

# **Morley Waste Traders Limited**

Registered number: 00644354

## **Annual report and financial statements**

For the 17 month period ended 30 June 2019

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# MORLEY WASTE TRADERS LIMITED

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## COMPANY INFORMATION

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Directors	M I Saunders D M Williams P M Wright
Company secretary	D M Williams
Registered number	00644354
Registered office	Sims Group UK Limited Long Marston Stratford-Upon-Avon Warwickshire CV37 8AQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP

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# MORLEY WASTE TRADERS LIMITED

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# MORLEY WASTE TRADERS LIMITED

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## STRATEGIC REPORT FOR THE PERIOD ENDED 30 JUNE 2019

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### Introduction

The directors present their strategic report for Morley Waste Traders Limited for the period ended 30 June 2019.

### Business review

The Company continued its principal activities before the business, trade and assets were hived up to its parent company on 8th October 2018. The Company has remained dormant since the hive up.

### Financial position at 30 June 2019

At the period end the company had £5.7m of net assets represented by an intercompany receivable following the hive up on 8th October 2018.

### Principal risks and uncertainties

The below principal risks and uncertainties pertain to the period in which the Company traded.

The Board were responsible for the Company's risk management and for ensuring that robust processes were in

place to identify, manage and report risks that threatened the business objectives of the Company. These include Financial, Operational and Regulatory compliance risks. The principal features of the Company's risk management regime were:

A strong control environment. This was founded on an appropriate organisational structure for planning, executing, controlling and monitoring business operations. It included clearly defined responsibilities and accountabilities, particularly for risk management.

Documented control procedures. These included budgetary systems and management controls to manage financial risks; timely and accurate management information in respect of key performance measures, and procedures to ensure complete and accurate accounting, which was regularly reviewed by the Board.

The Board exercised oversight of the strategic risks that face the business on a continuous basis. The principal risks and uncertainties were as follows:

- Brand reputation – the Lord & Midgley brand had significant commercial value. The Board ensured that its reputation within the industry was maintained by ensuring that appropriate new efficient capital equipment was utilised and that all operatives are provided with the necessary training to perform their tasks efficiently and in line with all legislative requirements.

- European legislation – all equipment used at sites was subject to regular maintenance to comply with the

latest Health and Safety standards, and other applicable regulations.

- Global metal commodity prices – non ferrous metal prices were reviewed daily on the London Metal Exchange and purchase prices adjusted accordingly to maintain gross margins. Ferrous metal selling prices were agreed on monthly contracts with the main foundries and again purchase prices adjusted accordingly.

### Financial key performance indicators

Management use a range of performance indicators to monitor and manage the business. The principal performance indicators covered metrics such as revenue and gross profit margins.

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## MORLEY WASTE TRADERS LIMITED

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### STRATEGIC REPORT (CONTINUED) *FOR THE PERIOD ENDED 30 JUNE 2019*

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#### Other key performance indicators

The most important indicators of the effectiveness of our business proposition are the quality of the product and the service that we provide to our suppliers and customers. There are a number of factors that determine this, but the key indicators are the volumes of repeat business and referrals.

This report was approved by the board on 30 June 2020 and signed on its behalf.

**M I Saunders**

Director

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# MORLEY WASTE TRADERS LIMITED

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## **DIRECTORS' REPORT** **FOR THE PERIOD ENDED 30 JUNE 2019**

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The directors present their report and the financial statements for the period ended 30 June 2019.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 to 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.

### **Principal activity**

The principal activity of the Company in the year under review was that of the wholesaling of metallic waste materials.

### **Results and dividends**

The profit for the period, after taxation, amounted to £1,068,112 (2018 - loss £584,947).

A dividend of £Nil (2018: £8,237,182) was paid during the period.

