

Company Registration No. 01526052 (England and Wales)

SACKERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

SACKERS LIMITED

COMPANY INFORMATION

Directors	Mr C A R Dodds	
	Mr E C C Dodds	
	Mr A A Dodds	
	Mr D G Dodds	
	Mr G C Gray	(Appointed 7 September 2020)
	Mr N Canham	(Appointed 28 April 2021)
	Mr G Young	(Appointed 28 June 2021)

Company number	01526052
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Registered office	Railway Sidings Great Blakenham Ipswich Suffolk IP6 0JB
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Auditor	Ensors Accountants LLP Connexions 159 Princes Street Ipswich Suffolk IP1 1QJ
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Bankers	Virgin Money 5 Church Street Peterborough PE1 1XB
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SACKERS LIMITED

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SACKERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the year ended 30 April 2021.

Fair review of the business

The company's principal activities continue to be the recycling of scrap metal, commercial industrial waste and the distribution of its products to its local, national and international customer base.

The company continues to invest in its people and its business management systems. The company's business systems provide valuable data and enable improved decision making in the planning and trading processes and throughout the business as a whole.

Turnover increased versus the prior year by 10% to £37.1M, benefiting from higher volumes in the months after the first UK COVID 19 lockdown during 2020. The company's stronger performance led to a reduction in net debt. Net debt reducing by 14% to £1.75M.

The profit after tax for the financial year increased markedly to £549,041 (2019: Loss £203,586).

During the year we were pleased to announce the appointment of Nigel Canham to the Sackers board as Chief Financial Officer. He joined the business during 2019 and has been instrumental in helping to position the business for long term growth. Nigel brings knowledge in a wide range of international, manufacturing and service businesses, most notably at Danaher, the global science and technology innovator, and Permira, the global investment firm. His experience of long-term value generation, continuous improvement and lean process improvement is invaluable to the business.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company.

The key business risks and uncertainties facing the company are set out as below:

COVID 19 pandemic – business was lower in the immediate months following the start of the pandemic in early 2020. Given the uncertain nature, extent and length of the restrictions the business worked with its supply chains and external stakeholders to mitigate the risk this may cause. During the financial year the business made use of Government backed financial support via the Coronavirus Job Retention Scheme. The pandemic initially resulted in reduced working at some locations. Following the implementation of appropriate safety measures the trading level has seen a return to, and in some areas, an increase compared to pre-COVID levels. The Directors continue to closely monitor the impact of COVID 19 on its employees, operations, supply chain and customer base.

Currency exchange rates – the company has a high proportion of its turnover in US Dollars, this could expose it to differences on exchange. The company manages this risk by hedging the exchange rate at the time a sale is agreed.

Competitor pressure – the market in which the Company operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to competitors. The company manages this risk by providing quality products and services and maintaining strong relationships with its key customers. It also monitors prices from global markets on a daily basis to ensure sales are at best market value.

Key performance indicators and key performance areas

The directors closely monitor a range of key performance indicators (KPI's) throughout the year. During the year, the primary KPI's have been gross profit margin as a measure of performance and turnover as a measure of activity.

During the year, the company's turnover increased by £3.2M or 10% to £37.1M, gross margin increased by £339K, and decreased by 13 bps to 11.8% from 11.9%.

SACKERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Post balance sheet events

We are pleased to have welcomed Gary Young as Chief Operating Officer on 28 June 2021. Gary has a wealth of knowledge in the aerospace, recycling, metals and engineering sectors. He has over 30 years of experience in these sectors, combined with his broad business knowledge this will allow him to help grow Sackers and to meet its long-term strategic goals. Gary has held many senior directorship roles, most notably with the London based private investment firm Hadleigh Partners. A company of which he went on to be Group Managing Director for the Metals and Engineering division.

On behalf of the board

Mr D G Dodds
CEO

6 October 2021

SACKERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present their annual report and financial statements for the year ended 30 April 2021.

