

Company registration number 00563681 (England and Wales)

NEWBERY METALS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NEWBERY METALS LIMITED

COMPANY INFORMATION

Directors	Mr R A Toghill Mr M A Crocker
Company number	00563681
Registered office	Orchard Works 4 Ashton Road Marsh Barton Exeter Devon EX2 8LN
Auditor	Darnells Audit Limited 3rd Floor The Forum Barnfield Road Exeter Devon EX1 1QR

NEWBERY METALS LIMITED

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NEWBERY METALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Fair review of the business

The directors consider that the key performance indicators are Turnover, Gross margin, Earnings before interest, tax, depreciation and amortisation (EBITDA) and Net assets. Together these demonstrate the financial performance and strength of the company. An overview of these indicators for both the current and prior periods are given below:

	2023	2022
	£	£
Turnover	31,482,951	44,095,439
Gross profit	392,051	6,731,363
Gross margin	1.25%	15.27%
EBITDA	(586,240)	5,612,975
Net assets	13,605,589	14,376,191

The company operates several recycling and scrap metal sites throughout Devon. The company's turnover by value has decreased by 28.6% compared to the previous year to 30 June 2022.

Sales prices are based on the London Metal Exchange prices, and there has been significant downward pressure on metal prices since June 2022. Consequently, the current year to June 2023 has been a difficult year to decide when to sell non-ferrous and precious metals. At 30 June 2023, full provision has been made for any reduction in the net realisable value of stock and to re-price any contingent sales contracts where the sale price has not yet been agreed to current market values. These two fair value adjustments have reduced the company's gross profit for the year to 30 June 2023 by approximately £1.9m.

The directors are hopeful that the bottom of the market has now been reached in terms of world metal prices, and that the provisions reducing the gross profit in the year to 30 June 2023 will reverse in the year to 30 June 2024.

The company's gross margin has decreased by 14.03% as a result of the factors mentioned above. The previous year to 30 June 2022 was exceptionally good, with metal prices moving in the company's favour. Despite the results for 2023, the directors are pleased that they have been able to consistently increase turnover in terms of both tonnage and value by an average of 5% over the past 7 years.

The decrease in both EBITDA and the result before tax compared with the previous year is due to a combination of both the decreases in sales value and the gross profit margin.

At the end of the year the retained loss of the company is £0.77 million compared with a retained profit £4.21 million for the previous year.

Despite the Loss before tax for 2023, the company has maintained a strong financial position with net current assets of £12.43 million compared with £13.71 million at 30 June 2022. Net assets are down £0.77 million from £14.38 million at 30 June 2022 to £13.61 million.

NEWBERY METALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Principal risks and uncertainties

The company's principal operational risks include foreign currency risk from the exposure to metal prices denominated in US dollars, and the health and safety of employees. The company's principal operational uncertainties include global economic factors creating fluctuating metal prices and reduced supply and demand, which provide challenges for businesses operating in this sector and make long-term prediction of performance difficult.

In the short term, the company manages foreign currency risk from its exposure to metal prices denominated in US dollars by entering into contracts to supply scrap metal where the price is not fixed by the company on delivery, but at an unspecified future date to be determined by the company.

The company manages price fluctuations, including high inflation resulting from the war in Ukraine and unusually high energy prices, together with pressures on supply and demand, through tight control of both prices paid to suppliers and the margin charged to customers. The company continues to diversify its supplier and customer bases to provide further resilience against market uncertainties.

The management of health and safety risks includes a Health and Safety Manual, risk assessments and periodic inspection visits by an external organisation.

Future developments

The directors are aware that the market price of copper depends upon supply and demand, and that currently there is surplus in the market, partially as a result of sluggish demand from China due to reduced output. While the overall market for copper should be buoyant as a result of the demand driven by the energy sector and battery manufacturers, it is more than likely that the Chinese market is being fed by the Russian market with reduced priced imports.

