

REGISTERED NUMBER: 02438711 (England and Wales)

**Strategic Report, Report of the Directors and  
Financial Statements  
for the Year Ended 31 January 2022  
for  
H Brown & Son (Recycling) Limited**



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for the year ended 31 January 2022**

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

**Company Information  
for the year ended 31 January 2022**

**DIRECTORS:** Mr R W Brown  
Ms D M Brown  
Mr M R Brown

**SECRETARY:** Mr 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

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

**Strategic Report  
for the year ended 31 January 2022**

The directors present their strategic report for the year ended 31 January 2022.

**REVIEW OF BUSINESS**

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

The directors are satisfied with the performance of the company during the period. As the country moved out of the period of government-imposed lock-down, the company has been able to bring the workforce back into the office, which, coupled with increases in commodity prices, has resulted in significant growth in reported turnover.

Gross margin has improved along with overall profitability which has resulted in cash reserves increasing.

The company has continued its investment strategy in updating its fleet of trucks as well as significant investment in plant. Additional bank debt was secured to assist in this investment programme.

**Strategic Report**  
for the year ended 31 January 2022

**PRINCIPAL RISKS AND UNCERTAINTIES**

As for many businesses our size, the business environment in which we operate continues to be challenging but has improved since the lock-down measures were discontinued. Since the success of the vaccination programme Covid-19 is no longer considered to be a significant risk.

The market continues to be competitive and consequently margins remain tight. Operational risks are offset by developing close working relationships with our key customers.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors assess the financial performance of the company by reviewing key financial benchmarks, namely, reported turnover and earnings before interest, tax, depreciation and amortisation (EBITDA).

Reported turnover is the value of goods and services provided by the company in the year and the significant increase reflects the success of the company's sales strategy over this period.

	2022	2021
	£	£
Turnover	17,674,385	12,790,220

Earnings before interest, taxation, depreciation and amortisation is the benchmark which, in the directors' opinion, best reflects the underlying performance of the business in the period.

	2022	2021
	£	£
EBITDA	1,549,919	1,154,120

**FINANCIAL INSTRUMENT RISKS**

The financial instrument risks affecting the company relate to cashflow risk, credit risk and liquidity risk.

Cashflow risk is the risk that sufficient levels of cash do not flow into the business to allow working capital requirements to be met in a timely manner. The management of the timing of the cash inflows and cash outflows is achieved with the close involvement of management with customer and supplier relationships. Management also reviews financial information on a regular basis to determine whether further measures are needed to ensure sufficient cash inflows to the business.

Credit risk is the risk that the company will not receive full settlement on amounts due from customers. This risk is managed through continually monitored credit procedures including having regular dialogue with customers during the conduct of the business.

Liquidity risk is the risk that the company will not have sufficient funds to carry out its short and longer-term objectives. Historically, the company has managed its funding requirements through the use of bank debt and hire purchase finance. The company has secured additional funding in the year amounting to £350,000.

**FUTURE DEVELOPMENTS**

The trading outlook for the next financial year is healthy and the directors expect to continue its programme of investment in the company.

**ON BEHALF OF THE BOARD:**



Mr R W Brown - Director

Date: 22/09/2022

Report of the Directors  
for the year ended 31 January 2022

The directors present their report with the financial statements of the company for the year ended 31 January 2022.

**DIVIDENDS**

No interim dividend was paid during the year. The directors recommend a final dividend of 90 per share.

The total distribution of dividends for the year ended 31 January 2022 will be £90,180.

**DIRECTOR**

Mr R W Brown held office during the whole of the period from 1 February 2021 to the date of this report.

Other changes in directors holding office are as follows:

Ms D M Brown and Mr M R Brown were appointed as directors after 31 January 2022 but prior to the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

Future developments, principal risks and uncertainties and financial instrument risks are disclosed in the Strategic Report.

The company has chosen in accordance with section 414(c) of the Companies Act 2006 (Strategic and Directors Report) Regulations 2013 to set out in the company's Strategic Report information required by schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

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

So far as the directors are 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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself 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:**



Mr R W Brown - Director

Date: 22/09/2022

**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 2022 which comprise the Statement of Income and Retained Earnings, Balance Sheet, 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 2022 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, 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 Directors 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 Directors 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 Directors.

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.