### **Directors**

The directors who served during the period were:

A S Whittaker (resigned 7 March 2018)  
M H Whittaker (resigned 7 March 2018)  
T G K Whittaker (resigned 7 March 2018)  
M I Saunders (appointed 7 March 2018)  
D M Williams (appointed 7 March 2018)  
P M Wright (appointed 7 March 2018)

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## MORLEY WASTE TRADERS LIMITED

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### **DIRECTORS' REPORT (CONTINUED)** **FOR THE PERIOD ENDED 30 JUNE 2019**

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#### **Employee involvement**

The Company is aware of the importance of good communication in relationships with its staff.

The Company continued its policy regarding the employment of disabled persons and of giving full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Post balance sheet events**

No significant events post period end have occurred.

#### **Going concern**

The Company ceased to trade on the 8 October 2018. As a result of the cessation of trade, the financial statements have been prepared on a basis other than the going concern basis.

#### **COVID-19 and Brexit**

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. The terms of the future trade and other relationships with the European Union are not yet clear.

The Directors do not consider the Company to be significantly exposed to the potential effects of COVID-19 and

Brexit because the Company no longer trades.

This report was approved by the board on 30 June 2020 and signed on its behalf.

**M I Saunders**

Director

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# MORLEY WASTE TRADERS LIMITED

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORLEY WASTE TRADERS LIMITED

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### Opinion

We have audited the financial statements of Morley Waste Traders Limited (the 'Company') for the 17 month period ended 30 June 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Positions and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 and of its profit for the 17 month period 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 United Kingdom, 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.

### Emphasis of Matter - basis of preparation

We draw attention to Note 2.3 to the financial statements which explains that the Directors do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements as the entity has ceased to trade. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.3. Our opinion is not modified in respect of this matter.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.



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## MORLEY WASTE TRADERS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORLEY WASTE TRADERS LIMITED (CONTINUED)

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We have nothing to report in this regard.

#### **Opinion 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 Directors' report for the financial 17 month period 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.

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

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, 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.

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## MORLEY WASTE TRADERS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORLEY WASTE TRADERS LIMITED (CONTINUED)

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#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### Use of our report

This report is made solely to the Company's 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 for our audit work, for this report, or for the opinions we have formed.

David Smithson (Senior statutory auditor)

for and on behalf of

**Mazars LLP**

Chartered Accountants  
Statutory Auditor

5th Floor  
3 Wellington Place  
Leeds  
LS1 4AP

30 June 2020

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## MORLEY WASTE TRADERS LIMITED

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### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

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	Note	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Turnover	4	16,098,283	24,454,722
Cost of sales		(12,008,315)	(18,495,997)
<b>Gross profit</b>		<u>4,089,968</u>	<u>5,958,725</u>
Distribution costs		(353,969)	(630,593)
Administrative expenses		(2,596,424)	(5,705,485)
Other operating income	5	-	336
<b>Operating profit/(loss)</b>	6	<u>1,139,575</u>	<u>(377,017)</u>
Interest receivable and similar income	10	1,882	7,878
<b>Profit/(loss) before tax</b>		<u>1,141,457</u>	<u>(369,139)</u>
Tax on profit/(loss)	11	(73,345)	(215,808)
<b>Profit/(loss) for the financial period</b>		<u><u>1,068,112</u></u>	<u><u>(584,947)</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 29 form part of these financial statements.

All of the activities of the company are considered to be discontinued for the reasons specified in Note 2.3 of the financial statements.

