

Company Registration No. SC404147 (Scotland)

**DALTON METAL RECYCLING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

# DALTON METAL RECYCLING LIMITED

## COMPANY INFORMATION

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<b>Director</b>	S Dalton (Jnr)
<b>Company number</b>	SC404147
<b>Registered office</b>	Dalton House 15 Youngs Road East Mains Industrial Estate Broxburn Near Edinburgh United Kingdom EH52 5LY
<b>Auditor</b>	Azets Audit Services Titanium 1 Kings Inch Place Renfrew Renfrewshire United Kingdom 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

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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The director presents the strategic report for the year ended 31 August 2021.

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

Dalton Metal Recycling Limited group is a scrap metal merchant operating out of three depots across the central belt of Scotland.

The results for the group show an operating profit of £2,809,976 (2020 - £1,711,316) for the year with turnover of £25.4m (2020 - £13.4m).

The group's profitability is heavily dependant on the underlying price and demand for metals. With continued investment in the plant and tight controls on costs and margins, the group has managed to achieve growth in turnover and operating profit despite the difficult trading conditions. With continued investment in plant and machinery at depots, the director is confident the group can capitalise once the market recovers.

The director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business, given the straightforward nature of its operations.

At the year end the group continued to maintain a strong balance sheet with net assets amounting to £5,403,350 (2020 - £4,169,744).

### **Principal risks and uncertainties**

The key business risks affecting the group are as follows:-

- Fluctuations in raw material prices
- Movements in exchange rates
- Brexit
- Demand for metal in the UK and worldwide market

The directors have in place a risk management system which aims to manage and reduce the above risks to which the group is exposed.

### **COVID-19**

Following the global outbreak of the Covid-19 virus during the year under review, there has been a significant increase in risk and uncertainty in the economy.

The Covid-19 pandemic and subsequent lockdowns presented unprecedented challenges on the economy, however our depots were authorised to work throughout. At the start of the year under review and again at the end of the year under review we have suffered from significant plant breakdowns which has impacted our ability to process metals and drive margins.

During this time, the group took advantage of Government support measures where available and managed its working capital and cash flow closely to ensure it maintained sufficient financial resources at all times.

The group is following Government guidance concerning all aspects of the pandemic to ensure best practice precautions are applied and risk to staff is mitigated. The group continues to communicate regularly with its staff, its suppliers, and customers as Government advice develops.

### **Future outlook**

Whilst it is too early to predict the long term impact of Covid-19 on the scrap metal sector, the group continues to build up stock reserves and identify new customers to ensure adequate cash reserves are maintained.

Overall, I believe the group is well placed to meet the unprecedented challenges presented by Covid-19 and we remain positive about the future outlook for the group.

# **DALTON METAL RECYCLING LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Financial instruments**

#### *Objectives*

Our financial risk management objectives are to ensure there is sufficient working capital and cash flow to meet the operating needs of the group and to ensure there is sufficient support for its growth strategy. This is achieved through careful management of our cash resources and utilisation of finance leases to improve the quality and efficiency of plant. No treasury transactions of derivatives are entered into.

#### *Risks*

The group trades with entities based in the UK and sells significant volumes to buyers in the Far East. As a result, the entity is exposed to credit risk and forex risk. The company mitigates this risk by seeking payment in advance of shipping goods where appropriate.

On behalf of the board

S Dalton (Jnr)

**Director**

22 April 2022

# **DALTON METAL RECYCLING LIMITED**

## **DIRECTOR'S REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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The director presents his annual report and financial statements for the year ended 31 August 2021.

### **Principal activities**

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

### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were declared amounting to £619,155. The director does not recommend payment of a further dividend.

### **Director**

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

S Dalton (Jnr)

### **Auditor**

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

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments and associated risks.

### **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 director individually have taken all the necessary steps that he ought to have taken as director 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.

On behalf of the board

S Dalton (Jnr)

**Director**

22 April 2022

## **DALTON METAL RECYCLING LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director is 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. He is 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

## 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 2021 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 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 2021 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

In auditing the financial statements, we have concluded that the director's 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 group's and parent 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 director with respect to going concern are described in the relevant sections of this report.

#### 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 director is 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.



