>	<b>5 - 6</b>
<b>Independent auditor's report</b>	<b>7 - 10</b>
<b>Profit and loss account</b>	<b>11</b>
<b>Balance sheet</b>	<b>12</b>
<b>Statement of changes in equity</b>	<b>13</b>
<b>Statement of cash flows</b>	<b>14 - 15</b>
<b>Analysis of net debt</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17 - 37</b>

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

#### Introduction

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

#### Business review

The year ended 28 February 2023 was another positive year of development and consolidation for the Company. The new site at Whittlesey in Cambridgeshire was fully commissioned and became operational. This was a key part of the Company's growth plans and the company now has 3 fully proven sites capable of processing >1m tonnes per annum of Incinerator Bottom Ash ("IBA"). The Company continues to reserve capacity and not fully contract this capability and believes it is uniquely placed in the UK market in this regard. The Board are considering adding additional geographical locations to the Company's IBA processing portfolio.

During the year the Board took the decision to review all IBA processing operations, specifically looking to improve the environmental and financial performance of the Company. Changes were made to the business that has overall delivered significant improvement. The underlying financial performance improvement has allowed the Company to increase its cash reserves to in excess of £5m at 31 December 2023.

The development of ESG and the evolving circular economy model in Waste Management Services is something the Company supports. The Company has benchmarked itself against virgin quarried aggregates and whilst there is some subjectivity to the estimate, due to limited data available, believes that its recycled products generate 1.5 – 4.5 kgCO<sub>2</sub>/Te less than comparable virgin quarried aggregates. This adds significant value to the Net Zero journey. The Board are proud to have diverted everything it receives from landfill again.

The Incinerator Bottom Ash Aggregate ("IBAA") market remains dynamic and the Company remains well positioned to remain at the forefront of these developments. The Company has managed to develop a carbon negative remanufactured aggregate, which is a clear intent of the Company's intention to actively improve IBAA.

The Company remains committed to supporting the communities it operates in and this year has managed to successfully chair and host several Community Liaison groups across its sites. Whilst an important part of the Company's ESG strategy, carbon reduction is not the only focus. The Company is ambitious on engaging further with local communities and ensuring it positively engages with all elements of the local community. Governance has always been strong within the business and remains so.

IBAA is excellent product both technically and environmentally, although there remains challenges in developing sales routes. The Board have identified that the most sustainable demand for IBAA includes long term offtake agreements with other aggregates businesses. The Company has successfully progressed this route and has developed several such relationships.

Our EfW clients are showing a range of views on how they believe the circular economy should develop and operate. The Board remain resolute that the Company's knowledge of IBA processing and IBAA routes to market remain valuable to our EfW clients. This is evidenced by the extension of several contracts. Our client base values our professional approach and we are extremely proud that we have managed another year without any client KPI breaches.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 28 FEBRUARY 2023**Business review (continued)**

EBITDA continues to be the key measure for the financial performance of the Company. The Directors summary is below:

£000's	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Operating Profit / (Loss)	476	1,584	3,171	(468)	863
Depreciation	1,460	1,444	1,390	1,457	2,132
Management assessed non-recurring costs	280	345	792	1,155	753
Exceptional Administrative costs	-	-	-	912	1,316
<b>EBITDA</b>	<b>2,216</b>	<b>3,373</b>	<b>5,353</b>	<b>3,056</b>	<b>5,064</b>

The financial performance of the Company is excellent, showing 66% EBITDA growth on FY21/22 and EBITDA more than doubling in the last 5 years. All of this has been achieved whilst reducing our carbon footprint and improving our health and safety performance.

The Company remains committed to ensuring that it is well placed to serve its clients. A key part of this is financial robustness. The Company has changed its internal reporting structures to ensure that long term sustainable decisions can be taken. The amount of external variables the Company faces are significant and include global commodity prices, exchange rates, fluctuating demand and EU regulatory changes due to Brexit. A balanced KPI scorecard has been developed to put value and sustainability at the centre of the Company's activities.

**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, invoice discounting facility, 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 during the year and 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.

*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.

*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.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

#### **Principal risks and uncertainties (continued)**

##### *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.

##### *Supply of raw material*

The company requires sufficient quantities of IBA to process efficiently through its production plant. Competition for IBA is increasing, but through maintaining close relationships with suppliers and offering attractive contractual terms the company seeks to source the materials needed. Many supply contracts are for periods of between one and 5 years.