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

**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.

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 specific to the waste management sector including 'Scrap Metal Dealers Act 2013', Waste (England and Wales) Regulations 2011 and Pollution, Prevention and Control (PPC) Permit,
- 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

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.

*Bennett Brooks & Co Limited*

Ashley Conway FCCA ACA (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

Date: *22/09/2022*

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

Statement of Income and  
Retained Earnings  
for the year ended 31 January 2022

	Notes	2022 £	2021 £
<b>TURNOVER</b>	3	17,674,385	12,790,220
Cost of sales		(14,002,186)	(10,630,380)
<b>GROSS PROFIT</b>		3,672,199	2,159,840
Administrative expenses		(3,157,872)	(2,296,808)
		514,327	(136,968)
Other operating income		52,728	327,659
<b>OPERATING PROFIT</b>	5	567,055	190,691
Interest receivable and similar income		83	310
		567,138	191,001
Interest payable and similar expenses	6	(118,801)	(99,624)
<b>PROFIT BEFORE TAXATION</b>		448,337	91,377
Tax on profit	7	(143,464)	(9,102)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		304,873	82,275
Retained earnings at beginning of year		3,945,189	3,953,094
Dividends	8	(90,180)	(90,180)
<b>RETAINED EARNINGS AT END OF YEAR</b>		4,159,882	3,945,189

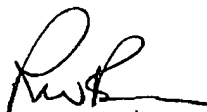
The notes form part of these financial statements

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

Balance Sheet  
31 January 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	10	6,052,884	6,223,864
Investments	11	1,000	1,000
		<u>6,053,884</u>	<u>6,224,864</u>
<b>CURRENT ASSETS</b>			
Stocks	12	120,487	63,361
Debtors	13	2,535,662	1,798,438
Cash at bank and in hand		1,436,226	787,792
		<u>4,092,375</u>	<u>2,649,591</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(3,894,832)	(2,699,144)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>197,543</u>	<u>(49,553)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		6,251,427	6,175,311
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(1,663,903)	(1,956,145)
<b>PROVISIONS FOR LIABILITIES</b>	19	(426,640)	(272,975)
<b>NET ASSETS</b>		<u>4,160,884</u>	<u>3,946,191</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,002	1,002
Retained earnings	21	4,159,882	3,945,189
<b>SHAREHOLDERS' FUNDS</b>		<u>4,160,884</u>	<u>3,946,191</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22/09/2022 and were signed on its behalf by:



Mr R W Brown - Director

The notes form part of these financial statements

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

Cash Flow Statement  
for the year ended 31 January 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,462,659	1,622,311
Interest paid		(75,737)	(53,880)
Interest element of hire purchase payments paid		(43,064)	(45,744)
Tax paid		36,544	-
<b>Net cash from operating activities</b>		<u>1,380,402</u>	<u>1,522,687</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(416,720)	(144,412)
Sale of tangible fixed assets	1	1	-
Interest received		83	310
<b>Net cash from investing activities</b>		<u>(416,636)</u>	<u>(144,102)</u>
<b>Cash flows from financing activities</b>			
New loans in year		350,000	-
Loan repayments in year		(443,262)	(193,588)
Capital repayments in year		(559,727)	(428,114)
Amount withdrawn by directors		85,000	12,755
Equity dividends paid		(90,180)	(90,180)
<b>Net cash from financing activities</b>		<u>(658,169)</u>	<u>(699,127)</u>
<b>Increase in cash and cash equivalents</b>		<u>305,597</u>	<u>679,458</u>
<b>Cash and cash equivalents at beginning of year</b>	2	787,792	108,334
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,093,389</u></u>	<u><u>787,792</u></u>

The notes form part of these financial statements

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

Notes to the Cash Flow Statement  
for the year ended 31 January 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	448,337	91,377
Depreciation charges	982,864	963,119
Loss on disposal of fixed assets	20,923	-
Government grants	(52,728)	-
Finance costs	118,801	99,624
Finance income	(83)	(310)
	<u>1,518,114</u>	<u>1,153,810</u>
(Increase)/decrease in stocks	(57,126)	2,454
(Increase)/decrease in trade and other debtors	(773,768)	196,196
Increase in trade and other creditors	775,439	269,851
	<u>1,462,659</u>	<u>1,622,311</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 2022

