

**Strategic Report, Report of the Director and  
Financial Statements  
for the Year Ended 31 January 2021  
for  
H Brown & Son (Recycling) Limited**

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for the year ended 31 January 2021**

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

**Company Information  
for the year ended 31 January 2021**

**DIRECTOR:** R W Brown

**SECRETARY:** R W Brown

**REGISTERED OFFICE:** Vanguard House Sneyd Hill  
Burslem  
Stoke-On-Trent  
Staffordshire  
ST6 2DZ

**REGISTERED NUMBER:** 02438711 (England and Wales)

**AUDITORS:** Bennett Brooks & Co Limited  
Chartered Accountants  
& Statutory Auditors  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

**Strategic Report  
for the year ended 31 January 2021**

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

**REVIEW OF 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 £12,790,220 (2020: £14,397,244) and profit after tax was £82,275 (2020: loss of £406,415).

**PRINCIPAL RISKS AND UNCERTAINTIES**

As for many businesses 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**

The COVID-19 pandemic continues to be a significant risk for our business. We have reviewed the potential exposures in the balance sheet such as ability of our customers to make payments and the carrying value of assets and have taken actions to reduce our sensitivity to the impact of this. These actions include agreement of payment deferrals with tax authorities, furloughing of non-core employees under the government job retention scheme and refocusing our sales force effort on areas of the market which are proving to be more resilient.

The Directors have reviewed the results to date and forecasts for the next 12 months which show that, taking in account reasonably possibly changes in trading activity and the potential future impact of the pandemic, that sufficient resources will be available to allow the company to meet its financial liabilities as they fall due. After making enquires, 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.

**ON BEHALF OF THE BOARD:**

R W Brown - Director

26 October 2021

**Report of the Director  
for the year ended 31 January 2021**

The director presents his report with the financial statements of the company for the year ended 31 January 2021.

**DIVIDENDS**

No interim dividend was paid during the year. The director recommends a final dividend of £90 per share.

The total distribution of dividends for the year ended 31 January 2021 will be £ 90,180 .

**DIRECTOR**

R W Brown held office during the whole of the period from 1 February 2020 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director 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 of 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 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 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. He is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Bennett Brooks & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

R W Brown - Director

26 October 2021

## **Report of the Independent Auditors to the Members of H Brown & Son (Recycling) Limited**

### **Opinion**

We have audited the financial statements of H Brown & Son (Recycling) Limited (the 'company') for the year ended 31 January 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Report of the Independent Auditors to the Members of H Brown & Son (Recycling) Limited**

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, 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 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.

### **Auditors' 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 a Report of the Auditors 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:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business. Audit procedures performed included:

- Enquiry of management around actual and potential litigation and claims and instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations; and
- Review of board meeting minutes, where applicable.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Report of the Auditors.

**Report of the Independent Auditors to the Members of  
H Brown & Son (Recycling) Limited**

**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 a Report of the Auditors 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.

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

26 October 2021

**H Brown & Son (Recycling) Limited (Registered number: 02438711)****Income Statement  
for the year ended 31 January 2021**

	Notes	31.1.21 £	31.1.20 £
<b>TURNOVER</b>	3	12,790,220	14,397,244
Cost of sales		<u>(9,681,071)</u>	<u>(10,900,841)</u>
<b>GROSS PROFIT</b>		3,109,149	3,496,403
Administrative expenses		<u>(3,246,117)</u>	<u>(3,806,366)</u>
		(136,968)	(309,963)
Other operating income		<u>327,659</u>	<u>-</u>
<b>OPERATING PROFIT/(LOSS)</b>	5	190,691	(309,963)
Interest receivable and similar income		<u>310</u>	<u>3,756</u>
		191,001	(306,207)
Interest payable and similar expenses	6	<u>(99,624)</u>	<u>(112,180)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		91,377	(418,387)
Tax on profit/(loss)	7	<u>(9,102)</u>	<u>11,972</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>82,275</u>	<u>(406,415)</u>

The notes form part of these financial statements

**H Brown & Son (Recycling) Limited (Registered number: 02438711)**

**Other Comprehensive Income  
for the year ended 31 January 2021**

	31.1.21	31.1.20
Notes	£	£
<b>PROFIT/(LOSS) FOR THE YEAR</b>	82,275	(406,415)
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>82,275</u>	<u>(406,415)</u>