Given the recent EU legislation concerning imports from China, the directors remain positive for the future of copper. Precious metal prices are predicted to rise over the next 12 to 24 months. Although current global economic uncertainties, including various wars and sanctions, make future market predictions difficult, the directors are confident that metal prices will rise from levels seen in the year and that trade will continue to be prosperous in the years ahead.

On behalf of the board

Mr R A Toghill
Director

27 March 2024

NEWBERY METALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023. Information required to be disclosed under Schedule 7 of the Companies Act 2006 is set out in the Strategic Report on page 2.

Principal activities

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

Directors

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

Mr R A Toghill
Mr M A Crocker

Results and dividends

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

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

Financial instruments

The company's principal financial instruments comprise bank balances, trade debtors, loans by the company, trade creditors and hire purchase finance. The main purpose of these instruments is to raise funds for the company's operations and to finance its operations.

Due to the nature of the financial instruments used by the company, the only exposure to price risk is on sales under contracts where the price is not fixed on delivery, but at an unspecified future date to be determined by the company. The price risk is managed by daily monitoring of prices on the London Metal Exchange by the directors. Credit risk for these contracts is managed by vetting customers and carrying out credit checks.

The directors' approach to managing other risks applicable to the financial instruments concerned is shown below:

In respect of bank balances, the liquidity risk is managed by maintaining sufficient cash reserves to cover planned expenditure in the foreseeable future.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

The hire purchase liabilities are repayable in monthly instalments over 5 years commencing December 2021 and February 2022, with interest charged at between 3.8% and 4.4% per annum.

Loans by the company to group companies are unsecured and interest free. Other loans to related parties are unsecured, with interest being charged at commercial rates on some, but not all, of these loans.

Future developments

Future developments are discussed in the strategic report.

Auditor

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

NEWBERY METALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

So far as the directors who held office at the date of approval of these financial statements are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr R A Toghill
Director

27 March 2024

NEWBERY METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWBERY METALS LIMITED

Opinion

We have audited the financial statements of Newbery Metals Limited (the 'company') for the year ended 30 June 2023 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 2023 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

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

NEWBERY METALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEWBERY METALS LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The 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, misrepresentation or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identify the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety regulation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

The primary responsibility for the prevention and detection of fraud rests with those charged with governance of the company and management.

NEWBERY METALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NEWBERY METALS LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

We evaluated the conditions in the context of incentives and/or pressure to commit fraud, considering the opportunity to commit fraud and the potential rationalisation of the fraudulent act.

Based on this understanding, we designed our audit procedures to detect material misstatements in respect of irregularities, including fraud, and to identify non-compliance with the laws and regulations above, as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of management in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing compliance with employment, environmental and health and safety legislation.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Investigated the rationale behind significant or unusual transactions.

We corroborated our enquiries through inspection of supporting documentation and records, as well as reviewing correspondence with regulatory bodies where available

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sean Murphy (Senior Statutory Auditor)
For and on behalf of Darnells Audit Limited
Statutory Auditor

27 March 2024

3rd Floor
The Forum
Barnfield Road
Exeter
Devon
EX1 1QR

NEWBERY METALS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	3	31,482,951	44,095,439
Cost of sales		(31,090,900)	(37,364,076)
Gross profit		392,051	6,731,363
Administrative expenses		(1,360,662)	(1,446,396)
Operating (loss)/profit	4	(968,611)	5,284,967
Interest receivable and similar income		15	11,429
Interest payable and similar expenses	7	(57,054)	(29,569)
(Loss)/profit before taxation		(1,025,650)	5,266,827
Tax on (loss)/profit	8	255,048	(1,060,982)
(Loss)/profit for the financial year		(770,602)	4,205,845
Retained earnings brought forward		8,226,191	4,020,346
Retained earnings carried forward		7,455,589	8,226,191

The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing operations.