	31.1.22	1.2.21
	£	£
Cash and cash equivalents	1,436,226	787,792
Bank overdrafts	(342,837)	-
	<u>1,093,389</u>	<u>787,792</u>

Year ended 31 January 2021

	31.1.21	1.2.20
	£	£
Cash and cash equivalents	787,792	108,334

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.21	Cash flow	Other non-cash changes	At 31.1.22
	£	£	£	£
<b>Net cash</b>				
Cash at bank and in hand	787,792	648,434	-	1,436,226
Bank overdrafts	-	(342,837)	-	(342,837)
	<u>787,792</u>	<u>305,597</u>		<u>1,093,389</u>
<b>Debt</b>				
Finance leases	(1,223,704)	559,727	-	(1,080,066)
Debts falling due within 1 year	(463,093)	(87,814)	-	(550,907)
Debts falling due after 1 year	(1,283,323)	177,057	-	(1,106,266)
	<u>(2,970,120)</u>	<u>648,970</u>		<u>(2,737,239)</u>
<b>Total</b>	<u>(2,182,328)</u>	<u>954,567</u>		<u>(1,643,850)</u>

The notes form part of these financial statements

Notes to the Financial Statements  
for the year ended 31 January 2022

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.

**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.

**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.

**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 2022

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.

**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 2022

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 before taxation are attributable to the one principal activity of the company.

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

	2022	2021
	£	£
Rendering of services	17,674,385	12,790,220
	<u>17,674,385</u>	<u>12,790,220</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,204,848	2,825,289
Social security costs	310,708	263,672
Other pension costs	66,465	58,875
	<u>3,582,021</u>	<u>3,147,836</u>

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

Notes to the Financial Statements - continued  
for the year ended 31 January 2022

4. EMPLOYEES AND DIRECTORS - continued

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

	2022	2021
Production	78	72
Administration	36	35
	<u>114</u>	<u>107</u>

	2022	2021
	£	£
Director's remuneration	<u>8,400</u>	<u>8,400</u>

5. OPERATING PROFIT

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

	2022	2021
	£	£
Other operating leases	23,859	35,941
Depreciation - owned assets	516,286	554,999
Depreciation - assets on hire purchase contracts	466,579	408,119
Loss on disposal of fixed assets	20,923	-
Auditors' remuneration	8,000	8,000
Foreign exchange differences	-	(210)
Exceptional item	<u>615,134</u>	<u>-</u>

The exceptional item above relates to the termination benefits in respect of one employee.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	2,728	-
Bank loan interest	73,009	53,806
Interest payable	-	74
Hire purchase	<u>43,064</u>	<u>45,744</u>
	<u>118,801</u>	<u>99,624</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	(10,201)	67,777
Deferred tax	<u>153,665</u>	<u>(58,675)</u>
Tax on profit	<u>143,464</u>	<u>9,102</u>

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

Notes to the Financial Statements - continued  
for the year ended 31 January 2022

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2022	2021
	£	£
Profit before tax	448,337	91,377
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	85,184	17,362
Effects of:		
Expenses not deductible for tax purposes	3,102	27,486
Depreciation in excess of capital allowances	78,250	-
Utilisation of tax losses	-	(35,746)
Adjustments to tax charge in respect of previous periods	(800)	-
Effect of concessions (research and development allowances)	(22,272)	-
Total tax charge	143,464	9,102

Factors that may affect future tax charges

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 been substantively enacted at the balance sheet date, the deferred tax balance has been reflected at this new rate.

8. DIVIDENDS

	2022	2021
	£	£
Ordinary shares of 1 each		
Final	90,180	90,180

9. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been recognised in the reporting period relating to the reclassification of plant and equipment depreciation and plant hire to cost of sales. The total of expenditure reclassified amounted to £949,309 and therefore gross profit was reduced by the same figure. There is no impact to profit before tax, taxation or reserves as a result of the prior year adjustment.