The notes form part of these financial statements

**H Brown & Son (Recycling) Limited (Registered number: 02438711)****Balance Sheet  
31 January 2021**

	Notes	31.1.21 £	31.1.20 £
<b>FIXED ASSETS</b>			
Intangible assets	9	-	-
Tangible assets	10	6,223,864	7,042,570
Investments	11	<u>1,000</u>	<u>1,000</u>
		<u>6,224,864</u>	<u>7,043,570</u>
<b>CURRENT ASSETS</b>			
Stocks	12	63,361	65,815
Debtors	13	1,798,438	2,062,412
Cash at bank and in hand		<u>787,792</u>	<u>108,334</u>
		2,649,591	2,236,561
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(2,699,144)</u>	<u>(2,425,984)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(49,553)</u>	<u>(189,423)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,175,311	6,854,147
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(1,956,145)	(2,568,401)
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>(272,975)</u>	<u>(331,650)</u>
<b>NET ASSETS</b>		<u>3,946,191</u>	<u>3,954,096</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,002	1,002
Retained earnings	21	<u>3,945,189</u>	<u>3,953,094</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>3,946,191</u>	<u>3,954,096</u>

The financial statements were approved by the director and authorised for issue on 26 October 2021 and were signed by:

R W Brown - Director

**Statement of Changes in Equity  
for the year ended 31 January 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 February 2019</b>	1,002	4,449,689	4,450,691
<b>Changes in equity</b>			
Dividends	-	(90,180)	(90,180)
Total comprehensive income	-	(406,415)	(406,415)
<b>Balance at 31 January 2020</b>	<u>1,002</u>	<u>3,953,094</u>	<u>3,954,096</u>
<b>Changes in equity</b>			
Dividends	-	(90,180)	(90,180)
Total comprehensive income	-	82,275	82,275
<b>Balance at 31 January 2021</b>	<u>1,002</u>	<u>3,945,189</u>	<u>3,946,191</u>

**H Brown & Son (Recycling) Limited (Registered number: 02438711)**

**Cash Flow Statement  
for the year ended 31 January 2021**

	Notes	31.1.21 £	31.1.20 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,622,311	772,196
Interest paid		(53,880)	(62,372)
Interest element of hire purchase payments paid		(45,744)	(49,808)
Net cash from operating activities		<u>1,522,687</u>	<u>660,016</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(144,412)	(1,466,926)
Sale of tangible fixed assets		-	100,267
Interest received		310	3,756
Net cash from investing activities		<u>(144,102)</u>	<u>(1,362,903)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(193,588)	(394,017)
Capital repayments in year		(428,114)	555,716
Amount withdrawn by directors		12,755	(23,938)
Equity dividends paid		(90,180)	(90,180)
Net cash from financing activities		<u>(699,127)</u>	<u>47,581</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>679,458</u>	<u>(655,306)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	108,334	763,640
<b>Cash and cash equivalents at end of year</b>	2	<u><u>787,792</u></u>	<u><u>108,334</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the year ended 31 January 2021

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.1.21	31.1.20
	£	£
Profit/(loss) before taxation	91,377	(418,387)
Depreciation charges	963,119	1,137,334
Profit on disposal of fixed assets	-	(15,268)
Finance costs	99,624	112,180
Finance income	(310)	(3,756)
	<u>1,153,810</u>	<u>812,103</u>
Decrease in stocks	2,454	8,694
Decrease in trade and other debtors	196,196	248,039
Increase/(decrease) in trade and other creditors	<u>269,851</u>	<u>(296,640)</u>
<b>Cash generated from operations</b>	<u><u>1,622,311</u></u>	<u><u>772,196</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 January 2021

	31.1.21	1.2.20
	£	£
Cash and cash equivalents	<u>787,792</u>	<u>108,334</u>

Year ended 31 January 2020

	31.1.20	1.2.19
	£	£
Cash and cash equivalents	<u>108,334</u>	<u>763,640</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.20	Cash flow	At 31.1.21
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>108,334</u>	<u>679,458</u>	<u>787,792</u>
	<u>108,334</u>	<u>679,458</u>	<u>787,792</u>
<b>Debt</b>			
Finance leases	(1,651,818)	428,114	(1,223,704)
Debts falling due within 1 year	(409,235)	(53,858)	(463,093)
Debts falling due after 1 year	<u>(1,530,769)</u>	<u>247,446</u>	<u>(1,283,323)</u>
	<u>(3,591,822)</u>	<u>621,702</u>	<u>(2,970,120)</u>
<b>Total</b>	<u><u>(3,483,488)</u></u>	<u><u>1,301,160</u></u>	<u><u>(2,182,328)</u></u>

**Notes to the Financial Statements  
for the year ended 31 January 2021**

**1. STATUTORY INFORMATION**

H Brown & Son (Recycling) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**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 subsidiary is excluded from consolidation on the grounds that their inclusion is not material for the purpose of giving a true and fair view.