NEWBERY METALS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		2,345,173		2,510,841
Investments	10		14		14
			<u>2,345,187</u>		<u>2,510,855</u>
Current assets					
Stocks	12	4,152,282		3,860,657	
Debtors	13	9,208,725		6,196,269	
Cash at bank and in hand		883,701		7,592,922	
		<u>14,244,708</u>		<u>17,649,848</u>	
Creditors: amounts falling due within one year	14	<u>(1,813,965)</u>		<u>(3,940,484)</u>	
Net current assets			<u>12,430,743</u>		<u>13,709,364</u>
Total assets less current liabilities			<u>14,775,930</u>		<u>16,220,219</u>
Creditors: amounts falling due after more than one year	15		(919,995)		(1,320,000)
Provisions for liabilities					
Deferred tax liability	18	250,346		524,028	
		<u>(250,346)</u>		<u>(524,028)</u>	
Net assets			<u>13,605,589</u>		<u>14,376,191</u>
Capital and reserves					
Called up share capital	20		6,140,000		6,140,000
Capital redemption reserve			10,000		10,000
Profit and loss reserves			7,455,589		8,226,191
Total equity			<u>13,605,589</u>		<u>14,376,191</u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on its behalf by:

Mr R A Toghill
Director

Company registration number 00563681 (England and Wales)

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

Newbery Metals Limited is a private company limited by shares incorporated in England and Wales. The registered office is Orchard Works, 4 Ashton Road, Marsh Barton, Exeter, Devon, EX2 8LN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Togs Limited. These consolidated financial statements are available from its registered office, Orchard Works, 4 Ashton Road, Marsh Barton, Exeter, Devon EX2 8LN.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Revenue from the sale of scrap metal is recognised when the significant risks and rewards of ownership of the scrap metal have passed to the buyer (usually on dispatch), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where under certain contracts for the delivery of scrap metal the price is not fixed by the company on delivery but at an unspecified future date to be determined by the company, the revenue recognised is restated based on the London Metal Exchange prices at the end of each month with any price movement being taken to Turnover.

1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Buildings freehold	2% per annum on a straight-line basis
Land & buildings short leasehold	On a straight-line basis over the term of the lease
Plant and machinery	7.5% and 15% per annum on a straight-line basis
Fixtures, fittings & equipment	20% and 33% per annum on a straight-line basis
Motor vehicles	20% per annum on a straight-line basis

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost comprises direct material cost and is calculated using both the LIFO (last-in, first-out) and weighted average methods. This is a departure from the requirement of FRS 102, which requires either the FIFO (first-in, first-out) or weighted average methods to be used. In the opinion of the directors the use of the LIFO method is necessary for the financial statements to give a true and fair view, as the physical limitations of the storage space in the main warehouse mean that the LIFO method is the basis actually used when stock is delivered to the warehouse and subsequently sold.

1.7 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Retirement benefits

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

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

Sales of copper and rare metals

Where the quantity and quality of rare metals is not known at the year end due to their not having been processed by the laboratory, an estimate of the weight of each rare metal is made in the short term based on the known weight of the mixed unprocessed metals and the knowledge and experience of the company's management.

In addition the company makes sales of metals to customers on a contractual basis, under which the company has the right to determine the sales value of the metals supplied at an unspecified future time of its own choosing. These arrangements enable the company to take advantage of expected future fluctuating market prices of the metals concerned.

Debtors outstanding at the year end are carried at fair value (being the open market price of the metals at that date), with any changes in fair value recognised in profit or loss. At 30 June 2023 the value of debtors relating to such contracts was £6,118,867 (2022: £4,322,564).

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

3 Turnover and other revenue

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

	2023 £	2022 £
Turnover analysed by class of business		
Sale of goods	31,403,062	44,055,671
Plant hire, haulage and miscellaneous	79,889	39,768
	<u>31,482,951</u>	<u>44,095,439</u>
Turnover analysed by geographical market		
UK	29,679,197	42,776,696
Rest of World	1,803,754	1,318,743
	<u>31,482,951</u>	<u>44,095,439</u>

4 Operating (loss)/profit

	2023 £	2022 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,500	8,500
Depreciation of owned tangible fixed assets	292,844	266,355
Depreciation of tangible fixed assets held under finance leases	89,527	61,653
Profit on disposal of tangible fixed assets	(147,377)	(9,220)
Operating lease charges	242,212	221,724
	<u>242,212</u>	<u>221,724</u>

Exceptional credits:

Included in Administrative expenses is an exceptional credit of £Nil (2022: £100,000) arising from the write-back of the provision for maintaining the concreting of the yards and decontaminating the land.