#### **Directors' statement of compliance with duty to promote the success of the company**

The Directors have at all times acted in accordance with strong ethical principles and in a way that they consider, in good faith, promotes the success of the Company for the benefit of all stakeholders, and in achieving this have considered, amongst other matters:

##### *Health and Safety*

At the heart of our Company is that everyone should leave the premises in the same health they arrived. This applies to all that interact with our Company, whether they are a visitors, customer, general public or staff. The Company is structured to ensure that it focuses on this principle and has appropriate systems and policies in place to allow all issues, however minor, to be reported and investigated with a positive approach. This approach is across all levels of the organisation and includes on remote sites.

##### *Business Relationships*

Strong relationships, based on trust and integrity, are at the core of our ethos. It is important to the Board that we continue to invest in our current relationships as well as develop new relationships. We act fairly with all of our customers and suppliers, as well as our non-trade relationships, such as the communities we operate within.

We trade fairly with others and take any complaints seriously. Our relationships are always underpinned with honesty, integrity and respect. To help develop our relationships we undertake reviews, which are focussed around safety, innovation, ESG ambitions and sustainability.

##### *Community, charity and environmental matters*

The Environment Agency ("EA") and our local communities are key stakeholders in our Company. The EA are the statutory regulator of the Company and the Board have always engaged with the EA far in excess of what is required. The Board believe that Waste Management companies should always improve their impact on the environment and not simply meet their legal requirements.

The Board and Senior management team are actively improving their engagement across all communities and also strengthening the commitments being made by the Company to the local Communities. Several community liaison groups are organised and hosted by the Company with plans to expand this further.

The Company is actively involved in developing a strategy to achieve Carbon Negative status. This strategy will go through an approach of reducing carbon, eliminating carbon and then absorbing carbon.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

#### Directors' statement of compliance with duty to promote the success of the company (continued)

##### *Employees, cultures and values*

The Company is inclusive and employees are involved in all aspects of the management of the Company, whether through safety forums, idea suggestion schemes, feedback surveys or team discussions. It is important to the Board that employees views are received and reflected upon. It is common for the Company to change its approach to situations based on suggestions made by an employee.

All employees are treated fairly and with dignity and respect. We operate supportive culture and invest in development and training of staff. Typically we always look to promote from within and we do not discriminate against anyone.

The strategy and culture of the Company needs to reflect its vision. To ensure this happens, frequent reviews happen of both and shared across the Company.

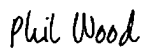
##### *Continuous Improvement*

The Board identified a programme of Continuous Improvement ("CI") several years ago and this is a key focus of Senior Management. This CI programme focuses on several areas and in the year a key decision was made to change the processing methodology at the Company's main site. This took a lot of preparation work and was not without significant financial risk. The Board remained resilient in its decision and has resulted in excellent operational efficiencies and reductions in CO2. This positions the Company to sustainably perform better across its whole suite of KPI's.

##### *Shareholders*

The shareholders are all represented on the Board of Directors and are actively involved in the executive leadership. All shareholders believe that by treating our stakeholders correctly and ensuring that the Company is a trusted party is in the best interests of the Shareholders.

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

DocuSigned by:  
  
6AF75E3D7773421...  
**P D Wood**  
Director

Date: 28 February 2024

## **JOHNSONS AGGREGATES AND RECYCLING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023**

The directors present their report and the financial statements for the year ended 28 February 2023.

#### **Directors' responsibilities statement**

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

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

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 £520,176 (2022: loss £1,411,420).

No dividends were paid during the year (2022: £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



## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

#### Future developments

The Company has a strategic plan which it has successfully implemented so far and remains committed to delivering the remainder of the plan.

This plan is centred around best serving its clients and ensuring the Company remains a trusted partner at the forefront of IBA processing in the UK. This has been achieved through investing and developing new IBA processing capability and geographic expansion. Moving forwards this is still a consideration although not as important as ensuring the Company develops the IBA and IBAA processing to ensure it has the best ESG credentials possible. The Board believe that ESG has been at the core of its own activities for several years and now the macro economic environment will allow the Board to accelerate its ambitious plans in this regard.