**Significant judgements and estimates**

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.

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

2. ACCOUNTING POLICIES - continued

**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.

**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.

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.

**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.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation on all assets is calculated to allocate the depreciable amount to their residual values on a systematic basis over their estimated useful lives or, if held on a finance lease, over the lease term, whichever is shorter, 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 (included in plant and machinery)

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.

**Government grants**

Grants received from the government in relation to the Coronavirus Job Retention Scheme are recognised as other operating income in the Statement of Comprehensive Income in the period in which the benefit is received.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks are measured at the lower of cost and net realisable value (being the 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.

**Financial instruments**

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of future cash receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment loss would be recognised in the profit and loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially the risks and rewards of the ownership of the asset are transferred to another party.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans 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.

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

2. ACCOUNTING POLICIES - continued

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using effective interest rate method, less impairment.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. 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.

**Share capital**

Ordinary shares are classed as equity.

**Distributions to equity holders**

Dividends are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

3. TURNOVER

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.1.21	31.1.20
	£	£
Rendering of services	12,790,220	14,397,244
	<u>12,790,220</u>	<u>14,397,244</u>

4. EMPLOYEES AND DIRECTORS

	31.1.21	31.1.20
	£	£
Wages and salaries	2,825,289	3,052,672
Social security costs	263,672	282,723
Other pension costs	58,875	61,405
	<u>3,147,836</u>	<u>3,396,800</u>

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

4. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	31.1.21	31.1.20
Production	72	74
Administration	<u>35</u>	<u>36</u>
	<u>107</u>	<u>110</u>
	31.1.21	31.1.20
	£	£
Director's remuneration	<u>8,400</u>	<u>8,040</u>

5. **OPERATING PROFIT/(LOSS)**

The operating profit (2020 - operating loss) is stated after charging/(crediting):

	31.1.21	31.1.20
	£	£
Hire of plant & machinery	141,105	140,858
Other operating leases	35,941	43,825
Depreciation - owned assets	554,999	594,809
Depreciation - assets on hire purchase contracts	408,119	532,832
Profit on disposal of fixed assets	-	(15,268)
Goodwill amortisation	-	9,693
Auditors' remuneration	8,000	7,500
Foreign exchange differences	<u>(210)</u>	<u>270</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.1.21	31.1.20
	£	£
Bank loan interest	53,806	62,372
Interest payable	74	-
Hire purchase	<u>45,744</u>	<u>49,808</u>
	<u>99,624</u>	<u>112,180</u>

7. **TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	31.1.21	31.1.20
	£	£
Current tax:		
UK corporation tax	67,777	-
Underprovision in prior year	<u>-</u>	<u>(104,322)</u>
Total current tax	67,777	(104,322)
Deferred tax	<u>(58,675)</u>	<u>92,350</u>
Tax on profit/(loss)	<u>9,102</u>	<u>(11,972)</u>

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

7. TAXATION - continued

**Reconciliation of total tax charge/(credit) included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.1.21	31.1.20
	£	£
Profit/(loss) before tax	<u>91,377</u>	<u>(418,387)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	17,362	(79,494)
Effects of:		
Expenses not deductible for tax purposes	27,486	(5,908)
Depreciation in excess of capital allowances	-	66,693
Utilisation of tax losses	(35,746)	18,709
Adjustments to tax charge in respect of previous periods	-	(104,322)
Deferred tax	-	92,350
Total tax charge/(credit)	<u>9,102</u>	<u>(11,972)</u>

**Factors that may affect future tax charges**

In the Spring Budget 2020, the government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020 and accordingly deferred tax balances have been calculated at 19% in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The increase to 25% would increase the deferred tax liability and reduce net assets by £86,202.