5 Employees

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

	2023 Number	2022 Number
Directors	2	3
Works	30	30
Drivers	3	4
Administration	11	10
	<u>46</u>	<u>47</u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

5 Employees (Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	1,302,153	1,309,156
Social security costs	121,403	116,458
Pension costs	29,324	26,662
	<u>1,452,880</u>	<u>1,452,276</u>

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	145,246	186,285
Company pension contributions to defined contribution schemes	4,141	4,424
	<u>149,387</u>	<u>190,709</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

7 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	56,125	29,569
Other interest	929	-
	<u>57,054</u>	<u>29,569</u>

8 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	18,634	815,148
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	(273,682)	120,067
Changes in tax rates	-	125,767
	<u>(273,682)</u>	<u>245,834</u>
Total deferred tax		
	<u>(273,682)</u>	<u>245,834</u>
Total tax (credit)/charge	<u>(255,048)</u>	<u>1,060,982</u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

8 Taxation

(Continued)

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

	2023 £	2022 £
(Loss)/profit before taxation	(1,025,650)	5,266,827
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(210,258)	1,000,697
Tax effect of expenses that are not deductible in determining taxable profit	5,672	3,151
Tax effect of income not taxable in determining taxable profit	(11,564)	-
Effect of change in corporation tax rate	(62,445)	125,767
Group relief	8,287	(27,599)
Permanent capital allowances in excess of depreciation	13,919	(43,259)
Depreciation on assets not qualifying for tax allowances	1,346	2,225
Other permanent differences	(5)	-
Taxation (credit)/charge for the year	(255,048)	1,060,982

9 Tangible fixed assets

	Buildings freehold	Land & buildings short leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2022	100,460	415,519	2,636,146	131,589	800,646	4,084,360
Additions	-	35,044	218,936	38,433	27,769	320,182
Disposals	(100,460)	-	-	-	(79,272)	(179,732)
At 30 June 2023	-	450,563	2,855,082	170,022	749,143	4,224,810
Depreciation and impairment						
At 1 July 2022	11,525	199,313	846,089	121,924	394,668	1,573,519
Depreciation charged in the year	1,200	52,684	206,171	7,691	114,625	382,371
Eliminated in respect of disposals	(12,725)	-	-	-	(63,528)	(76,253)
At 30 June 2023	-	251,997	1,052,260	129,615	445,765	1,879,637
Carrying amount						
At 30 June 2023	-	198,566	1,802,822	40,407	303,378	2,345,173
At 30 June 2022	88,935	216,206	1,790,057	9,665	405,978	2,510,841

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

9 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and machinery	1,030,741	1,120,268

10 Fixed asset investments

	Notes	2023 £	2022 £
Investments in associates	11	14	14

11 Associates

These financial statements are separate company financial statements for Newbery Metals Limited.

Details of the company's associates at 30 June 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Charlton House Teignmouth Ltd	West Exe Business Park, Alphington, Exeter EX2 9SL	Ordinary	14.00

12 Stocks

	2023 £	2022 £
Finished goods and goods for resale	4,152,282	3,860,657

The value of stock as stated above is lower than its equivalent replacement cost by £1,021,971 (2022: £880,716).

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	7,331,014	5,678,022
Corporation tax recoverable	405,138	-
Amounts owed by group undertakings	533,190	6,152
Other debtors	713,289	294,424
Prepayments and accrued income	226,094	217,671
	9,208,725	6,196,269

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Debtors

(Continued)

Included in Trade debtors are amounts totalling £6,118,867 (2022: £4,322,564) due under contracts for the delivery of scrap metal where the price was not fixed by the company at the date of delivery. These contracts are accounted for at fair value through the profit and loss account based on metal prices on the London Metal Exchange at the year-end date.

