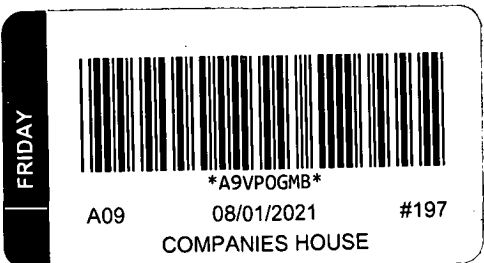


Company registration number: 02438711

**H Brown & Son (Recycling) Limited**

**Financial statements**

**31 January 2020**



## H Brown & Son (Recycling) Limited

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**H Brown & Son (Recycling) Limited**

**Directors and other information**

**Director** Mr RW Brown

**Secretary** Mr RW Brown

**Company number** 02438711

**Registered office** Vanguard House  
Sneyd Hill  
Burslem  
Stoke-on-Trent  
ST6 2DZ

**Business address** Vanguard House  
Sneyd Hill  
Burslem  
Stoke-on-Trent  
ST6 2DZ

**Auditor** Bennett Brooks & Co Limited  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

**Accountants** Fearn's Marriott  
Cherry Tree Court  
Cross Street  
Leek  
Staffordshire  
ST13 6BL

## H Brown & Son (Recycling) Limited

### Strategic report Year ended 31 January 2020

#### Review of the business

The company's principal activities continue to be that of a waste transfer station, scrap metal merchants and waste removers.

The company's key performance indicators are turnover and profit after tax.

The company has performed profitably and satisfactorily in a competitive marketplace. The turnover for the year was £14,397,244 (2019 : £14,014,834) and loss after tax was £406,417 (2019 : profit of £263,078). A return to profitability is expected during 2020/21.

#### Principal risks and uncertainties

As for many businesses of our size, the business environment in which we operate continues to be challenging. The market is competitive and price volatility means margins continue to be tight.

#### Future developments

The company's aim is for future growth based on investment in its core activities.

#### Impact of the Covid-19 pandemic

On 11 March 2020 the World Health Organisation characterised the COVID-19 virus as a global pandemic. This event, subsequent to the end of the financial year, has brought about a period of economic uncertainty. We have reviewed potential exposures in the balance sheet such as the ability of our customers to make payments, the carrying value of assets and have taken actions to reduce our sensitivity to the impact of this outbreak on our business. These actions include agreement of payments deferrals with tax authorities, furloughing of non-core employees under the various job retention schemes in the countries in which we operate, and refocusing our sales force effort on areas of the market which are proving to be more resilient during the Covid-19 pandemic.

To date, the pandemic has not had a significant impact on business activities and results. The Directors have reviewed the results to date and forecast for the next 12 months which show that, taking in account reasonably possible changes in trading activity and the potential future impact of the COVID-19 pandemic, that sufficient resources will be available to allow the Company to meet its financial liabilities as they fall due. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from the date of signature of these financial statements. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

This report was approved by the board of directors on 23 December 2020 and signed on behalf of the board by:



Mr RW Brown  
Director

## **H Brown & Son (Recycling) Limited**

### **Director's report Year ended 31 January 2020.**

The director presents his report and the financial statements of the company for the year ended 31 January 2020.

#### **Director**

The director who served the company during the year was as follows:

Mr RW Brown

#### **Dividends**

Particulars of recommended dividends are detailed in note 11 to the financial statements.

#### **Future developments**

The company's aim is for future growth based on investment in its core activities.

#### **Financial instruments**

The company uses forward contracts to hedge its risk associated with currency fluctuation.

#### **Disclosure of information in the strategic report.**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is set out in the company's strategic report.

#### **Director's responsibilities statement**

The director is responsible for preparing the strategic report, director's 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 company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

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

The director is 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 him 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.