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**MORLEY WASTE TRADERS LIMITED****REGISTERED NUMBER: 00644354**

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**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2019**

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	Note	30 June 2019 £	31 January 2018 £
<b>Fixed assets</b>			
Intangible assets	13	-	687,294
Tangible assets	14	-	1,126,770
		-	1,814,064
<b>Current assets</b>			
Stocks	15	-	272,745
Debtors: amounts falling due within one year	16	5,705,690	3,355,614
Cash at bank and in hand	17	-	1,492,742
		5,705,690	5,121,101
Creditors: amounts falling due within one year	18	-	(2,158,396)
<b>Net current assets</b>		5,705,690	2,962,705
<b>Total assets less current liabilities</b>		5,705,690	4,776,769
<b>Provisions for liabilities</b>			
Deferred tax	19	-	(139,191)
		-	(139,191)
<b>Net assets</b>		5,705,690	4,637,578
<b>Capital and reserves</b>			
Called up share capital	20	8,000	8,000
Capital redemption reserve	21	2,000	2,000
Profit and loss account	21	5,695,690	4,627,578
		5,705,690	4,637,578

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2020.

**M I Saunders**

Director

The notes on pages 11 to 29 form part of these financial statements.

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## MORLEY WASTE TRADERS LIMITED

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### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

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	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2017	8,000	2,000	13,449,707	13,459,707
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(584,947)	(584,947)
<b>Total comprehensive income for the year</b>	-	-	(584,947)	(584,947)
Dividends: Equity capital	-	-	(8,237,182)	(8,237,182)
<b>Total transactions with owners</b>	-	-	(8,237,182)	(8,237,182)
At 1 February 2018	8,000	2,000	4,627,578	4,637,578
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	1,068,112	1,068,112
<b>Total comprehensive income for the period</b>	-	-	1,068,112	1,068,112
<b>Total transactions with owners</b>	-	-	-	-
<b>At 30 June 2019</b>	<u>8,000</u>	<u>2,000</u>	<u>5,695,690</u>	<u>5,705,690</u>

The notes on pages 11 to 29 form part of these financial statements.

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# MORLEY WASTE TRADERS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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### 1. General information

Morley Waste Traders Limited ("the Company") is a private company limited by shares and incorporated in the United Kingdom with registration number 00644354. The Company's registered office is Sims Group UK Limited, Long Marston, Stratford-Upon-Avon, Warwickshire, United Kingdom, CV37 8AQ.

The Company continued its principal activity of wholesaling metallic waste materials before the business, trade and assets were hived up to a fellow group company on 8th October 2018. The Company has remained dormant since the hive up date.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements have been prepared on a basis other than the going concern basis. The Company ceased to trade on the 8th October 2018 following a hive up of its business, trade and assets to a fellow group company.

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kaystan Holdings Limited as at 30 June 2019 and these financial statements may be obtained from Kaystan Holdings Limited, Long Marston, Stratford-Upon-Avon, Warwickshire, England, CV37 8AQ .

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# MORLEY WASTE TRADERS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Company ceased to trade on the 8 October 2018 following a hive up of its trade and assets to a fellow group company. As a result of the cessation of trade, the financial statements have been prepared on a basis other than the going concern basis.

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.5 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Goodwill is amortised over a period of 20 years.

#### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than freehold property and investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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# MORLEY WASTE TRADERS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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### 2. Accounting policies (continued)

#### 2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line and the reducing balance method.

Depreciation is provided on the following basis:

Freehold property	-
	2% straight line
Plant & machinery	-
	10-25% reducing balance and 4% straight line
Motor vehicles	-
	25% reducing balance
Fixtures & fittings	-
	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

#### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Stock quantities are estimated by the directors on the basis of physical inspection.

#### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that



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# MORLEY WASTE TRADERS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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### 2. Accounting policies (continued)

#### 2.11 Financial instruments (continued)

are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

#### 2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.13 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 2. Accounting policies (continued)

##### 2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

##### 2.16 Pensions

The Group operates two defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### 2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 2. Accounting policies (continued)

##### 2.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

##### Critical judgements in applying the accounting policies

The critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

##### i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment associated with property, plant and equipment and intangible assets, the director has considered both external and internal sources of information such as market values, changes in technological, economic and legal environments and economic performance.

##### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Determining residual values and useful economic lives of plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

##### (ii) Stock quantities are estimated by the directors on the basis of physical inspection.

Judgement is applied by management when determining the quantity of stock. Refer to accounting policy note 2.8 Stocks for further information.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 4. Turnover

The whole of the turnover is attributable to the Company's principal activity and arose in the United Kingdom.

#### 5. Other operating income

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Net rents receivable	-	336

#### 6. Operating profit/(loss)

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

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Depreciation of tangible fixed assets	191,989	269,504
Amortisation of intangible assets, including goodwill	48,656	72,984
Defined contribution pension cost	23,490	32,184
Rent - operating leases	243,871	91,659
Profit on sale of assets	(6,800)	(22,544)

#### 7. Auditor's remuneration

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	7,000	9,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Wages and salaries	1,059,176	1,524,046
Social security costs	101,661	144,269
Cost of defined contribution scheme	23,490	32,184
	<u>1,184,327</u>	<u>1,700,499</u>

The average monthly number of employees, including the directors, during the period was as follows:

	17 months ended 30 June 2019 No.	Year ended 31 January 2018 No.
Management	4	3
Production	47	48
Administration	10	15
	<u>61</u>	<u>66</u>

The average number of employees has been calculated during the period up to the hive up on 8th October 2018.

#### 9. Directors' remuneration

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Directors' emoluments	14,417	-
Company contributions to defined contribution pension schemes	195	-
	<u>14,612</u>	<u>-</u>

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 10. Interest receivable

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Other interest receivable	1,882	7,878
	<u>1,882</u>	<u>7,878</u>

#### 11. Taxation

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	210,381	307,000
Adjustments in respect of previous periods	2,155	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(139,191)	(80,874)
Changes to tax rates	-	(10,318)
<b>Taxation on profit on ordinary activities</b>	<u>73,345</u>	<u>215,808</u>

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 11. Taxation (continued)

##### Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.16%). The differences are explained below:

	17 months ended 30 June 2019 £	Year ended 31 January 2018 £
Profit on ordinary activities before tax	<u>1,141,457</u>	<u>(369,139)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.16%)	216,877	(70,727)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	95	369,395
Fixed asset differences	(74,048)	(2,150)
Group relief claimed	(29,794)	-
Adjustments to tax charge in respect of prior periods	(3,703)	(10,318)
Adjustment for opening and closing deferred tax rate change	-	10,283
Capital gains	-	(80,495)
Other differences leading to an increase (decrease) in the tax charge	8,308	(180)
Unwind of deferred tax timing differences on hive up	(44,390)	-
<b>Total tax charge for the period/year</b>	<u><u>73,345</u></u>	<u><u>215,808</u></u>

#### 12. Dividends

	30 June 2019 £	31 January 2018 £
Dividend in specie	-	8,237,182
	<u>-</u>	<u>8,237,182</u>



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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 13. Intangible assets

	<b>Goodwill</b> <b>£</b>
At 1 February 2018	1,459,716
Disposals	(1,459,716)
At 30 June 2019	<u>-</u>
At 1 February 2018	772,422
Charge for the period	48,656
On disposals	(821,078)
At 30 June 2019	<u>-</u>
<b>Net book value</b>	
At 30 June 2019	<u><u>-</u></u>
At 31 January 2018	<u><u>687,294</u></u>

# MORLEY WASTE TRADERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

### 14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
At 1 February 2018	24,734	4,926,373	1,155,123	134,110	6,240,340
Additions	-	2,766	-	-	2,766
Transfers intra group	(24,734)	(4,929,139)	(1,155,123)	(134,110)	(6,243,106)
At 30 June 2019	-	-	-	-	-
At 1 February 2018	5,596	4,181,501	815,570	110,902	5,113,569
Charge for the period on owned assets	329	110,488	73,504	7,668	191,989
Transfers intra group	(5,925)	(4,291,989)	(889,074)	(118,570)	(5,305,558)
At 30 June 2019	-	-	-	-	-
<b>Net book value</b>					
At 30 June 2019	-	-	-	-	-
<b>At 31 January 2018</b>	<b>19,138</b>	<b>744,872</b>	<b>339,553</b>	<b>23,208</b>	<b>1,126,771</b>

Included in freehold property is land of £Nil (2018: £Nil)

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 15. Stocks

	30 June 2019 £	31 January 2018 £
Stocks - raw materials	-	272,745
	<u>-</u>	<u>272,745</u>

Stock recognised in cost of sales during the period as an expense was £11,870,808 (2018 - £18,283,519) .

