

Company Registration No. SC404147 (Scotland)

**DALTON METAL RECYCLING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**



# DALTON METAL RECYCLING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S Dalton (Jnr) S Dalton (Snr)
<b>Secretary</b>	S Dalton (Snr)
<b>Company number</b>	SC404147
<b>Registered office</b>	Dalton House 15 Youngs Road East Mains Industrial Estate Broxburn Near Edinburgh EH52 5LY
<b>Auditor</b>	Campbell Dallas Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF
<b>Solicitors</b>	Ennova Law LLP 26 George Square Edinburgh EH8 9LD

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# DALTON METAL RECYCLING LIMITED

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# DALTON METAL RECYCLING LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The directors present their annual report and financial statements for the year ended 31 August 2018.

### **Principal activities**

The principal activity of the company and group continued to be that of scrap metal merchanting.

### **Directors**

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

S Dalton (Jnr)

S Dalton (Snr)

### **Results and dividends**

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

Ordinary dividends were paid amounting to £40,816. The directors do not recommend payment of a further dividend.

### **Auditor**

The auditor, Campbell Dallas Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group and company will continue in business.

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

# DALTON METAL RECYCLING LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

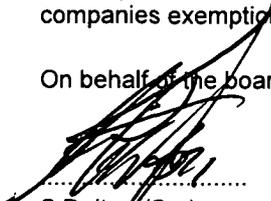
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### Statement of disclosure to auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....  
S Dalton (Snr)

Director

Date: 16.05.19

# DALTON METAL RECYCLING LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DALTON METAL RECYCLING LIMITED

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#### Opinion

We have audited the financial statements of Dalton Metal Recycling Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2018 and of the group's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# DALTON METAL RECYCLING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF DALTON METAL RECYCLING LIMITED

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

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

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

# DALTON METAL RECYCLING LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF DALTON METAL RECYCLING LIMITED

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#### 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.

*Campbell Dallas Audit Services*

Donald Boyd (Senior Statutory Auditor)  
for and on behalf of Campbell Dallas Audit Services

*21 May 2019*

Accountants  
Statutory Auditor

Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

# DALTON METAL RECYCLING LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

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		2018	2017
	Notes	£	£
Turnover		15,361,162	11,149,842
Cost of sales		(11,937,157)	(8,308,008)
<b>Gross profit</b>		<u>3,424,005</u>	<u>2,841,834</u>
Administrative expenses		(2,865,982)	(2,420,557)
<b>Operating profit</b>	<b>4</b>	<u>558,023</u>	<u>421,277</u>
Interest receivable and similar income	<b>7</b>	738	-
Interest payable and similar expenses	<b>8</b>	(42,391)	(31,482)
<b>Profit before taxation</b>		<u>516,370</u>	<u>389,795</u>
Tax on profit	<b>9</b>	(111,387)	(83,270)
<b>Profit for the financial year</b>	<b>22</b>	<u><u>404,983</u></u>	<u><u>306,525</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

# DALTON METAL RECYCLING LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2018

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	2018	2017
	£	£
<b>Profit for the year</b>	404,983	306,525
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>404,983</u>	<u>306,525</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# DALTON METAL RECYCLING LIMITED

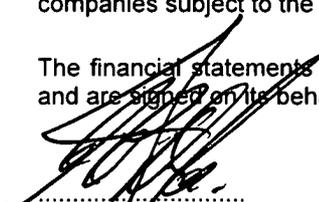
## GROUP BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		4,422,912		3,086,437
<b>Current assets</b>					
Stocks		537,507		886,325	
Debtors	15	784,584		535,618	
Cash at bank and in hand		1,124,752		505,694	
		<u>2,446,843</u>		<u>1,927,637</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(2,589,065)</u>		<u>(1,564,770)</u>	
<b>Net current (liabilities)/assets</b>			<u>(142,222)</u>		<u>362,867</u>
<b>Total assets less current liabilities</b>			<u>4,280,690</u>		<u>3,449,304</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(722,055)</u>		<u>(287,076)</u>
<b>Provisions for liabilities</b>			<u>(180,821)</u>		<u>(148,581)</u>
<b>Net assets</b>			<u><u>3,377,814</u></u>		<u><u>3,013,647</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		10,000		10,000
Profit and loss reserves	22		3,367,814		3,003,647
<b>Total equity</b>			<u><u>3,377,814</u></u>		<u><u>3,013,647</u></u>

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16.05.19 and are signed on its behalf by:

  
.....  
S Dalton (Snr)  
Director

# DALTON METAL RECYCLING LIMITED

## COMPANY BALANCE SHEET

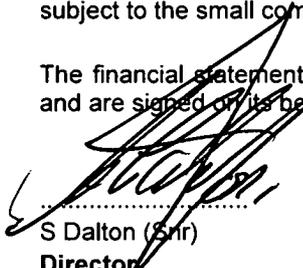
AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investment properties	11		1,500,000		1,300,000
Investments	12		10,000		10,000
			<u>1,510,000</u>		<u>1,310,000</u>
<b>Current assets</b>					
Debtors	15	-		62,003	
<b>Creditors: amounts falling due within one year</b>	16	(95,062)		(17,005)	
			<u>(95,062)</u>	<u>(17,005)</u>	
<b>Net current (liabilities)/assets</b>					44,998
			<u>1,414,938</u>		<u>1,354,998</u>
<b>Total assets less current liabilities</b>					
			<u>1,414,938</u>		<u>1,354,998</u>
<b>Capital and reserves</b>					
Called up share capital	21		10,000		10,000
Profit and loss reserves	22		1,404,938		1,344,998
			<u>1,414,938</u>		<u>1,354,998</u>
<b>Total equity</b>			<u>1,414,938</u>		<u>1,354,998</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £100,756 (2017 - £212,345 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16.05.19 and are signed on its behalf by:

  
S Dalton (Snr)  
Director

Company Registration No. SC404147

# DALTON METAL RECYCLING LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2018

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 September 2016</b>		10,000	2,697,122	2,707,122
<b>Year ended 31 August 2017:</b>				
Profit and total comprehensive income for the year		-	306,525	306,525
<b>Balance at 31 August 2017</b>		10,000	3,003,647	3,013,647
<b>Year ended 31 August 2018:</b>				
Profit and total comprehensive income for the year		-	404,983	404,983
Dividends		-	(40,816)	(40,816)
<b>Balance at 31 August 2018</b>		10,000	3,367,814	3,377,814

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# DALTON METAL RECYCLING LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2018

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 September 2016</b>		10,000	1,557,343	1,567,343
<b>Year ended 31 August 2017:</b>				
Loss and total comprehensive income for the year		-	(212,345)	(212,345)
<b>Balance at 31 August 2017</b>		10,000	1,344,998	1,354,998
<b>Year ended 31 August 2018:</b>				
Profit and total comprehensive income for the year		-	100,756	100,756
Dividends		-	(40,816)	(40,816)
<b>Balance at 31 August 2018</b>		10,000	1,404,938	1,414,938

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# DALTON METAL RECYCLING LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	2,112,251		953,694	
Interest paid		(42,391)		(31,482)	
Income taxes paid		(84,387)		(77,500)	
<b>Net cash inflow from operating activities</b>		<b>1,985,473</b>		<b>844,712</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(734,603)		(314,699)	
Proceeds on disposal of tangible fixed assets		9,950		4,417	
Interest received		738		-	
<b>Net cash used in investing activities</b>		<b>(723,915)</b>		<b>(310,282)</b>	
<b>Financing activities</b>					
Repayment of bank loans		(204,125)		(198,114)	
Payment of finance leases obligations		(397,559)		(253,731)	
Dividends paid to equity shareholders		(40,816)		-	
<b>Net cash used in financing activities</b>		<b>(642,500)</b>		<b>(451,845)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>619,058</b>		<b>82,585</b>	
Cash and cash equivalents at beginning of year		505,694		423,109	
<b>Cash and cash equivalents at end of year</b>		<b>1,124,752</b>		<b>505,694</b>	

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

#### Company information

Dalton Metal Recycling Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Dalton House, 15 Youngs Road, East Mains Industrial Estate, Broxburn, Near Edinburgh, EH52 5LY.

The group consists of Dalton Metal Recycling Limited and its subsidiary.

#### 1.1 Accounting convention

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

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

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

The consolidated financial statements incorporate those of Dalton Metal Recycling Limited and its subsidiary (ie the entity that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 August 2018.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

#### 1.3 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	5% on cost
Improvements to property	No depreciation
Plant and machinery	5% - 20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	20% on cost

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

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

#### 1.4 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.5 Impairment of fixed assets

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

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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

#### 1.7 Cash at bank and in hand

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

#### 1.8 Financial instruments

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

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

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

#### **Basic financial assets**

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

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

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

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

#### **Basic financial liabilities**

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

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

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

### 1.9 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### 1.10 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### 1.11 Employee benefits

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

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

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

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

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

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

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

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

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

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

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Impairment provisions against stock

Stock is carried at the lower of cost and net realisable value. Calculation of the net realisable value requires management to use estimates regarding future selling prices and other projections which includes a degree of uncertainty.