**H Brown & Son (Recycling) Limited**

**Director's report (continued)  
Year ended 31 January 2020**

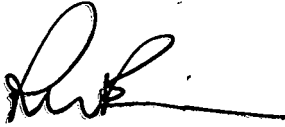
**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 23 December 2020 and signed on behalf of the board by:



Mr RW Brown  
Director

## **H Brown & Son (Recycling) Limited**

### **Independent auditor's report to the member of H Brown & Son (Recycling) Limited Year ended 31 January 2020**

#### **Opinion**

We have audited the financial statements of H Brown & Son (Recycling) Limited (the 'company') for the year ended 31 January 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other Information**

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **H Brown & Son (Recycling) Limited**

### **Independent auditor's report to the member of H Brown & Son (Recycling) Limited (continued) Year ended 31 January 2020**

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

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

- the information given in the strategic report and the 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 has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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, 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 the returns; or
- certain disclosures of director's 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 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 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 for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's member, 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 member those matters we are required to state to him 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

**H Brown & Son (Recycling) Limited**

**Independent auditor's report to the member of  
H Brown & Son (Recycling) Limited (continued)  
Year ended 31 January 2020**



Jason Leach FCA (Senior Statutory Auditor)

For and on behalf of  
Bennett Brooks & Co Limited  
Chartered Accountants & Statutory Auditors  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

23 December 2020

**H Brown & Son (Recycling) Limited**

**Statement of income and retained earnings  
Year ended 31 January 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	14,397,244	14,014,834
<b>Cost of sales</b>		(10,900,841)	(10,349,086)
<b>Gross profit</b>		<u>3,496,403</u>	<u>3,665,748</u>
<b>Administrative expenses</b>		(3,806,368)	(3,194,341)
<b>Operating (loss)/profit</b>	<b>5</b>	<u>(309,965)</u>	<u>471,407</u>
<b>Other interest receivable and similar income</b>	<b>8</b>	3,756	1,470
<b>Interest payable and similar expenses</b>	<b>9</b>	(112,180)	(106,877)
<b>(Loss)/profit before taxation</b>		<u>(418,389)</u>	<u>366,000</u>
<b>Tax on (loss)/profit</b>	<b>10</b>	11,972	(102,922)
<b>(Loss)/profit for the financial year and total comprehensive income</b>		<u>(406,417)</u>	<u>263,078</u>
<b>Dividends declared and paid or payable during the year<sup>11</sup></b>		(90,180)	(90,180)
<b>Retained earnings at the start of the year</b>		<u>4,449,689</u>	<u>4,276,791</u>
<b>Retained earnings at the end of the year</b>		<u><u>3,953,092</u></u>	<u><u>4,449,689</u></u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

**H Brown & Son (Recycling) Limited**

**Statement of financial position  
31 January 2020**

	Note	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12	-	-	9,693	-
Tangible assets	13	7,042,570	-	6,788,284	-
Investments	14	1,000	-	1,000	-
			<u>7,043,570</u>	<u>6,798,977</u>	
<b>Current assets</b>					
Stocks	15	65,815	-	74,509	-
Debtors	16	2,062,411	-	2,310,450	-
Cash at bank and in hand		108,334	-	763,640	-
		<u>2,236,560</u>		<u>3,148,599</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(2,425,985)</u>		<u>(2,663,592)</u>	
<b>Net current (liabilities)/assets</b>			<u>(189,425)</u>	<u>485,007</u>	
<b>Total assets less current liabilities</b>			<u>6,854,145</u>	<u>7,283,984</u>	
<b>Creditors: amounts falling due after more than one year</b>	18		(2,568,401)	(2,593,993)	
<b>Provisions for liabilities</b>	20		(331,650)	(239,300)	
<b>Net assets</b>			<u><u>3,954,094</u></u>	<u><u>4,450,691</u></u>	
<b>Capital and reserves</b>					
Called up share capital	24		1,002	1,002	
Profit and loss account	25		3,953,092	4,449,689	
<b>Shareholder funds</b>			<u><u>3,954,094</u></u>	<u><u>4,450,691</u></u>	

The notes on pages 12 to 25 form part of these financial statements.

**H Brown & Son (Recycling) Limited**

**Statement of financial position (continued)**

**31 January 2020**

These financial statements were approved by the board of directors and authorised for issue on 23 December 2020, and are signed on behalf of the board by:



Mr RW Brown  
Director

Company registration number: 02438711

**The notes on pages 12 to 25 form part of these financial statements.**

**H Brown & Son (Recycling) Limited**

**Statement of cash flows  
Year ended 31 January 2020**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(406,417)	263,078
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,127,641	970,920
Amortisation of intangible assets	9,693	9,693
Other interest receivable and similar income	(3,756)	(1,470)
Interest payable and similar expenses	112,180	106,877
Gain/(loss) on disposal of tangible assets	(15,268)	(48,175)
Tax on loss/profit	(11,972)	102,922
Accrued expenses/(income)	(24,091)	6,080
<i>Changes in:</i>		
Stocks	8,694	186,386
Trade and other debtors	248,039	(77,031)
Trade and other creditors	(272,549)	(25,484)
Cash generated from operations	<u>772,194</u>	<u>1,493,796</u>
Interest paid	(112,180)	(106,877)
Interest received	3,756	1,470
Tax paid	-	(156,471)
Net cash from operating activities	<u>663,770</u>	<u>1,231,918</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(1,466,926)	(1,448,430)
Proceeds from sale of tangible assets	100,267	140,419
Net cash used in investing activities	<u>(1,366,659)</u>	<u>(1,308,011)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	(404,456)	21,246
Payment of finance lease liabilities	542,219	164,381
Equity dividends paid	(90,180)	(90,180)
Net cash from financing activities	<u>47,583</u>	<u>95,447</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(655,306)</b>	<b>19,354</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>763,640</b>	<b>744,286</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>108,334</u></b>	<b><u>763,640</u></b>

## **H Brown & Son (Recycling) Limited**

### **Notes to the financial statements Year ended 31 January 2020**

#### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is H Brown & Son (Recycling) Limited, Vanguard House, Sneyd Hill, Burslem, Stoke-on-Trent, ST6 2DZ.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The Triennial review 2017 amendments to the standard have been early adopted.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Consolidation**

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 402 of the Companies Act 2006 on the basis that its subsidiaries are excluded from consolidation on the grounds that their inclusion is not material for the purpose of giving a true and fair view.

##### **Judgements and key sources of estimation uncertainty**

In the application of the company'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. In this regard, the director believes that the critical accounting policies where judgements or estimates are necessarily applied are the useful expected lives of tangible fixed assets and the bad debt provision.

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 revision and future periods where the revision affects both current and future periods.

## **H Brown & Son (Recycling) Limited**

### **Notes to the financial statements (continued)**

**Year ended 31 January 2020**

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### **Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

## H Brown & Son (Recycling) Limited

### Notes to the financial statements (continued)

Year ended 31 January 2020

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20%

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 4% on cost
Plant and machinery	- 20% reducing balance basis
Fittings fixtures and equipment	- 15% reducing balance basis
Motor vehicles	- 25% reducing balance basis
RDF plant and shredders	- Straight line over 12 years

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

#### Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

## H Brown & Son (Recycling) Limited

### Notes to the financial statements (continued)

Year ended 31 January 2020

#### Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

#### Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

## H Brown & Son (Recycling) Limited

### Notes to the financial statements (continued)

Year ended 31 January 2020

#### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

#### 4. Turnover

Turnover arises from:

	2020	2019
	£	£
Rendering of services	14,397,244	14,014,834

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 January 2020**

**5. Operating loss/profit**

Operating loss/profit is stated after charging/(crediting):

	2020	2019
	£	£
Amortisation of intangible assets	9,693	9,693
Depreciation of tangible assets	1,127,641	970,920
(Gain)/loss on disposal of tangible assets	(15,268)	(48,175)
Impairment of trade debtors	92,561	15,747
Operating lease rentals	81,196	95,472
Foreign exchange differences	270	37
Fees payable for the audit of the financial statements	7,500	7,500
	<u>7,500</u>	<u>7,500</u>

**6. Staff costs**

The average number of persons employed by the company during the year, including the director, amounted to:

	2020	2019
Production staff	74	73
Administrative staff	36	35
	<u>110</u>	<u>108</u>

The aggregate payroll costs incurred during the year were:

	2020	2019
	£	£
Wages and salaries	2,011,309	1,797,777
Social security costs	181,669	159,315
Other pension costs	61,405	35,215
	<u>2,254,383</u>	<u>1,992,307</u>

**7. Directors remuneration**

The director's aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	<u>8,040</u>	<u>6,240</u>

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 January 2020**

**8. Other interest receivable and similar income**

	2020	2019
	£	£
Bank deposits	3,756	1,470
	<u>3,756</u>	<u>1,470</u>

**9. Interest payable and similar expenses**

	2020	2019
	£	£
Other loans made to the company:		
Finance leases and hire purchase contracts	49,808	27,030
Other interest payable and similar expenses	62,372	79,847
	<u>112,180</u>	<u>106,877</u>