Principal activities

The principal activities of the company during the period continued to be the recycling of scrap metals and delivery of total waste management solutions.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr C A R Dodds

Mr E C C Dodds

Mr A A Dodds

Mr D G Dodds

Mr G C Gray

(Appointed 7 September 2020)

Mr N Canham

(Appointed 28 April 2021)

Mr G Young

(Appointed 28 June 2021)

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments (the purpose of which is to manage currency risks arising from the company's activities) bank loans, overdraft and trade finance facility (the main purpose of which is to raise finance for the company's operations). In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The company is exposed to liquidity risk both to finance its trading activities and its investment activities. The company's policy is to finance working capital requirements through retained earnings as far as possible and to use external financing at prevailing market rates as and when required. Major fixed asset investments are financed by specific borrowings against the assets concerned through borrowing with terms broadly equivalent to the useful economic life of the asset concerned.

Interest rate risk

The Company is exposed to interest rate rises through a proportion of the bank loans which are variable. However the directors have protected a certain proportion of this risk by utilising an interest rate swap. All finance on assets held under hire purchase have a fixed rate of interest.

Foreign currency risk

The company's principal exchange risk arises on its sales to overseas companies, the company uses forward US dollar contracts to manage these currency exchange rate risks.

SACKERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Credit risk

Research and development

The company has continued its commitment to research and development activities during the year, with further investment into scrap metal recycling methods.

Future developments

The Directors are confident that the Company is well placed to meet future challenges successfully particularly given the development of internal processes and restructuring completed since the year end.

Auditor

The auditor, Ensors Accountants LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

On behalf of the board

Mr D G Dodds

CEO

6 October 2021

SACKERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2021

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

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

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

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

SACKERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SACKERS LIMITED

Opinion

We have audited the financial statements of Sackers Limited (the 'company') for the year ended 30 April 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

SACKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SACKERS LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our audit was designed to include tests of detail together with an assessment of the control environment to enable us to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud.

In planning and designing our audit procedures we assessed the risks of material misstatement due to fraud.

Consideration was given to the control environment (including management's own process for identification and risk assessment) as well as the nature of the entity, the industry in which it operates and the underlying performance. Consideration is also given to the attitudes and incentives of management to commit fraud.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they are likely to involve deliberate concealment or collusion.

Our assessment concluded that the areas of highest risk are non-compliance with laws and regulations and management override of controls. To address these risks we performed the following audit procedures:

SACKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SACKERS LIMITED

- Thorough review of journal entries and other adjustments for appropriateness and evaluating the business rationale of any transactions outside of the normal course of business.
- Assessment of key accounting estimates within the financial statements in order to assess their reasonableness and determine whether there is any bias in management's estimates.
- Review of meeting minutes of directors and those charged with governance.
- All team members were informed of the relevant laws and regulations and potential fraud risks at the planning stage and reminded to remain alert to any indications of fraud or non-compliance.
- Enquiring of management whether there have been any alleged, suspected or actual instances of fraud during the year.
- Enquiring of management and those charged with governance whether there have been any actual or potential litigation or claims.
- Reviewing correspondence with relevant legal authorities.
- Reviewing legal expense accounts for any indicators of litigation or claims.

There are, however, inherent limitations to our above audit procedures. Auditing standards only require us to enquire of the directors and management regarding non-compliance with laws and regulations, as well as review regulatory and legal correspondence (if there is any). It is therefore possible that instances of non-compliance could be missed, particularly where the law in itself is far removed from any financial transactions.

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.

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.

Barry Gostling (Senior Statutory Auditor)
For and on behalf of Ensors Accountants LLP

12 October 2021

Chartered Accountants
Statutory Auditor

Connexions
159 Princes Street
Ipswich
Suffolk
IP1 1QJ

SACKERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	2020 £
Turnover	3	37,139,824	33,891,028
Cost of sales		(32,752,449)	(29,842,753)
Gross profit		4,387,375	4,048,275
Administrative expenses		(3,795,404)	(4,316,328)
Other operating income		199,403	86,083
Operating profit/(loss)	4	791,374	(181,970)
Interest receivable and similar income	7	11	17,166
Interest payable and similar expenses	8	(89,697)	(226,430)
Profit/(loss) before taxation		701,688	(391,234)
Tax on profit/(loss)	9	(152,647)	187,648
Profit/(loss) for the financial year		549,041	(203,586)

The income statement has been prepared on the basis that all operations are continuing operations.