### 3 Turnover and other revenue

	2018	2017
	£	£
<b>Other significant revenue</b>		
Interest income	738	-
	<u>738</u>	<u>-</u>

### 4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	368,386	315,541
Depreciation of tangible fixed assets held under finance leases	154,843	130,483
Loss on disposal of tangible fixed assets	5,458	16,082
Operating lease charges	146,000	146,000
	<u>674,687</u>	<u>608,106</u>

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	4,400	4,200
Audit of the financial statements of the company's subsidiaries	9,200	8,800
	<u>13,600</u>	<u>13,000</u>

### 6 Employees

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

	Group 2018 Number	2017 Number
Total employees	<u>44</u>	<u>35</u>

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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<b>6 Employees</b>	<b>(Continued)</b>	
Their aggregate remuneration comprised:		
	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,010,282	781,098
Social security costs	91,910	67,235
Pension costs	9,924	4,492
	<u>1,112,116</u>	<u>852,825</u>
	<u><u>1,112,116</u></u>	<u><u>852,825</u></u>
<b>7 Interest receivable and similar income</b>		
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other interest receivable and similar income	738	-
	<u>738</u>	<u>-</u>
	<u><u>738</u></u>	<u><u>-</u></u>
<b>8 Interest payable and similar expenses</b>		
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	8,402	13,688
Interest on finance leases and hire purchase contracts	33,989	17,794
	<u>42,391</u>	<u>31,482</u>
	<u><u>42,391</u></u>	<u><u>31,482</u></u>
<b>9 Taxation</b>		
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	78,806	85,612
Adjustments in respect of prior periods	341	345
Total current tax	<u>79,147</u>	<u>85,957</u>
	<u><u>79,147</u></u>	<u><u>85,957</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>32,240</u>	<u>(2,687)</u>
	<u><u>32,240</u></u>	<u><u>(2,687)</u></u>
Total tax charge	<u>111,387</u>	<u>83,270</u>
	<u><u>111,387</u></u>	<u><u>83,270</u></u>

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# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Taxation

(Continued)

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

	2018 £	2017 £
Profit before taxation	516,370	389,795
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.58%)	98,110	76,326
Tax effect of expenses that are not deductible in determining taxable profit	17,070	15,870
Adjustments in respect of prior years	-	345
Adjust closing deferred tax to average rate	(3,793)	(9,271)
Taxation charge	111,387	83,270

## DALTON METAL RECYCLING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

#### 10 Tangible fixed assets

Group	Freehold property £	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 September 2017	1,550,000	14,264	3,739,897	73,600	423,875	5,801,636
Additions	200,000	-	1,450,768	1,963	222,381	1,875,112
Disposals	-	-	-	-	(16,050)	(16,050)
At 31 August 2018	1,750,000	14,264	5,190,665	75,563	630,206	7,660,698
<b>Depreciation and impairment</b>						
At 1 September 2017	335,181	-	2,090,372	42,515	247,131	2,715,199
Depreciation charged in the year	78,333	-	373,424	11,680	59,792	523,229
Eliminated in respect of disposals	-	-	-	-	(642)	(642)
At 31 August 2018	413,514	-	2,463,796	54,195	306,281	3,237,786
<b>Carrying amount</b>						
At 31 August 2018	1,336,486	14,264	2,726,869	21,368	323,925	4,422,912
At 31 August 2017	1,214,819	14,264	1,649,525	31,085	176,744	3,086,437

The company had no tangible fixed assets at 31 August 2018 or 31 August 2017.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 10 Tangible fixed assets

(Continued)

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and machinery	1,351,290	392,704	-	-
Motor vehicles	139,146	59,267	-	-
	<u>1,490,436</u>	<u>451,971</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>154,843</u>	<u>130,483</u>	<u>-</u>	<u>-</u>

### 11 Investment property

	Group 2018 £	Company 2018 £
<b>Fair value</b>		
At 1 September 2017	-	1,300,000
Additions	-	200,000
At 31 August 2018	<u>-</u>	<u>1,500,000</u>

Investment property was valued on an open market basis on 31 August 2018 by the directors.