Operating in a highly regulated sector the Board takes its responsibilities seriously and believes that the Company should increase its involvement in shaping the future of IBA and IBAA in the UK and is committing resources to facilitate this.

#### Streamlined Energy Carbon Reporting (SECR)

As stated above in the strategic report on page 1, during the year the Board took the decision to review all IBA processing operations, specifically looking to improve the environmental and financial performance of the Company. Changes were made to the business that have overall delivered significant improvement.

The data for the 2023 and 2022 Streamlined Energy Carbon Reporting (SECR) is still being finalised and the directors believe that to include as currently drafted within the financial statements would be unreliable. Full details will be given in the FY24 accounts.

#### Matters covered in the strategic report

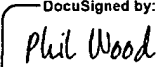
The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013 to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

#### 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:  
  
6AF75E3D7773421...

**P D Wood**  
Director

Date: 28 February 2024

## **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 2023, which comprise the profit and loss account, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

#### **Other matters**

We wish to draw your attention to page 6, in which the directors have omitted the required disclosures in relation to Streamlined Energy and Carbon Reporting (SECR), for the year ended 28 February 2023 and its comparative.

#### **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 5, 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, Environment and Planning Regulations, 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 and walkthroughs;
- 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 deferred income and stocks.

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.

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.

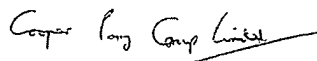
**JOHNSONS AGGREGATES AND RECYCLING LIMITED**

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

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

Statutory Auditor

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

Date: 28 February 2024

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	2023 £	2022 £
<b>Turnover</b>	3	44,292,359	36,434,672
Cost of sales		(37,214,222)	(31,290,565)
Exceptional cost of sales	10	(1,316,825)	-
<b>Gross profit</b>		<u>5,761,312</u>	<u>5,144,107</u>
Administrative expenses		(4,898,329)	(4,739,116)
Exceptional administrative expenses	10	-	(912,343)
Other operating income	4	-	39,593
<b>Operating profit/(loss)</b>	5	<u>862,983</u>	<u>(467,759)</u>
Interest receivable and similar income		1,615	-
Interest payable and similar expenses	8	(1,463,399)	(1,258,511)
<b>Loss before tax</b>		<u>(598,801)</u>	<u>(1,726,270)</u>
Tax on loss	9	1,118,977	314,850
<b>Profit/(loss) for the financial year</b>		<u><u>520,176</u></u>	<u><u>(1,411,420)</u></u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the profit and loss account.

The notes on pages 17 to 37 form part of these financial statements.

**JOHNSONS AGGREGATES AND RECYCLING LIMITED**  
**REGISTERED NUMBER: 04366658**

**BALANCE SHEET**  
**AS AT 28 FEBRUARY 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	11	21,202,727	22,013,835
Fixed asset investments	12	100	100
		<u>21,202,827</u>	<u>22,013,935</u>
<b>Current assets</b>			
Stocks	13	2,101,092	1,261,489
Debtors: amounts falling due within one year	14	8,577,185	8,240,141
Cash at bank and in hand		4,815,756	6,634,870
		<u>15,494,033</u>	<u>16,136,500</u>
<b>Creditors: amounts falling due within one year</b>	15	(19,890,438)	(14,874,526)
<b>Net current (liabilities)/assets</b>		<u>(4,396,405)</u>	<u>1,261,974</u>
<b>Total assets less current liabilities</b>		16,806,422	23,275,909
<b>Creditors: amounts falling due after more than one year</b>	16	(9,299,794)	(15,054,221)
<b>Provisions for liabilities</b>			
Deferred tax	19	(1,525,308)	(1,848,201)
Other provisions	20	-	(912,343)
		<u>(1,525,308)</u>	<u>(2,760,544)</u>
<b>Net assets</b>		<u>5,981,320</u>	<u>5,461,144</u>
<b>Capital and reserves</b>			
Called up share capital	21	225	225
Share premium account	22	2,386,399	2,386,399
Other reserves	22	4	4
Profit and loss account	22	3,594,692	3,074,516
<b>Shareholder's funds</b>		<u>5,981,320</u>	<u>5,461,144</u>

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

DocuSigned by:  
  
 6AF75E3D773421...  
**P D Wood**  
 Director

Date: 28 February 2024

The notes on pages 17 to 37 form part of these financial statements.