# **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 strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing 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 director either intends to liquidate the company or to cease operations, or has 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 is available on the Financial Reporting Council's website at: <https://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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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **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.

**Donald Boyd (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

22 April 2022

**Chartered Accountants**  
**Statutory Auditor**

Titanium 1  
Kings Inch Place  
Renfrew  
Renfrewshire  
United Kingdom  
PA4 8WF

# DALTON METAL RECYCLING LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	25,376,393	13,439,605
Cost of sales		(18,650,568)	(9,655,972)
<b>Gross profit</b>		<u>6,725,825</u>	<u>3,783,633</u>
Administrative expenses		(4,620,739)	(3,468,424)
Other operating income		704,890	1,396,107
<b>Operating profit</b>	<b>5</b>	<u>2,809,976</u>	<u>1,711,316</u>
Interest receivable and similar income	<b>7</b>	-	2,005
Interest payable and similar expenses	<b>8</b>	(245,427)	(113,543)
<b>Profit before taxation</b>		<u>2,564,549</u>	<u>1,599,778</u>
Tax on profit	<b>9</b>	(711,788)	(242,284)
<b>Profit for the financial year</b>	<b>24</b>	<u><u>1,852,761</u></u>	<u><u>1,357,494</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 2021*

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	2021	2020
	£	£
Profit for the year	1,852,761	1,357,494
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,852,761</u>	<u>1,357,494</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 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	12		8,839,182		7,852,036
<b>Current assets</b>					
Stocks	15	3,029,170		648,522	
Debtors	16	2,498,581		2,538,875	
Cash at bank and in hand		1,961,016		1,205,085	
		<u>7,488,767</u>		<u>4,392,482</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,999,130)</u>		<u>(3,118,949)</u>	
<b>Net current assets</b>			<u>2,489,637</u>		<u>1,273,533</u>
<b>Total assets less current liabilities</b>			<u>11,328,819</u>		<u>9,125,569</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(4,916,598)		(4,439,915)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	<u>1,008,871</u>	<u>(1,008,871)</u>	<u>515,910</u>	<u>(515,910)</u>
<b>Net assets</b>			<u><u>5,403,350</u></u>		<u><u>4,169,744</u></u>
<b>Capital and reserves</b>					
Called up share capital	23		10,000		10,000
Profit and loss reserves	24		<u>5,393,350</u>		<u>4,159,744</u>
<b>Total equity</b>			<u><u>5,403,350</u></u>		<u><u>4,169,744</u></u>

The financial statements were approved and signed by the director and authorised for issue on 22 April 2022

S Dalton (Jnr)  
Director

# DALTON METAL RECYCLING LIMITED

## COMPANY BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investment properties	11	1,500,000		1,500,000	
Investments	13	10,000		10,000	
		<u>1,510,000</u>		<u>1,510,000</u>	
<b>Current assets</b>					
Debtors	16	999,895		1,018,544	
Cash at bank and in hand		11,367		9,156	
		<u>1,011,262</u>		<u>1,027,700</u>	
<b>Creditors: amounts falling due within one year</b>	17	(122,086)		(79,476)	
<b>Net current assets</b>			889,176		948,224
<b>Total assets less current liabilities</b>			<u>2,399,176</u>		<u>2,458,224</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(1,037,871)		(1,047,981)	
<b>Net assets</b>			<u>1,361,305</u>		<u>1,410,243</u>
<b>Capital and reserves</b>					
Called up share capital	23	10,000		10,000	
Profit and loss reserves	24	1,351,305		1,400,243	
<b>Total equity</b>			<u>1,361,305</u>		<u>1,410,243</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 £570,217 (2020 - £151,758 profit).