8. DIVIDENDS

	31.1.21	31.1.20
	£	£
Ordinary shares of 1 each		
Final	<u>90,180</u>	<u>90,180</u>

9. INTANGIBLE FIXED ASSETS

	Goodwill
	£
<b>COST</b>	
At 1 February 2020 and 31 January 2021	<u>83,465</u>
<b>AMORTISATION</b>	
At 1 February 2020 and 31 January 2021	<u>83,465</u>
<b>NET BOOK VALUE</b>	
At 31 January 2021	<u>-</u>
At 31 January 2020	<u>-</u>

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 February 2020	4,878,021	6,479,641	232,627	3,690,116	15,280,405
Additions	-	134,849	9,563	-	144,412
At 31 January 2021	4,878,021	6,614,490	242,190	3,690,116	15,424,817
<b>DEPRECIATION</b>					
At 1 February 2020	1,325,007	4,340,958	204,646	2,367,224	8,237,835
Charge for year	133,062	477,481	21,852	330,723	963,118
At 31 January 2021	1,458,069	4,818,439	226,498	2,697,947	9,200,953
<b>NET BOOK VALUE</b>					
At 31 January 2021	3,419,952	1,796,051	15,692	992,169	6,223,864
At 31 January 2020	3,553,014	2,138,683	27,981	1,322,892	7,042,570

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 February 2020 and 31 January 2021	1,089,135	1,854,334	2,943,469
<b>DEPRECIATION</b>			
At 1 February 2020	409,221	765,783	1,175,004
Charge for year	135,984	272,135	408,119
At 31 January 2021	545,205	1,037,918	1,583,123
<b>NET BOOK VALUE</b>			
At 31 January 2021	543,930	816,416	1,360,346
At 31 January 2020	679,914	1,088,551	1,768,465

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 February 2020 and 31 January 2021	1,000
<b>NET BOOK VALUE</b>	
At 31 January 2021	1,000
At 31 January 2020	1,000

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

11. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Direct Coal & Haulage Co. Limited**

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

Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

12. **STOCKS**

	31.1.21	31.1.20
	£	£
Stocks	<u>63,361</u>	<u>65,815</u>

Stock is stated after provisions of nil (2020: nil).

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.1.21	31.1.20
	£	£
Trade debtors	1,705,918	1,904,776
Tax	36,544	104,322
Prepayments	<u>55,976</u>	<u>53,314</u>
	<u>1,798,438</u>	<u>2,062,412</u>

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.1.21	31.1.20
	£	£
Bank loans and overdrafts (see note 16)	463,093	409,235
Hire purchase contracts (see note 17)	550,882	614,186
Trade creditors	860,543	1,011,436
Social security & other taxes	70,379	81,216
VAT	425,947	212,773
Due to group undertakings	1,000	1,000
Directors' loan accounts	38,154	25,399
Accruals & deferred income	<u>289,146</u>	<u>70,739</u>
	<u>2,699,144</u>	<u>2,425,984</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.1.21	31.1.20
	£	£
Bank loans (see note 16)	1,283,323	1,530,769
Hire purchase contracts (see note 17)	<u>672,822</u>	<u>1,037,632</u>
	<u>1,956,145</u>	<u>2,568,401</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	31.1.21	31.1.20
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>463,093</u>	<u>409,235</u>

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

16. **LOANS - continued**

	31.1.21	31.1.20
	£	£
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,283,323</u>	<u>1,530,769</u>

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.1.21	31.1.20
	£	£
Net obligations repayable:		
Within one year	550,882	614,186
Between one and five years	<u>672,822</u>	<u>1,037,632</u>
	<u>1,223,704</u>	<u>1,651,818</u>
	Non-cancellable operating leases	
	31.1.21	31.1.20
	£	£
Within one year	11,598	53,763
Between one and five years	<u>-</u>	<u>15,745</u>
	<u>11,598</u>	<u>69,508</u>

18. **SECURED DEBTS**

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

19. **PROVISIONS FOR LIABILITIES**

	31.1.21	31.1.20
	£	£
Deferred tax	<u>272,975</u>	<u>331,650</u>
		Deferred tax
		£
Balance at 1 February 2020		331,650
Credit to Income Statement during year		<u>(58,675)</u>
Balance at 31 January 2021		<u>272,975</u>

The deferred tax account consists of the tax effect of timing differences in respect of accelerated capital allowances.

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.1.21	31.1.20
		value:	£	£
1,002	Ordinary	1	<u>1,002</u>	<u>1,002</u>

Notes to the Financial Statements - continued  
for the year ended 31 January 2021

21. **RESERVES**

	Retained earnings £
At 1 February 2020	3,953,094
Profit for the year	82,275
Dividends	<u>(90,180)</u>
At 31 January 2021	<u>3,945,189</u>

22. **PENSION COMMITMENTS**

The company provides a defined contribution scheme to its employees. The amount recognised as an expense for the defined contribution scheme was £58,875 (2020: £61,405).

23. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is R W Brown.

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.