**JOHNSONS AGGREGATES AND RECYCLING LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2023**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 March 2022	225	2,386,399	4	3,074,516	5,461,144
Profit for the year	-	-	-	520,176	520,176
<b>At 28 February 2023</b>	<b>225</b>	<b>2,386,399</b>	<b>4</b>	<b>3,594,692</b>	<b>5,981,320</b>

The notes on pages 17 to 37 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 March 2021	142	2,336,482	3	4,485,936	6,822,563
Loss for the year	-	-	-	(1,411,420)	(1,411,420)
Shares issued during the year	83	49,917	-	-	50,000
Issue of share options	-	-	1	-	1
<b>At 28 February 2022</b>	<b>225</b>	<b>2,386,399</b>	<b>4</b>	<b>3,074,516</b>	<b>5,461,144</b>

The notes on pages 17 to 37 form part of these financial statements.



## JOHNSONS AGGREGATES AND RECYCLING LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	520,176	(1,411,420)
<b>Adjustments for:</b>		
Depreciation of tangible assets	2,131,661	1,459,555
Impairments of fixed assets	1,316,825	-
(Profit)/loss on disposal of tangible assets	(227,792)	79,796
Interest paid	1,463,399	1,258,511
Interest received	(1,615)	-
Taxation charge	(1,118,977)	(314,850)
Increase in stocks	(839,603)	(29,190)
Decrease in debtors	459,039	438,599
(Decrease)/increase in creditors	(819,520)	1,995,758
(Decrease)/increase in provisions	(912,343)	912,343
Corporation tax received	-	476,806
<b>Net cash generated from operating activities</b>	<u>1,971,250</u>	<u>4,865,908</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,636,850)	(5,488,406)
Sale of tangible fixed assets	476,500	71,667
Interest received	1,615	-
HP interest paid	(171,889)	(50,871)
<b>Net cash from investing activities</b>	<u>(1,330,624)</u>	<u>(5,467,610)</u>
<b>Cash flows from financing activities</b>		
New secured loans	-	3,750,000
Repayment of loans	(475,786)	(3,730,006)
Other new loans	-	3,000,000
Repayment of other loans	-	(333,333)
Repayment of/new finance leases	(1,661,384)	(188,153)
Movements on invoice discounting	795,167	(8,663)
Interest paid	(1,117,737)	(946,299)
<b>Net cash used in financing activities</b>	<u>(2,459,740)</u>	<u>1,543,546</u>

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 28 FEBRUARY 2023

	2023 £	2022 £
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,819,114)	941,844
Cash and cash equivalents at beginning of year	6,634,870	5,693,026
<b>Cash and cash equivalents at the end of year</b>	<u>4,815,756</u>	<u>6,634,870</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,815,756	6,634,870
	<u>4,815,756</u>	<u>6,634,870</u>

The notes on pages 17 to 37 form part of these financial statements.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 28 FEBRUARY 2023

	At 1 March 2022 £	Cash flows £	New finance leases £	Other non- cash changes £	At 28 February 2023 £
Cash at bank and in hand	6,634,870	(1,819,114)	-	-	4,815,756
Invoice discounting	(1,093,640)	(795,167)	-	-	(1,888,807)
Debt due after 1 year	(12,248,334)	-	-	4,914,431	(7,333,903)
Debt due within 1 year	(2,961,686)	227,491	-	(4,914,431)	(7,648,626)
Finance leases	(4,021,814)	1,661,384	(1,249,236)	-	(3,609,666)
	<u>(13,690,604)</u>	<u>(725,406)</u>	<u>(1,249,236)</u>	<u>-</u>	<u>(15,665,246)</u>

The notes on pages 17 to 37 form part of these financial statements.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

#### 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 2023 (2022: year ended 28 February 2022).

##### 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.

Group accounts have not been prepared as all of the company's subsidiaries are permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Going concern

At 28 February 2023 the company had net current liabilities of £4,396,405, and had incurred a loss before tax for the year then ended of £598,801. The company also carries high levels of debt relative to its size as a result of significant investment in its two main operating sites. Much of this debt however, is provided by Business Growth Fund, the company's principle investor who have confirmed their continuing support for the business and who have a seat on the Board Of Directors.