The financial statements were approved and signed by the director and authorised for issue on 22 April 2022

S Dalton (Jnr)  
Director

Company Registration No. SC404147

# DALTON METAL RECYCLING LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 September 2019</b>		10,000	2,970,804	2,980,804
<b>Year ended 31 August 2020:</b>				
Profit and total comprehensive income for the year		-	1,357,494	1,357,494
Dividends	10	-	(168,554)	(168,554)
<b>Balance at 31 August 2020</b>		10,000	4,159,744	4,169,744
<b>Year ended 31 August 2021:</b>				
Profit and total comprehensive income for the year		-	1,852,761	1,852,761
Dividends	10	-	(619,155)	(619,155)
<b>Balance at 31 August 2021</b>		10,000	5,393,350	5,403,350

# DALTON METAL RECYCLING LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 September 2019</b>		10,000	1,417,039	1,427,039
<b>Year ended 31 August 2020:</b>				
Profit and total comprehensive income for the year		-	151,758	151,758
Dividends	10	-	(168,554)	(168,554)
<b>Balance at 31 August 2020</b>		10,000	1,400,243	1,410,243
<b>Year ended 31 August 2021:</b>				
Profit and total comprehensive income for the year		-	570,217	570,217
Dividends	10	-	(619,155)	(619,155)
<b>Balance at 31 August 2021</b>		10,000	1,351,305	1,361,305



# DALTON METAL RECYCLING LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	2,713,250		1,753,712	
Interest paid		(245,427)		(113,543)	
Income taxes paid		(24,021)		-	
<b>Net cash inflow from operating activities</b>		2,443,802		1,640,169	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(751,767)		(111,268)	
Proceeds on disposal of tangible fixed assets		275,848		-	
Interest received		-		2,005	
<b>Net cash used in investing activities</b>		(475,919)		(109,263)	
<b>Financing activities</b>					
Proceeds / (repayments) of borrowings		-		(300,000)	
Repayment of bank loans		(10,110)		(7,313)	
Payment of finance leases obligations		(628,297)		(371,870)	
Dividends paid to equity shareholders		(573,545)		(164,164)	
<b>Net cash used in financing activities</b>		(1,211,952)		(843,347)	
<b>Net increase in cash and cash equivalents</b>		755,931		687,559	
Cash and cash equivalents at beginning of year		1,205,085		517,526	
<b>Cash and cash equivalents at end of year</b>		1,961,016		1,205,085	

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2021**

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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, United Kingdom, 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.

#### **1.2 Basis of consolidation**

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 2021.

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.

#### **1.3 Going concern**

The director is required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the director has considered the group's ability to meet its liabilities as they fall due.

The group meets its day to day working capital requirements utilising cash reserves and finance leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity.

Despite the ongoing impact of COVID-19, the group has posted strong results in the year under review. The group's profitability is heavily dependant on the underlying price and demand for metals. With continued investment in the plant and tight controls on costs and margins, the group has managed to achieve growth in turnover and operating profit despite the difficult trading conditions. With continued investment in plant and machinery at depots, the director is confident the group can capitalise once the market recovers. The director acknowledges this could change suddenly depending on how the situation evolves but is confident in the group's ability to react and adapt to future events.

The director is confident that the existing funding facilities and cash reserves will provide sufficient headroom to meet the forecast cash requirements having considered any additional requirements arising in relation to the COVID-19 pandemic.

As such, the director considers that it is appropriate to prepare the financial statements on the going concern basis.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### 1.4 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.

Income from insurance claims is recognised when it is virtually certain that the entity will receive such reimbursement. Where the recovery is virtually certain, management make a prudent estimate of the amount recoverable. These amounts are included within other operating income and other debtors.

#### 1.5 Tangible fixed assets

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

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
Leasehold improvements	Not depreciated
Plant and machinery	5% - 20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	20% on cost

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

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.

#### 1.6 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.

#### 1.7 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.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### 1.8 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.

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial instruments

The 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.

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

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

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

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

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

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

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 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.

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

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

### 1.11 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.

### 1.12 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 1.13 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.

#### 1.14 Retirement benefits

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

#### 1.15 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 profit or loss 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 profit or loss 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 leased asset are consumed.

#### 1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.17 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 in the period are included in profit or loss.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

#### 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

	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	-	2,005
Income from insurance claims	694,462	1,396,107
	<u>694,462</u>	<u>1,396,107</u>

### 4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	6,250	5,250
Audit of the financial statements of the company's subsidiaries	13,500	11,500
	<u>19,750</u>	<u>16,750</u>

### 5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	460,543	397,908
Depreciation of tangible fixed assets held under finance leases	565,656	444,180
Profit on disposal of tangible fixed assets	(122,776)	-
Operating lease charges	216,484	139,573
	<u>1,119,907</u>	<u>981,661</u>

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 6 Employees

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

Group 2021 Number	2020 Number
53	46
53	46

The above average number of employees includes all those under contracts of service at any time in the month, including those on part time contracts. The full time equivalent was 49 (2020 - 46).