**10. Tax on loss/profit**

**Major components of tax income/expense**

	2020	2019
	£	£
UK current tax expense	-	104,322
Adjustments in respect of previous periods	(104,322)	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	92,350	(1,400)
<b>Tax on loss/profit</b>	<u>(11,972)</u>	<u>102,922</u>

**Reconciliation of tax income/expense**

The tax assessed on the loss/profit for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020	2019
	£	£
(Loss)/profit before taxation	(418,389)	366,000
(Loss)/profit multiplied by rate of tax	(79,494)	69,540
Adjustments in respect of prior periods	(104,322)	-
Effect of expenses not deductible for tax purposes	(5,908)	(2,620)
Effect of capital allowances and depreciation	66,693	37,402
Utilisation of tax losses	18,709	-
Deferred tax	92,350	(1,400)
<b>Tax on loss/profit</b>	<u>(11,972)</u>	<u>102,922</u>

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)  
Year ended 31 January 2020**

**11. Dividends**

**Equity dividends**

	<b>2020</b>	<b>2019</b>
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>90,180</u>	<u>90,180</u>

**12. Intangible assets**

	<b>Goodwill</b>	<b>Total</b>
	£	£
<b>Cost</b>		
<b>At 1 February 2019 and 31 January 2020</b>	<u>83,465</u>	<u>83,465</u>
<b>Amortisation</b>		
At 1 February 2019	73,772	73,772
Charge for the year	<u>9,693</u>	<u>9,693</u>
<b>At 31 January 2020</b>	<u>83,465</u>	<u>83,465</u>
<b>Carrying amount</b>		
<b>At 31 January 2020</b>	<u>-</u>	<u>-</u>
<b>At 31 January 2019</b>	<u>9,693</u>	<u>9,693</u>

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)  
Year ended 31 January 2020**

**13. Tangible assets**

	Freehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2019	4,878,021	6,127,542	207,599	3,331,415	14,544,577
Additions	-	657,658	25,028	784,240	1,466,926
Disposals	-	(305,559)	-	(425,539)	(731,098)
<b>At 31 January 2020</b>	<u>4,878,021</u>	<u>6,479,641</u>	<u>232,627</u>	<u>3,690,116</u>	<u>15,280,405</u>
<b>Depreciation</b>					
At 1 February 2019	1,191,945	4,048,579	185,701	2,330,068	7,756,293
Charge for the year	133,062	534,671	18,944	440,964	1,127,641
Disposals	-	(242,291)	-	(403,808)	(646,099)
<b>At 31 January 2020</b>	<u>1,325,007</u>	<u>4,340,959</u>	<u>204,645</u>	<u>2,367,224</u>	<u>8,237,835</u>
<b>Carrying amount</b>					
<b>At 31 January 2020</b>	<u>3,553,014</u>	<u>2,138,682</u>	<u>27,982</u>	<u>1,322,892</u>	<u>7,042,570</u>
At 31 January 2019	<u>3,686,076</u>	<u>2,078,963</u>	<u>21,898</u>	<u>1,001,347</u>	<u>6,788,284</u>

**Obligations under finance leases**

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery	Motor vehicles
	£	£
<b>At 31 January 2020</b>	<u>679,914</u>	<u>1,088,551</u>
At 31 January 2019	<u>492,417</u>	<u>818,404</u>

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)  
Year ended 31 January 2020**

**14. Investments**

	Shares in group undertakings	Total
	£	£
<b>Cost</b>		
At 1 February 2019 and 31 January 2020	<u>1,000</u>	<u>1,000</u>
<b>Impairment</b>		
At 1 February 2019 and 31 January 2020	<u>-</u>	<u>-</u>
<b>Carrying amount</b>		
At 31 January 2020	<u>1,000</u>	<u>1,000</u>
At 31 January 2019	<u>1,000</u>	<u>1,000</u>

**Investments in group undertakings**

	Registered office	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>			
Direct Coal & Haulage Co. Limited	Vanguard House, Sneyd Hill, Burslem, Stoke-on-Trent, ST6 2DZ	Ordinary	100

**15. Stocks**

	2020	2019
	£	£
Finished goods	<u>65,815</u>	<u>74,509</u>

**16. Debtors**

	2020	2019
	£	£
Trade debtors	1,904,775	2,249,057
Prepayments and accrued income	53,314	61,393
Other debtors	104,322	-
	<u>2,062,411</u>	<u>2,310,450</u>