As noted in last year's financial statements, in late 2022 a major review of the company's operations commenced. At the time of approving the 2022 financial statements the results of the review were encouraging but were still in their infancy. These encouraging results have continued throughout 2023 and the company's profitability has greatly improved. The changes involved a better balance of production between the company's Stanton and Peterborough sites and the removal of a substantial dryer and ancillary equipment from the processing operation at Stanton (hence the fixed asset impairment referenced within note 11) The result is lower quantities of IBA being processed, but at a more optimum level, with substantial reductions being seen in labour costs, energy costs and maintenance costs. These changes have flowed into much improved levels of profitability at an EBITDA level, where an average run rate in the order of £500,000 per month is now being achieved.

The 2022 Financial Statements referenced that a number of IBA contracts were due for renewal during 2023. Discussions are on going with some clients, but in overall terms these discussions have been positive and IBA supply contracts for the year ending Feb 2025 are expected to be broadly in line with those of 2024 with at least 300,000 tonnes forecast.

The directors have prepared detailed financial forecasts covering a period of at least 12 months from the date of approving these Financial Statements. In addition the directors have held discussions with the company's bankers and investors to confirm their ongoing support. The forecasts show ongoing profitability and a building of the company's cash balances from the £5,031k positive balance held as at 31 December 2023. The directors are mindful that unforeseen events could adversely impact the forecasts, but based upon current knowledge and their expectations for the next 12 months are of the opinion that it is appropriate that the Financial Statements are prepared on a going concern basis.

**JOHNSONS AGGREGATES AND RECYCLING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023**

**1. Accounting policies (continued)**

**1.3 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.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

#### 1. Accounting policies (continued)

##### 1.4 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. 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.

##### 1.5 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.

##### 1.6 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.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

#### 1. Accounting policies (continued)

##### 1.7 Cash and cash equivalents

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

##### 1.8 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.

##### 1.9 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.

##### 1.10 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.

##### 1.11 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 the profit and loss account 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.

## **JOHNSONS AGGREGATES AND RECYCLING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023**

#### **1. Accounting policies (continued)**

##### **1.12 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.

##### **1.13 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.

##### **1.14 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

##### **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.



## **JOHNSONS AGGREGATES AND RECYCLING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023**

#### **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 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 2023****2. Judgements in applying accounting policies (continued)****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.

**3. Turnover**

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

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	23,233,051	17,615,952
Rest of Europe	21,059,308	18,818,720
	<u>44,292,359</u>	<u>36,434,672</u>

**4. Other operating income**

	2023 £	2022 £
Government grants	-	39,593
	<u>-</u>	<u>39,593</u>

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

**JOHNSONS AGGREGATES AND RECYCLING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023****5. Operating profit/(loss)**

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

	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
Depreciation of tangible fixed assets:		
- owned by the company	1,662,192	1,021,642
- held under finance leases	469,469	437,912
Auditor's remuneration	42,000	32,000
Exchange differences	(71,571)	142,022
Operating lease rentals	2,098,286	1,833,334
(Profit)/loss on sale of tangible fixed assets	(227,792)	79,796
	<u>1,944,484</u>	<u>2,546,706</u>

**6. Employees**

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

	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
Wages and salaries	9,204,552	7,175,269
Social security costs	838,847	653,644
Cost of defined contribution scheme	202,057	167,656
	<u>10,245,456</u>	<u>7,996,569</u>

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

	<b>2023</b> <b>No.</b>	<b>2022</b> <b>No.</b>
Production	185	168
Administration	28	24
	<u>213</u>	<u>192</u>

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	686,102	341,002
Company contributions to defined contribution pension schemes	11,286	8,356
	<u>697,388</u>	<u>349,358</u>

During the year retirement benefits were accruing to 1 director (2022: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £197,843 (2022: £148,266).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2022: £Nil).