Their aggregate remuneration comprised:

	Group 2021 £	2020 £
Wages and salaries	1,385,903	991,999
Social security costs	132,440	87,011
Pension costs	30,864	21,415
	1,549,207	1,100,425

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	-	2,005

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	46,282	11,859
Interest on finance leases and hire purchase contracts	195,009	101,684
	241,291	113,543
<b>Other finance costs:</b>		
Other interest	4,136	-
Total finance costs	245,427	113,543



# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	222,302	92,966
Adjustments in respect of prior periods	(3,475)	-
Total current tax	218,827	92,966
<b>Deferred tax</b>		
Origination and reversal of timing differences	492,677	149,318
Adjustment in respect of prior periods	284	-
Total deferred tax	492,961	149,318
Total tax charge	711,788	242,284

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

	2021 £	2020 £
Profit before taxation	2,564,549	1,599,778
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	487,264	303,958
Tax effect of expenses that are not deductible in determining taxable profit	19,098	16,968
Adjustments in respect of prior years	(3,191)	(745)
Other non-reversing timing differences	(33,513)	-
Deferred tax not recognised	-	(107,872)
Remeasurement of deferred tax for changes in tax rate	242,130	29,975
Taxation charge	711,788	242,284

### 10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	619,155	168,554

## DALTON METAL RECYCLING LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2021*

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11 Investment property

	Group 2021 £	Company 2021 £
<b>Fair value</b>		
At 1 September 2020 and 31 August 2021	-	1,500,000
	<u>          </u>	<u>          </u>

Investment property was valued on an open market basis on 31 August 2021 by the directors.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Tangible fixed assets

Group	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 September 2020	1,750,000	264,575	9,645,443	75,563	628,539	12,364,120
Additions	-	-	1,885,159	10,700	270,558	2,166,417
Disposals	-	-	(418,599)	-	(277,240)	(695,839)
At 31 August 2021	1,750,000	264,575	11,112,003	86,263	621,857	13,834,698
<b>Depreciation and impairment</b>						
At 1 September 2020	588,514	-	3,438,417	68,698	416,455	4,512,084
Depreciation charged in the year	87,500	-	872,036	3,205	63,458	1,026,199
Eliminated in respect of disposals	-	-	(318,526)	-	(224,241)	(542,767)
At 31 August 2021	676,014	-	3,991,927	71,903	255,672	4,995,516
<b>Carrying amount</b>						
At 31 August 2021	1,073,986	264,575	7,120,076	14,360	366,185	8,839,182
At 31 August 2020	1,161,486	264,575	6,207,026	6,865	212,084	7,852,036

The company had no tangible fixed assets at 31 August 2021 or 31 August 2020.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	10,000	10,000
<b>Movements in fixed asset investments</b>					
<b>Company</b>					<b>Shares in subsidiaries £</b>
<b>Cost or valuation</b>					
At 1 September 2020 and 31 August 2021					10,000
<b>Carrying amount</b>					
At 31 August 2021					10,000
At 31 August 2020					10,000

### 14 Subsidiaries

Details of the company's subsidiaries at 31 August 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Dalton Group Limited	Same as parent	Ordinary	100.00

### 15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	3,029,170	648,522	-	-

### 16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,518,365	703,216	21,116	37,000
Amounts owed by group undertakings	-	-	978,263	981,044
Other debtors	719,413	1,657,962	516	500
Prepayments and accrued income	260,803	177,697	-	-
	2,498,581	2,538,875	999,895	1,018,544

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	19	69,686	69,686	69,686	69,686
Obligations under finance leases	20	852,765	553,205	-	-
Trade creditors		3,017,361	1,965,941	-	-
Corporation tax payable		223,026	28,220	-	-
Other taxation and social security		35,850	55,679	-	-
Dividends payable		50,000	4,390	50,000	4,390
Other creditors		355,606	318,103	-	-
Accruals and deferred income		394,836	123,725	2,400	5,400
		<u>4,999,130</u>	<u>3,118,949</u>	<u>122,086</u>	<u>79,476</u>