Included in Other debtors are loans to related parties of £173,000 (2022: £186,925) which are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	16	200,005	200,000
Obligations under finance leases	17	200,000	200,000
Trade creditors		1,243,710	1,658,342
Amounts owed to group undertakings		-	1,549,690
Corporation tax		-	160,299
Other taxation and social security		45,142	50,118
Other creditors		59,254	23,413
Accruals and deferred income		65,854	98,622
		<u>1,813,965</u>	<u>3,940,484</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Other creditors comprise loans to related parties which are unsecured, interest free and repayable on demand.

15 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	16	399,995	600,000
Obligations under finance leases	17	520,000	720,000
		<u>919,995</u>	<u>1,320,000</u>

16 Loans and overdrafts

	2023 £	2022 £
Bank loans	<u>600,000</u>	<u>800,000</u>
Payable within one year	200,005	200,000
Payable after one year	<u>399,995</u>	<u>600,000</u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

16 Loans and overdrafts

(Continued)

The long-term bank loan is a Coronavirus Business Interruption loan, secured by a fixed and floating charge over the company's assets and by an unlimited guarantee made by the parent company Togs Limited. The bank loan is also secured by a further unlimited guarantee given by Goldmix Limited, a fellow subsidiary company.

The bank loan is repayable by instalments. Interest is payable on the loan at 2% above the bank base rate.

17 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	227,680	221,871
In two to five years	591,512	798,861
	<u>819,192</u>	<u>1,020,732</u>
Less: future finance charges	(99,192)	(100,732)
	<u>720,000</u>	<u>920,000</u>

Finance lease payments represent rentals payable by the company for finance secured on specified items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years, at interest rates between 3.8% and 4.4% per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Deferred taxation

The following is the analysis of the deferred tax for financial reporting purposes:

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	507,952	524,028
Tax losses	(257,606)	-
	<u>250,346</u>	<u>524,028</u>
		2023
Movements in the year:		£
Liability at 1 July 2022		524,028
Credit to profit or loss		(273,682)
Liability at 30 June 2023		<u>250,346</u>

The deferred tax liability set out relates to accelerated capital allowances that are expected to mature within the foreseeable future.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

19 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	29,324	26,662

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

20 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	6,140,000	6,140,000	6,140,000	6,140,000

21 Operating lease commitments

Lessee

The company leases premises and plant and machinery under operating leases.

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

	2023	2022
	£	£
Within one year	9,447	39,728
Between two and five years	7,666	16,813
In over five years	9,900	10,200
	27,013	66,741

22 Related party transactions

Transactions with related parties

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

	Purchases	Purchases
	2023	2022
	£	£
Other related parties	1,692,391	1,645,997

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

22 Related party transactions

(Continued)

	Loan interest received		Purchase of services	
	2023	2022	2023	2022
	£	£	£	£
Key management personnel	-	750	-	-
Other related parties	-	9,667	163,258	124,750
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company is a wholly-owned subsidiary of Togs Limited, a company registered in England & Wales that prepares publicly available consolidated financial statements, and is therefore exempt under FRS 102 from disclosing intra-group related party transactions.

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due to related parties		
Other related parties	230,011	23,413
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due from related parties		
Other related parties	173,000	186,925
	<u> </u>	<u> </u>

The Other related parties above include companies controlled by the directors (or a close family member of a director), or in which the directors have an interest.

The outstanding loans to Other related parties are unsecured, interest free and repayable on demand.

Other information

There is a cross-guarantee between the company and a fellow subsidiary company, covering all bank borrowings of both companies in favour of National Westminster Bank Plc.

23 Ultimate controlling party

The company's ultimate parent company is Togs Limited, a company registered in England & Wales which heads the group to consolidate these financial statements. Copies of the consolidated group accounts can be obtained from its registered office at Orchard Works, Ashton Road, Marsh Barton, Exeter, Devon, EX2 8LN.

The ultimate controlling party is Mr R A Toghil, the majority shareholder.

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.