## 8. Interest payable and similar charges

	2023 £	2022 £
Bank interest payable	228,636	215,355
Investor loan note interest payable	981,271	901,881
Finance leases and hire purchase contracts	171,889	50,871
Other interest payable	81,603	90,404
	<u>1,463,399</u>	<u>1,258,511</u>

## 9. Taxation

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	(691,379)	(1,188,339)
Adjustments in respect of previous periods	(104,705)	(80,788)
	<u>(796,084)</u>	<u>(1,269,127)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(147,854)	671,985
Changes to tax rates	(175,039)	282,292
<b>Tax on loss</b>	<u>(1,118,977)</u>	<u>(314,850)</u>

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

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 9. Taxation (continued)

## Factors affecting tax charge for the year

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

	2023 £	2022 £
Loss on ordinary activities before tax	(598,801)	(1,726,270)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(113,772)	(327,991)
<b>Effects of:</b>		
Fixed asset differences	(38,467)	(113,838)
Expenses not deductible for tax purposes	47,559	187,558
Adjustments to tax charge in respect of prior periods	34,046	80,788
Adjustments to deferred tax charge in respect of prior periods	(175,039)	(4,651)
Additional deduction for research and development expenditure	(1,096,839)	(993,930)
Surrender of tax losses for R&D tax credit refund	257,627	416,485
Other permanent differences	1,393	-
Other differences leading to an decrease in the tax charge	-	(2,839)
Remeasurement of deferred tax for changes in tax rates	(35,485)	443,568
<b>Total tax charge for the year</b>	<b>(1,118,977)</b>	<b>(314,850)</b>

## Factors that may affect future tax charges

The company has estimated tax losses carried forward of £6,664,534 (2022: £5,911,051).

Deferred taxation has been calculated at a rate of 25%, the UK corporation tax rate effective from 1 April 2023.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 10. Exceptional items

	2023 £	2022 £
Costs of land clearance	-	912,343
Impairment of plant	1,316,825	-
	<u>1,316,825</u>	<u>912,343</u>

As a result of much improved production processes certain items of plant previously used have, in all likelihood, become surplus to requirements. As such a provision has been made against the net book value of the plant in question.

In the previous year, as a legacy of the Covid-19 Pandemic, the company was storing IBAA quantities in excess of its permitted amounts. This surplus IBAA was supplied to the markets, in line with all regulations, but at a heavily discounted rate to ensure that the surplus was eliminated quickly. Costs of £912,343 were incurred.

## 11. Tangible fixed assets

	Freehold land and buildings £	Freehold improve- ments £	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £
<b>Cost</b>					
At 1 March 2022	2,243,798	1,967,853	237,793	25,455,882	197,660
Additions	-	-	-	2,880,698	-
Disposals	-	-	-	(952,500)	(170,290)
At 28 February 2023	<u>2,243,798</u>	<u>1,967,853</u>	<u>237,793</u>	<u>27,384,080</u>	<u>27,370</u>
<b>Depreciation</b>					
At 1 March 2022	254,473	330,289	237,793	7,118,546	161,389
Charge for the year	63,683	81,114	-	1,975,633	2,891
Disposals	-	-	-	(733,914)	(140,168)
Impairment charge	-	-	-	1,316,825	-
At 28 February 2023	<u>318,156</u>	<u>411,403</u>	<u>237,793</u>	<u>9,677,090</u>	<u>24,112</u>
<b>Net book value</b>					
At 28 February 2023	<u>1,925,642</u>	<u>1,556,450</u>	<u>-</u>	<u>17,706,990</u>	<u>3,258</u>
At 28 February 2022	<u>1,989,325</u>	<u>1,637,564</u>	<u>-</u>	<u>18,337,336</u>	<u>36,271</u>

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 11. Tangible fixed assets (continued)

	Fixtures and fittings £	Total £
<b>Cost</b>		
At 1 March 2022	52,205	30,155,191
Additions	5,388	2,886,086
Disposals	-	(1,122,790)
At 28 February 2023	57,593	31,918,487
<b>Depreciation</b>		
At 1 March 2022	38,866	8,141,356
Charge for the year	8,340	2,131,661
Disposals	-	(874,082)
Impairment charge	-	1,316,825
At 28 February 2023	47,206	10,715,760
<b>Net book value</b>		
At 28 February 2023	10,387	21,202,727
At 28 February 2022	13,339	22,013,835

Included within freehold land and buildings is freehold land at a cost of £597,740 (2022: £597,740) which is not depreciated.

The impairment change made during the year relates to plant unlikely to be used following a major change in production processes during the year.