SACKERS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		6,963,646		7,556,471
Current assets					
Stocks	13	1,136,115		619,558	
Debtors	14	7,282,565		5,354,356	
Cash at bank and in hand		952,335		1,308,853	
		<u>9,371,015</u>		<u>7,282,767</u>	
Creditors: amounts falling due within one year	15	<u>(9,490,775)</u>		<u>(8,074,129)</u>	
Net current liabilities			(119,760)		(791,362)
Total assets less current liabilities			<u>6,843,886</u>		<u>6,765,109</u>
Creditors: amounts falling due after more than one year	16		(1,068,212)		(1,593,864)
Provisions for liabilities					
Deferred tax liability	19	576,499		521,111	
		<u>(576,499)</u>		<u>(521,111)</u>	
Net assets			<u>5,199,175</u>		<u>4,650,134</u>
Capital and reserves					
Called up share capital	21		100		100
Profit and loss reserves			5,199,075		4,650,034
Total equity			<u>5,199,175</u>		<u>4,650,134</u>

The financial statements were approved by the board of directors and authorised for issue on 6 October 2021 and are signed on its behalf by:

Mr D G Dodds
CEO

Company Registration No. 01526052

SACKERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 May 2019	100	4,853,620	4,853,720
Year ended 30 April 2020:			
Loss and total comprehensive income for the year	-	(203,586)	(203,586)
Balance at 30 April 2020	100	4,650,034	4,650,134
Year ended 30 April 2021:			
Profit and total comprehensive income for the year	-	549,041	549,041
Balance at 30 April 2021	100	5,199,075	5,199,175

SACKERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	25	1,390,566		2,395,393	
Interest paid		(89,697)		(226,430)	
Income taxes (paid)/refunded		(11)		181,980	
Net cash inflow from operating activities		<u>1,300,858</u>		<u>2,350,943</u>	
Investing activities					
Purchase of tangible fixed assets		(369,820)		(471,028)	
Proceeds on disposal of tangible fixed assets		501		75,246	
Interest received		11		17,166	
Net cash used in investing activities		<u>(369,308)</u>		<u>(378,616)</u>	
Financing activities					
Proceeds of new bank loans		1,106,932		1,933,957	
Repayment of bank loans		(2,037,114)		(1,557,224)	
Payment of finance leases obligations		(357,886)		(431,597)	
Net cash used in financing activities		<u>(1,288,068)</u>		<u>(54,864)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(356,518)</u>		<u>1,917,463</u>	
Cash and cash equivalents at beginning of year		1,308,853		(608,610)	
Cash and cash equivalents at end of year		<u><u>952,335</u></u>		<u><u>1,308,853</u></u>	

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

Company information

Sackers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Railway Sidings, Great Blakenham, Ipswich, Suffolk, IP6 0JB.

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. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption not to prepare consolidated accounts and the basis that the subsidiary is dormant and therefore not material to the group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

While the company had net current liabilities at 30 April 2021, the directors have prepared performance projections, including cash flow forecasts for the period up until 30 April 2023 and are satisfied that the company's trading cash flow is sufficient. Based on these forecasts and post year end performance, plus the assumption that new banking facilities will be agreed when the current arrangement ends, the going concern basis remains appropriate.

The COVID-19 pandemic created a period of reduced activity during March, April and May 2020 but the company was confirmed as a critical business that needed to continue trading. Subsequent performance has been significantly better than initially expected and cash flow has improved greatly.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised at fair value when the company has fulfilled its contractual obligation and earned a right to consideration.

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.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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.