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	-	-	1,750,000	1,550,000
Accumulated depreciation	-	-	(413,514)	(335,181)
Carrying amount	<u>-</u>	<u>-</u>	<u>1,336,486</u>	<u>1,214,819</u>

### 12 Fixed asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 13 Subsidiaries

Details of the company's subsidiaries at 31 August 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dalton Group Limited	Same as parent	Scrap metal merchant	Ordinary	100.00	

### 14 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	654,153	438,866	-	62,003
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	2,492,956	1,346,507	77,786	-

### 15 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Amounts falling due within one year:</b>				
Trade debtors	608,304	209,235	-	-
Amounts owed by group undertakings	-	-	-	62,003
Amounts owed by undertakings in which the company has a participating interest	9,175	172,256	-	-
Other debtors	36,674	57,375	-	-
Prepayments and accrued income	130,431	96,752	-	-
	784,584	535,618	-	62,003

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	18	157,148	204,125	-	-
Obligations under finance leases	19	352,366	201,543	-	-
Trade creditors		991,387	653,763	-	-
Amounts owed to group undertakings		-	-	77,786	-
Amounts owed to undertakings in which the group has a participating interest		270,000	-	-	-
Corporation tax payable		78,806	84,046	14,060	14,605
Other taxation and social security		679,685	363,481	-	-
Accruals and deferred income		59,673	57,812	3,216	2,400
		<u>2,589,065</u>	<u>1,564,770</u>	<u>95,062</u>	<u>17,005</u>

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

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	18	-	157,148	-	-
Obligations under finance leases	19	722,055	129,928	-	-
		<u>722,055</u>	<u>287,076</u>	<u>-</u>	<u>-</u>

### 18 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	<u>157,148</u>	<u>361,273</u>	<u>-</u>	<u>-</u>
Payable within one year	157,148	204,125	-	-
Payable after one year	<u>-</u>	<u>157,148</u>	<u>-</u>	<u>-</u>

Bank borrowings are secured by a bond and floating charge over the assets of the group.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	352,363	201,543	-	-
In two to five years	722,058	129,928	-	-
	<u>1,074,421</u>	<u>331,471</u>	<u>-</u>	<u>-</u>

Obligations under finance leases represent rentals payable by the group under hire purchase and lease asset purchase agreements for certain items of plant and machinery and motor vehicles. The average remaining lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Lease asset purchase agreements and hire purchase contracts are secured over the assets to which they relate.

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	<u>180,821</u>	<u>148,581</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 September 2017	148,581	-
Charge to profit or loss	32,240	-
Liability at 31 August 2018	<u>180,821</u>	<u>-</u>

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital Issued and fully paid 10,000 Ordinary of £1 each	10,000	10,000

There are no restrictions on the distribution of dividends or repayment of capital.

### 22 Profit and loss reserves

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
At the beginning of the year	3,003,647	2,697,122	1,344,998	1,557,343
Profit/(loss) for the year	404,983	306,525	100,756	(212,345)
Dividends	(40,816)	-	(40,816)	-
At the end of the year	3,367,814	3,003,647	1,404,938	1,344,998

### 23 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
	124,000	124,000	-	-

### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Acquisition of tangible fixed assets	911,353	-	-	-

### 25 Events after the reporting date

Subsequent to the year end date, the group obtained a new loan facility from the Royal Bank of Scotland PLC to improve the infrastructure and machinery at the Broxburn site. As a result of entering in to the new facility, standard security, a bond and a floating charge were granted.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 26 Related party transactions

#### **Transactions with related parties**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the Company entered into the following transactions with related parties:

#### **Stephen G Dalton & Son Limited SIPP**

An entity in which Mr S G Dalton Snr is a trustee.

During the year the company purchased land from this entity for £200,000 (2017 - £nil).

During the year the Group entered into the following transactions with related parties:

#### **Stephen G Dalton & Son**

A partnership in which Mr S G Dalton Snr is the senior partner.

During the year Stephen G Dalton & Son Partnership was invoiced for scrap sales totalling £70,774 (2017 - £50,767).

Rent was charged by the Partnership during the year of £146,000 (2017 - £140,000).

At the balance sheet date, the company was due £64,659 from the Partnership (2017 - £nil).

#### **Dalton Developments Limited**

A company in which Mr S G Dalton Jnr is a director and shareholder.

At the balance sheet date, the company was due £270,000 to Dalton Developments Limited (2017 - £156,256 due from).

#### **DMR Exports Limited**

A company in which Mr S G Dalton Jnr is a director and shareholder.

During the year DMR Exports Limited was invoiced for scrap sales totalling £6,383,105 (2017 - £6,026,120).

At the balance sheet date, the company was due £153,979 from the DMR Exports Limited (2017 - £nil).

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 27 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	404,983	306,525
Adjustments for:		
Taxation charged	111,387	83,270
Finance costs	42,391	31,482
Investment income	(738)	-
Loss on disposal of tangible fixed assets	5,458	16,082
Depreciation and impairment of tangible fixed assets	523,229	446,024
Movements in working capital:		
Decrease/(increase) in stocks	348,818	(493,640)
(Increase)/decrease in debtors	(248,966)	166,193
Increase in creditors	925,689	397,758
<b>Cash generated from operations</b>	<u>2,112,251</u>	<u>953,694</u>