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

	2023 £	2022 £
Plant and machinery	2,929,707	2,145,245

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 12. Fixed asset investments

	Investments in subsidiary companies
<b>Cost</b>	
At 1 March 2022 and 28 February 2023	100
	<hr/>
<b>Net book value</b>	
At 28 February 2022 and 28 February 2023	100
	<hr/> <hr/>

**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 (2022: £Nil). The aggregate of share capital and reserves of the company as at 28 February 2023 is £100 (2022: £100).



## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 13. Stocks

	2023 £	2022 £
Plant and spares stock	808,014	287,915
IBA stock	1,184,721	915,392
Finished goods and goods for resale	108,357	58,182
	<u>2,101,092</u>	<u>1,261,489</u>

## 14. Debtors

	2023 £	2022 £
Trade debtors	3,290,735	3,567,164
Other debtors	2,246,361	1,952,158
Called up share capital not paid	50,000	50,000
Prepayments and accrued income	2,990,089	2,670,819
	<u>8,577,185</u>	<u>8,240,141</u>

An impairment loss of £104,902 (2022: £2,340) was recognised in administrative expenses against trade debtors during the year.

Included within other debtors are amounts relating to corporation tax of £2,067,431 (2022: £1,237,301). These amounts largely relate to research and development tax credit claims.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Investor loan notes	5,879,312	1,875,400
Invoice discounting facility	1,888,807	1,093,640
Bank loans	331,656	331,656
Other loans	1,437,658	754,630
Trade creditors	4,702,232	6,499,989
Other taxation and social security	193,081	193,326
Obligations under finance lease and hire purchase contracts	1,643,875	1,216,027
Other creditors	1,456,896	38,273
Accruals and deferred income	2,356,921	2,871,585
	<u>19,890,438</u>	<u>14,874,526</u>

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023**15. Creditors: Amounts falling due within one year (continued)**

The invoice discounting facility is secured over book debts.

Investor loan notes to the value of £6,956,331 (2022: £6,956,331) of which £4,456,331 (2022: £1,875,400) is due within 1 year, are unsecured fixed rate loan notes on which interest is charged at 10% per annum. This includes a new loan note issued in the prior year of £3,000,000 on which interest is also charged at 10%. This loan note is repayable in half yearly installments of £500,000 commencing December 2023. The original loan notes are repayable in half yearly installments of £520,833 commencing on 30 June 2022, although no capital repayments have been made during the year and have been deferred under the agreement of BGF. Interest is calculated on a monthly basis and repaid quarterly in arrears.

The remaining investor loan notes of £3,107,236 (2022: £3,107,236) of which £1,422,981 (2022: £833,732) 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 installments of £416,866 commencing on 30 June 2022, although no capital repayments have been made during the year and have been deferred under the agreement of BGF. Interest is calculated on a monthly basis and repaid quarterly in arrears.

The bank loans are secured on the company's assets, and a personal guarantee by a director of £50,000. Two loans were repaid within the year and refinanced into a commercial mortgage of £3,750,000 on which interest is charged at 3.45% above base rate. The commercial mortgage is for a 15 year period and is repayable monthly in installments of £27,638 which reflects both the capital and the interest elements. At the year end £3,412,638 remains due, £331,656 of which is due within 1 year.

Included within other loans is £133,333 (2022: £166,666) of unsecured loan notes from an unconnected party, all of which is due within 1 year. These loan notes, together with accrued interest of £166,666, were due for repayment by July 2022. Repayment was deferred with only £33,333 being repaid. The loan notes are repayable on demand and are therefore all included in creditors due within 1 year.

Included within other loans are amounts of £966,986 owed to two directors, all of which, is due within one year. The loans are unsecured and carry interest of between zero and 4%. The balances are due to be cleared by capital repayments of approximately £125,000 and £6,712 respectively payable in 6 monthly intervals starting in June 2022. Repayments are subject to the terms of the investment agreement with BGF Investments LLP, repayment was deferred in line with the deferral of the BGF capital.

Also included within other loans are 2 loan notes with the aggregate sum of £337,339. Of this sum £35,703 is represented by secured loan notes and £301,636 by unsecured loan notes. Both categories of loan note carry interest at 10%. The loan notes are repayable within 1 year.

Included within accruals and deferred income is an amount of £490,487 due to certain directors and members of the senior management team in respect of accrued bonuses. The unpaid amounts attract interest at 10%.