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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	2% - 10% on Cost
Plant and machinery	5% on Cost or 20%-25% on Reducing Balance
Fixtures, fittings and equipment	5% on Cost or 20% on Reducing Balance
Motor vehicles	25% on Reducing Balance

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

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.8 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.

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and hire purchase contracts, 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 receipts 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.

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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 income statement, 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 when the company has 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.

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 statement of financial position 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 leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 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.

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements and estimates

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Recoverability of trade debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors, and historical experience.

Stock quantities

Directors largely use their professional judgement when estimating stock quantities at the year end, where it is not practical to weigh the stock.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods and services in connection with recycling scrap metals and waste management	37,139,824	33,891,028
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	11	17,166
	<u> </u>	<u> </u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	9,610,211	10,795,142
Europe	2,410,587	3,178,421
Rest of World	25,119,026	19,917,465
	<u> </u>	<u> </u>
	37,139,824	33,891,028
	<u> </u>	<u> </u>

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

4 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains/(losses)	(132,285)	41,686
Research and development costs	275	3,657
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	11,000
Depreciation of owned tangible fixed assets	843,054	963,224
Depreciation of tangible fixed assets held under finance leases	119,316	52,137
Profit/(loss) on disposal of tangible fixed assets	(226)	9,268
Operating lease charges	529,847	701,538

5 Employees

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

	2021	2020
	Number	Number
Production and sales staff	30	34
Office and management staff	42	46
Total	72	80

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,451,962	2,582,100
Social security costs	236,831	260,491
Pension costs	77,251	72,040
	2,766,044	2,914,631

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	447,229	337,458
Company pension contributions to defined contribution schemes	14,757	9,000
	461,986	346,458

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	153,909	151,451
Company pension contributions to defined contribution schemes	-	4,500
	<u>153,909</u>	<u>155,951</u>

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	11	17,166
	<u>11</u>	<u>17,166</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	11	17,166
	<u>11</u>	<u>17,166</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	57,413	185,260
Other finance costs:		
Interest on finance leases and hire purchase contracts	32,284	41,170
	<u>89,697</u>	<u>226,430</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	97,259	-
Adjustments in respect of prior periods	-	(159,570)
Total current tax	<u>97,259</u>	<u>(159,570)</u>
Deferred tax		
Origination and reversal of timing differences	55,388	(28,078)
	<u>55,388</u>	<u>(28,078)</u>
Total tax charge/(credit)	<u>152,647</u>	<u>(187,648)</u>

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
Profit/(loss) before taxation	701,688	(391,234)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	133,321	(74,334)
Tax effect of expenses that are not deductible in determining taxable profit	11,483	3,061
Effect of change in corporation tax rate	-	61,143
Depreciation on assets not qualifying for tax allowances	7,843	10,053
Other permanent differences	-	1,639
Under/(over) provided in prior years	-	(159,570)
Deferred tax adjustments in respect of prior years	-	(29,470)
Land remediation relief	-	(170)
Taxation charge/(credit) for the year	152,647	(187,648)

10 Tangible fixed assets

	Freehold Property	Plant and fixtures, machinery and equipment	fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2020	2,993,110	11,680,980	527,505	216,984	15,418,579
Additions	6,724	347,158	15,295	643	369,820
Disposals	-	(4,175)	-	-	(4,175)
At 30 April 2021	2,999,834	12,023,963	542,800	217,627	15,784,224
Depreciation and impairment					
At 1 May 2020	556,267	6,715,076	426,205	164,560	7,862,108
Depreciation charged in the year	46,905	815,169	83,853	16,443	962,370
Eliminated in respect of disposals	-	(3,900)	-	-	(3,900)
At 30 April 2021	603,172	7,526,345	510,058	181,003	8,820,578
Carrying amount					
At 30 April 2021	2,396,662	4,497,618	32,742	36,624	6,963,646
At 30 April 2020	2,436,843	4,965,904	101,300	52,424	7,556,471

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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.