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)**

**Year ended 31 January 2020**

**17. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	£	£
Bank loans and overdrafts	409,235	398,341
Trade creditors	1,011,436	1,260,756
Amounts owed to group undertakings	1,000	1,000
Accruals and deferred income	66,982	91,073
Corporation tax	-	104,322
Social security and other taxes	293,989	318,901
Obligations under finance leases	614,186	451,286
Director loan accounts	25,399	35,838
Other creditors	3,758	2,075
	<b>2,425,985</b>	<b>2,663,592</b>

The bank loans and overdraft are secured on the freehold properties of the company. Hire purchase contracts and finance leases are secured on the assets acquired under those agreements.

**18. Creditors: amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	£	£
Bank loans and overdrafts	1,530,769	1,935,680
Obligations under finance leases	1,037,632	658,313
	<b>2,568,401</b>	<b>2,593,993</b>

The bank loans and overdraft are secured on the freehold properties of the company. Hire purchase contracts and finance leases are secured on the assets acquired under those agreements.

The bank loan due after more than five years is repayable on 21 September 2022.

**19. Obligations under finance leases**

**Company lessee**

The total future minimum lease payments under finance lease agreements are as follows:

	<b>2020</b>	<b>2019</b>
	£	£
Not later than 1 year	614,186	451,286
Later than 1 year and not later than 5 years	1,037,632	658,313
	<b>1,651,818</b>	<b>1,109,599</b>
Present value of minimum lease payments	<b>1,651,818</b>	<b>1,109,599</b>

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)  
Year ended 31 January 2020**

**20. Provisions**

	Deferred tax (note 21)	Total
	£	£
At 1 February 2019	239,300	239,300
Additions	92,350	92,350
<b>At 31 January 2020</b>	<u>331,650</u>	<u>331,650</u>

**21. Deferred tax**

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 20)	<u>331,650</u>	<u>239,300</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	<u>331,650</u>	<u>239,300</u>

**22. Employee benefits**

The amount recognised in profit or loss in relation to defined contribution plans was £61,405 (2019: £35,215).

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)**

**Year ended 31 January 2020**

**23. Financial instruments**

The carrying amount for each category of financial instrument is as follows:

	2020	2019
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	1,904,775	2,249,057
Cash at bank and in hand	108,334	763,640
	2,013,109	3,012,697
<b>Financial liabilities measured at amortised cost</b>		
Bank and other loans	409,235	398,341
Trade creditors	1,011,436	1,260,756
Other creditors	3,758	2,075
	1,424,429	1,661,172

Under FRS 102, loans at market rate are recognised at amortised cost.

**24. Called up share capital issued, called up and fully paid**

	2020		2019	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	1,002	1,002	1,002	1,002

**25. Reserves**

Profit and loss account - This reserve records retained earnings and accumulated losses.

**26. Analysis of changes in net debt**

	At 1 February 2019	Cash flows	At 31 January 2020
	£	£	£
Cash and cash equivalents	763,640	(655,306)	108,334
Debt due within one year	(886,465)	(163,355)	(1,049,820)
Debt due after one year	(2,593,993)	25,592	(2,568,401)
	(2,716,818)	(793,069)	(3,509,887)

**H Brown & Son (Recycling) Limited**

**Notes to the financial statements (continued)  
Year ended 31 January 2020**

**27. Operating leases**

**The company as lessee**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	53,763	65,993
Later than 1 year and not later than 5 years	15,745	65,360
	<u>69,508</u>	<u>131,353</u>

**28. Directors advances, credits and guarantees**

During the year the director entered into the following advances and credits with the company:

	2020			
	Balance brought forward	Advances /(credits) to the director	Amounts repaid	Balance o/standing
	£	£	£	£
Mr RW Brown	<u>(35,838)</u>	<u>(92,880)</u>	<u>103,319</u>	<u>(25,399)</u>
	2019			
	Balance brought forward	Advances /(credits) to the director	Amounts repaid	Balance o/standing
	£	£	£	£
Mr RW Brown	<u>(29,430)</u>	<u>(90,180)</u>	<u>83,772</u>	<u>(35,838)</u>

**29. Controlling party**

The company is under the control of Mr RW Brown.