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 16. Debtors

	30 June 2019 £	31 January 2018 £
Trade debtors	-	1,283,246
Amounts owed by group undertakings	5,705,690	1,904,058
Other debtors	-	26,802
Prepayments and accrued income	-	141,508
	<u>5,705,690</u>	<u>3,355,614</u>

#### 17. Cash and cash equivalents

	30 June 2019 £	31 January 2018 £
Cash at bank and in hand	-	1,492,742
	<u>-</u>	<u>1,492,742</u>

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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**18. Creditors: Amounts falling due within one year**

	<b>30 June 2019 £</b>	<b>31 January 2018 £</b>
Trade creditors	-	1,470,169
Corporation tax	-	160,000
Taxation and social security	-	476,935
Other creditors	-	20,311
Accruals	-	30,981
	<hr/>	<hr/>
	-	2,158,396
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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 19. Deferred taxation

	2019 £	2018 £
At beginning of year	(139,191)	(230,383)
Credited to profit or loss	139,191	91,192
<b>At end of year</b>	<b>-</b>	<b>(139,191)</b>

The deferred taxation balance is made up as follows:

	30 June 2019 £	31 January 2018 £
Accelerated capital allowances	-	(146,295)
Property revaluation	-	7,104
	<b>-</b>	<b>(139,191)</b>

#### 20. Share capital

	30 June 2019 £	31 January 2018 £
<b>Allotted, called up and fully paid</b>		
8,000 (2018 - 8,000) Ordinary shares of £1.00 each	<u>8,000</u>	<u>8,000</u>

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

#### 21. Reserves

##### Capital redemption reserve

This reserve represents amounts in relation to the repurchase of its own shares.

##### Profit & loss account

This reserve represents cumulative profits and losses less dividends paid.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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#### 22. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £23,295 (2018 - £32,184). Contributions totalling £Nil (2018 - £9,209) were payable to the fund at the balance sheet date.

#### 23. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2019 £	31 January 2018 £
Not later than 1 year	-	361,164
Later than 1 year and not later than 5 years	-	923,469
Later than 5 years	-	595,880
<b>Total</b>	<u>-</u>	<u>1,880,513</u>

#### 24. Related party transactions

The Company has taken advantage of the exemption, available in Section 33 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" related party disclosure, from the requirement to disclose transactions with wholly-owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

The Company rents premises from the Morley Waste Traders Retirement Benefit Scheme. The rent charged in the period totalled £100,013 (2018: £133,350).

During the prior period the Company sold property to Whittaker Properties (Morley) Limited for proceeds totalling £175,000. At the prior period end the debtor balance owed from Whittaker Properties (Morley) Limited of £1,832,000 was waived. The entities were related parties due to their common ownership.

Included within creditors is a balance of £Nil (2018: £11,103) due to directors of the Company. The balance was interest free and repayable on demand. The balance was repaid in the year.

#### 25. Post balance sheet events

There were no post balance sheet events.

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## MORLEY WASTE TRADERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS *FOR THE PERIOD ENDED 30 JUNE 2019*

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#### 26. Controlling party

During the period the immediate and ultimate parent company was Kaystan Holdings Limited. On 7 March 2018 Kaystan Holdings Limited remained the immediate parent company however the ultimate parent controlling company became Sims Metal Management Limited a company incorporated in Australia.



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