	2021 £	2020 £
Plant and machinery	866,058	261,383

11 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Sackers Recycling Ltd	Railway Sidings, Gipping Road, Ipswich, IP6 0JD	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Sackers Recycling Ltd	2	-

12 Financial instruments

13 Stocks

	2021 £	2020 £
Raw materials and processed goods for resale	1,136,115	619,558

Stocks recognised within cost of sales during the year as an expense was £20,607,474 (2020: £18,583,712)

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	5,769,252	4,544,275
Corporation tax recoverable	-	91,901
Other debtors	848,932	170,402
Prepayments and accrued income	664,381	547,778
	<u>7,282,565</u>	<u>5,354,356</u>

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	17	1,209,400	2,037,114
Obligations under finance leases	18	423,079	357,781
Trade creditors		5,477,228	3,233,494
Corporation tax		5,347	-
Other taxation and social security		79,844	120,449
Other creditors		43,129	134,712
Accruals and deferred income		2,252,748	2,190,579
		<u>9,490,775</u>	<u>8,074,129</u>

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	844,934	947,402
Obligations under finance leases	18	223,278	646,462
		<u>1,068,212</u>	<u>1,593,864</u>

17 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>2,054,334</u>	<u>2,984,516</u>
Payable within one year	1,209,400	2,037,114
Payable after one year	<u>844,934</u>	<u>947,402</u>

The long-term loans and overdraft are secured by fixed and floating charges over the assets of the company.

Interest on bank loans is charged at 2.5% over the base rate. Long term loans are payable over the period until November 2034.

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

18 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	423,078	357,781
In two to five years	223,279	423,197
In over five years	-	223,265
	<u>646,357</u>	<u>1,004,243</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
ACAs	589,335	627,358
Tax losses	-	(96,604)
Provisions	(12,836)	(9,643)
	<u>576,499</u>	<u>521,111</u>
		2021
		£
Movements in the year:		
Liability at 1 May 2020		521,111
Charge to profit or loss		55,388
Liability at 30 April 2021		<u>576,499</u>

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

20 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	77,251	72,040

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	100	100	100	100

22 Operating lease commitments

Lessee

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

	2021	2020
	£	£
Within one year	472,396	586,899
Between two and five years	789,733	1,106,986
In over five years	837,568	956,057
	2,099,697	2,649,942

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which also includes directors, is as follows.

	2021	2020
	£	£
Aggregate compensation	617,432	578,450

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

23 Related party transactions

(Continued)

Transactions with related parties

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

	Purchases	
	2021	2020
	£	£
Rent in relation to land used by the company, but owned by schemes of which Directors are beneficiaries.	85,000	85,000

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due to related parties		
Loans with directors	8,540	133,716

Interest of £6,011 (2020: £9,000) on loan accounts with a closing balance of £nil (2020: £104,700) at the year end has been paid during the year. No interest was paid on the other loans.

Other information

Two of the directors provided personal guarantees of £125,000 each giving additional security for the loans and overdrafts within the creditors notes.

24 Ultimate controlling party

There is no ultimate controlling party

25 Cash generated from operations

	2021	2020
	£	£
Profit/(loss) for the year after tax	549,041	(203,586)
Adjustments for:		
Taxation charged/(credited)	152,647	(187,648)
Finance costs	89,697	226,430
Investment income	(11)	(17,166)
(Gain)/loss on disposal of tangible fixed assets	(226)	9,268
Depreciation and impairment of tangible fixed assets	962,370	1,015,361
Movements in working capital:		
(Increase)/decrease in stocks	(516,557)	359,744
(Increase)/decrease in debtors	(2,020,110)	823,399
Increase in creditors	2,173,715	369,591
Cash generated from operations	1,390,566	2,395,393

SACKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

26 Analysis of changes in net debt

	1 May 2020	Cash flows	30 April 2021
	£	£	£
Cash at bank and in hand	1,308,853	(356,518)	952,335
Borrowings excluding overdrafts	(2,984,516)	930,182	(2,054,334)
Obligations under finance leases	(1,004,243)	357,886	(646,357)
	<u>(2,679,906)</u>	<u>931,550</u>	<u>(1,748,356)</u>

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.