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

Notes to the Financial Statements - continued  
for the year ended 31 January 2022

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 February 2021	4,878,021	6,614,490	242,190	3,690,116	15,424,817
Additions	-	472,701	68,245	291,863	832,809
Disposals	(283)	(261,786)	(182,908)	(268,286)	(713,263)
At 31 January 2022	<u>4,877,738</u>	<u>6,825,405</u>	<u>127,527</u>	<u>3,713,693</u>	<u>15,544,363</u>
<b>DEPRECIATION</b>					
At 1 February 2021	1,458,069	4,818,439	226,498	2,697,947	9,200,953
Charge for year	133,062	494,541	34,940	320,322	982,865
Eliminated on disposal	(283)	(237,991)	(188,522)	(265,543)	(692,339)
At 31 January 2022	<u>1,590,848</u>	<u>5,074,989</u>	<u>72,916</u>	<u>2,752,726</u>	<u>9,491,479</u>
<b>NET BOOK VALUE</b>					
At 31 January 2022	<u>3,286,890</u>	<u>1,750,416</u>	<u>54,611</u>	<u>960,967</u>	<u>6,052,884</u>
At 31 January 2021	<u>3,419,952</u>	<u>1,796,051</u>	<u>15,692</u>	<u>992,169</u>	<u>6,223,864</u>

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 2021	1,089,135	1,854,334	2,943,469
Additions	219,000	264,362	483,362
At 31 January 2022	<u>1,308,135</u>	<u>2,118,696</u>	<u>3,426,831</u>
<b>DEPRECIATION</b>			
At 1 February 2021	545,205	1,037,918	1,583,123
Charge for year	196,386	270,193	466,579
At 31 January 2022	<u>741,591</u>	<u>1,308,111</u>	<u>2,049,702</u>
<b>NET BOOK VALUE</b>			
At 31 January 2022	<u>566,544</u>	<u>810,585</u>	<u>1,377,129</u>
At 31 January 2021	<u>543,930</u>	<u>816,416</u>	<u>1,360,346</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 February 2021 and 31 January 2022	<u>1,000</u>
<b>NET BOOK VALUE</b>	
At 31 January 2022	<u>1,000</u>
At 31 January 2021	<u>1,000</u>

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

Notes to the Financial Statements - continued  
for the year ended 31 January 2022

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:	%
Ordinary	holding 100.00

12. STOCKS

	2022	2021
	£	£
Stocks	120,487	63,361
	<u>120,487</u>	<u>63,361</u>

Stock is stated after provisions of £Nil (2021: £Nil).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	2,467,356	1,705,918
Other debtors	26,918	-
Tax	-	36,544
Prepayments	41,388	55,976
	<u>2,535,662</u>	<u>1,798,438</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 16)	893,744	463,093
Hire purchase contracts (see note 17)	522,429	550,882
Trade creditors	1,123,052	860,543
Tax	12,871	-
Social security & other taxes	258,765	70,379
VAT	351,261	425,947
Due to group undertakings	1,000	1,000
Directors' loan accounts	43,334	38,154
Accruals & deferred income	688,376	289,146
	<u>3,894,832</u>	<u>2,699,144</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

	2022	2021
	£	£
Bank loans (see note 16)	1,106,266	1,283,323
Hire purchase contracts (see note 17)	557,637	672,822
	<u>1,663,903</u>	<u>1,956,145</u>

Notes to the Financial Statements - continued  
for the year ended 31 January 2022

16. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	342,837	-
Bank loans	550,907	463,093
	<u>893,744</u>	<u>463,093</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,106,266</u>	<u>1,283,323</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	522,429	550,882
Between one and five years	557,637	672,822
	<u>1,080,066</u>	<u>1,223,704</u>
		Non-cancellable operating leases
	2022	2021
	£	£
Within one year	18,255	11,598
Between one and five years	4,940	-
	<u>23,195</u>	<u>11,598</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

	2022	2021
	£	£
Deferred tax	<u>426,640</u>	<u>272,975</u>
		Deferred tax
		£
Balance at 1 February 2021		272,975
Provided during year		<u>153,665</u>
Balance at 31 January 2022		<u>426,640</u>

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

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

Notes to the Financial Statements - continued  
for the year ended 31 January 2022

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	£
1,002	Ordinary	1	<u>1,002</u>	<u>1,002</u>

21. RESERVES

	Retained earnings £
At 1 February 2021	3,945,189
Profit for the year	304,873
Dividends	(90,180)
At 31 January 2022	<u>4,159,882</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 £66,465 (2021: £58,875).

23. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>299,000</u>	<u>-</u>

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr R W Brown.