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 2023**16. Creditors: Amounts falling due after more than one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Investor loan notes	4,184,255	8,188,167
Bank loans	3,080,982	3,269,785
Other loans	68,666	790,382
Net obligations under finance leases and hire purchase contracts	1,965,791	2,805,787
Other creditors	100	100
	<u>9,299,794</u>	<u>15,054,221</u>

For details of the Investor loan notes and other loans see note 15.

**17. Loans**

Analysis of the maturity of loans is given below:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Bank loans	331,656	331,656
Other loans	1,437,658	754,630
Investor loan notes	5,879,312	1,875,400
	<u>7,648,626</u>	<u>2,961,686</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	3,080,982	3,269,785
Other loans	68,666	790,382
Investor loan notes	4,184,255	8,188,167
	<u>7,333,903</u>	<u>12,248,334</u>
	<u>14,982,529</u>	<u>15,210,020</u>

For details of the Investor loan notes and other loans see note 15.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	1,643,875	1,490,610
Between 2-5 years	1,965,791	2,531,204
	<u>3,609,666</u>	<u>4,021,814</u>

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

## 19. Deferred taxation

	2023 £	2022 £
At the start of the year	1,848,201	898,575
Charge for the year	(322,893)	949,626
<b>At the end of the year</b>	<u>1,525,308</u>	<u>1,848,201</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	3,457,579	3,537,083
Tax losses carried forward	(1,666,133)	(1,477,762)
Short term timing differences	(266,138)	(211,120)
	<u>1,525,308</u>	<u>1,848,201</u>

## 20. Provisions

	Provisions for liabilities £
At 1 March 2022	912,343
Utilised in the year	(912,343)
<b>At 28 February 2023</b>	<u>-</u>

Please refer to Note 10.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023

## 21. Share capital

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
7,600 Ordinary shares of £0.01 each	74.00	74.00
5,200 A Ordinary shares of £0.01 each	52.00	52.00
70 B1 Ordinary shares of £0.10 each	6.50	6.50
70 B2 Ordinary shares of £0.10 each	6.50	6.50
300 C Ordinary shares of £0.01 each	3.00	3.00
	<hr/>	<hr/>
	142.00	142.00
	<hr/>	<hr/>
<b>Allotted, called up and partly paid</b>		
830 B3 Ordinary shares of £0.10 each	83.00	83.00
	<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, B2 Ordinary shares and B3 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.

In the prior year the company issued share options to shareholders over 413 B3 ordinary shares. The options were not issued in connection with any benefit, goods or services received by the company. The aggregate consideration received was £1. The options are exercisable only upon a sale of the company or a listing of its shares. The exercise price is £60.53 per share. The consideration paid for the options is included within other reserves. It has not been considered necessary to include any further adjustments for the issue of the options on a materiality basis.

## 22. 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.

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023**23. Capital commitments**

At 28 February 2023 the company had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	75,440	2,208,928
	<u>75,440</u>	<u>2,208,928</u>

**24. 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 £202,057 (2022: £167,656).

**25. Commitments under operating leases**

At 28 February 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	1,994,852	2,189,077
Later than 1 year and not later than 5 years	3,134,681	3,205,867
Later than 5 years	1,800,000	306,902
	<u>6,929,533</u>	<u>5,701,846</u>

## JOHNSONS AGGREGATES AND RECYCLING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

#### 26. Related party transactions

During the year, the company made purchases of £251,505 (2022: £225,579) from a company of which a director of Johnsons Aggregates and Recycling Limited is both a shareholder and director. At the year end £26,003 (2022: £26,568) 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 (2022: £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 £1,002,598 (2022: £1,020,725) owed by the company to two of its directors. The loans are repayable in installments 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 who are employees of the company at market value during the year.

included within accruals and deferred income is an amount of £490,487 due to certain directors and members of the senior management team in respect of accrued bonuses. The unpaid amounts attract interest at 10%.

##### *Key management personnel remuneration*

Remuneration paid to key management personnel in the year, including directors, was £697,388 (2022: £494,096).

#### 27. Controlling party

The company is controlled by the Johnson family by virtue of their majority shareholding but subject to the terms of an investment agreement with BGF Investments LP.