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

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	19	1,037,871	1,047,981	1,037,871	1,047,981
Obligations under finance leases	20	3,878,727	3,391,934	-	-
		<u>4,916,598</u>	<u>4,439,915</u>	<u>1,037,871</u>	<u>1,047,981</u>

### 19 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	<u>1,107,557</u>	<u>1,117,667</u>	<u>1,107,557</u>	<u>1,117,667</u>
Payable within one year	69,686	69,686	69,686	69,686
Payable after one year	<u>1,037,871</u>	<u>1,047,981</u>	<u>1,037,871</u>	<u>1,047,981</u>

Bank borrowings are secured by a bond and floating charge over the assets of the group and standard security over the investment property held by the parent company.

The loans are repayable by regular monthly instalments with final balloon payments due in October and December 2023. Interest is accruing on the two loans at 4.13% and 2.75% over base rate respectively.

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 20 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	852,764	553,205	-	-
In two to five years	2,713,739	1,636,280	-	-
In over five years	1,164,989	1,755,654	-	-
	<u>4,731,492</u>	<u>3,945,139</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 6 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.

### 21 Deferred taxation

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

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	<u>1,008,871</u>	<u>515,910</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Liability at 1 September 2020	515,910	-
Charge to profit or loss	<u>492,961</u>	<u>-</u>
Liability at 31 August 2021	<u>1,008,871</u>	<u>-</u>

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 22 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	30,864	21,415

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

	Group and company	
	2021	2020
Ordinary share capital	£	£
Issued and fully paid		
10,000 Ordinary of £1 each	10,000	10,000

The company has one class of share capital. There are no restrictions on the distribution of dividends or repayment of capital.

### 24 Profit and loss reserves

	Group 2021	2020	Company 2021	2020
	£	£	£	£
At the beginning of the year	4,159,744	2,970,804	1,400,243	1,417,039
Profit for the year	1,852,761	1,357,494	570,217	151,758
Dividends	(619,155)	(168,554)	(619,155)	(168,554)
At the end of the year	5,393,350	4,159,744	1,351,305	1,400,243

### 25 Operating lease commitments

#### Lessee

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

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Within one year	204,000	124,000	-	-
	204,000	124,000	-	-

# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	1,765,299	-	-	-

### 27 Related party transactions

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

A partnership in which Mr S G Dalton Jnr is a partner.

During the year Stephen G Dalton & Son Partnership was invoiced for scrap sales totalling £428,752 (2020 - £428,860).

Rent of £204,000 (2020 - £124,000) and consultancy fees of £168,000 (2020 - £nil) were charged by the Partnership during the year.

At the balance sheet date, the group was due £36,672 to the Partnership (2020 - £99,318 due from the partnership).

#### Dalton Developments Limited

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

At the balance sheet date, the group was due £266,425 to Dalton Developments Limited (2020 - £266,425).

### 28 Directors' transactions

Dividends totalling £619,155 (2020 - £168,554) were paid in the year in respect of shares held by the company's directors.

### 29 Controlling party

The ultimate controlling party is S Dalton (Jnr).



# DALTON METAL RECYCLING LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 30 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,852,761	1,357,494
<b>Adjustments for:</b>		
Taxation charged	711,788	242,284
Finance costs	245,427	113,543
Investment income	-	(2,005)
Gain on disposal of tangible fixed assets	(122,776)	-
Depreciation and impairment of tangible fixed assets	1,026,199	842,088
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(2,380,648)	180,044
Decrease/(increase) in debtors	40,294	(1,382,649)
Increase in creditors	1,340,205	402,913
<b>Cash generated from operations</b>	<b>2,713,250</b>	<b>1,753,712</b>

### 31 Analysis of changes in net debt - group

	1 September 2020 £	Cash flows £	New finance leases £	31 August 2021 £
Cash at bank and in hand	1,205,085	755,931	-	1,961,016
Borrowings excluding overdrafts	(1,117,667)	10,110	-	(1,107,557)
Obligations under finance leases	(3,945,139)	628,297	(1,414,650)	(4,731,492)
	<b>(3,857,721)</b>	<b>1,394,338</b>	<b>(1,414,650)</b>	<b>(3,878,033)</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.