

Morris & Co. (Handlers) Limited

Strategic Report, Report of the Directors and

Financial Statements For The Year Ended 1 October 2021

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For The Year Ended 1 October 2021

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Morris & Co. (Handlers) Limited
Company Information
For The Year Ended 1 October 2021

DIRECTORS:

A E Morris
S A Morris
T E Morris
D S Morris

REGISTERED OFFICE:

The Water Tower
J3 Business Park
Carr Hill, Balby
Doncaster
South Yorkshire
DN4 8DE

REGISTERED NUMBER:

01240380 (England and Wales)

AUDITORS:

Kingswood Allotts Limited, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

Strategic Report
For The Year Ended 1 October 2021

The directors present their strategic report for the year ended 1 October 2021.

REVIEW OF BUSINESS

The 2021 profit before tax fell to £1,891,402 from £2,781,587 in the year to 1 October 2020

The capital and reserves at the end of the year amounted to £4,095,298 (2020: £3,732,187).

The directors consider the level of activity and year end position to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

Within the commercial activities the main risk facing the company are the fluctuations in commodity prices which impacts on margins and liquidity risk.

SECTION 172(1) STATEMENT

Morris & Co (Handlers) Limited is strategically operated by the Board of Directors, we make strategic decisions to enable the business to grow and develop. We aim to develop the company to and ensure that the decision making process provides benefit to employees and stakeholders while fairness is maintained.

Engaging With Stakeholders;

Our key stakeholders and the ways in which we engage with them are as follows;

Employees - The company relies on staff to ensure production levels and production quality is maintained

- Staff are remunerated at the relevant level dependent on role, qualifications and experience
- Staff in key roles are involved in decision making processes to ensure they represent interests, increase communication and align expectations within the business.

Customers - We strive to maintain a high level of service and quality. We promote and pursue feedback from customers to ensure that levels are achieved and maintained.

Suppliers - Supply chain is vital to ensure service and quality. We maintain positive relationships with key suppliers to ensure this is retained.

Our Community - We take any community feedback very seriously and take action where any issues have been reported.

Our Planet - We always try to be environmentally friendly in how we operate. We engage with specialists, to monitor and understand our energy consumption. With more informed knowledge this allows the board to make more energy efficient decisions for both energy usage and emissions.

KEY PERFORMANCE INDICATORS

During the year the company employed 61 people (58 in 2020) producing a turnover of £50,079,183 (2020: £36,026,363). The turnover shows an increase of 39% compared with the previous year.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period 2 October 2020 to 1 October 2021

	Consumption	Conversion Factor	CO2 Emissions
Combustion of gas own use	-	-	-
Consumption of fuel for the purpose of transport (Litres)	139,513	2.47507	345.30
Consumption of electricity (kWh)	2,148,524	0.21016	451.53
Consumption of fuel for the purpose of own use (Litres)	486,764	2.72417	1,326.03
			<u>2,122.87</u>

ON BEHALF OF THE BOARD:

D S Morris - Director

29 June 2022

Report of the Directors
For The Year Ended 1 October 2021

The directors present their report with the financial statements of the company for the year ended 1 October 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of salvaged and reclaimed materials.

DIVIDENDS

The total distribution of interim dividends for the year ended 1 October 2021 was £1,000,000 (2020: £890,000)

The directors recommend that no final dividend be paid.

FUTURE DEVELOPMENTS

The directors constantly review opportunities to improve profitability and performance including production efficiencies.

DIRECTORS

The directors shown below have held office during the whole of the period from 2 October 2020 to the date of this report.

A E Morris
S A Morris
T E Morris
D S Morris

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Kingswood Allotts Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D S Morris - Director

29 June 2022

Report of the Independent Auditors to the Members of
Morris & Co. (Handlers) Limited

Opinion

We have audited the financial statements of Morris & Co. (Handlers) Limited (the 'company') for the year ended 1 October 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Report of the Independent Auditors to the Members of
Morris & Co. (Handlers) Limited**

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Report of the Auditors.

Use of our report

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

Steven Pepper FCA (Senior Statutory Auditor)
for and on behalf of Kingswood Allotts Limited, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

30 June 2022

**Statement of Comprehensive
Income
For The Year Ended 1 October 2021**

	Notes	2021 £	2020 £
TURNOVER	3	50,079,183	36,026,363
Cost of sales		<u>44,931,782</u>	<u>30,479,158</u>
GROSS PROFIT		5,147,401	5,547,205
Administrative expenses		<u>3,011,115</u>	<u>2,545,594</u>
OPERATING PROFIT	5	2,136,286	3,001,611
Interest receivable and similar income		<u>10,968</u>	<u>5,641</u>
		2,147,254	3,007,252
Interest payable and similar expenses	6	<u>255,852</u>	<u>225,665</u>
PROFIT BEFORE TAXATION		1,891,402	2,781,587
Tax on profit	7	<u>528,291</u>	<u>580,780</u>
PROFIT FOR THE FINANCIAL YEAR		1,363,111	2,200,807
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,363,111</u>	<u>2,200,807</u>

Morris & Co. (Handlers) Limited (Registered number: 01240380)

Balance Sheet
1 October 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	9		11,580,423		10,027,626
CURRENT ASSETS					
Stocks	10	4,244,476		1,853,556	
Debtors	11	7,114,395		7,058,655	
Cash at bank		612		217,684	
		<u>11,359,483</u>		<u>9,129,895</u>	
CREDITORS					
Amounts falling due within one year	12	<u>15,210,458</u>		<u>11,020,641</u>	
NET CURRENT LIABILITIES			<u>(3,850,975)</u>		<u>(1,890,746)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,729,448		8,136,880
CREDITORS					
Amounts falling due after more than one year	13		(2,665,390)		(3,768,800)
PROVISIONS FOR LIABILITIES	18		<u>(968,760)</u>		<u>(635,893)</u>
NET ASSETS			<u>4,095,298</u>		<u>3,732,187</u>
CAPITAL AND RESERVES					
Called up share capital	19		250		250
Revaluation reserve	20		400,612		452,674
Capital redemption reserve	20		250		250
Retained earnings	20		3,694,186		3,279,013
SHAREHOLDERS' FUNDS			<u>4,095,298</u>		<u>3,732,187</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2022 and were signed on its behalf by:

D S Morris - Director

The notes form part of these financial statements

**Statement of Changes in Equity
For The Year Ended 1 October 2021**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 2 October 2019	250	1,916,144	504,736	250	2,421,380
Changes in equity					
Dividends	-	(890,000)	-	-	(890,000)
Total comprehensive income	-	2,252,869	(52,062)	-	2,200,807
Balance at 1 October 2020	250	3,279,013	452,674	250	3,732,187
Changes in equity					
Dividends	-	(1,000,000)	-	-	(1,000,000)
Total comprehensive income	-	1,415,173	(52,062)	-	1,363,111
Balance at 1 October 2021	250	3,694,186	400,612	250	4,095,298

Cash Flow Statement
For The Year Ended 1 October 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	6,644,419	1,743,921
Interest paid		(13,367)	(19,583)
Interest element of hire purchase payments paid		(242,485)	(206,082)
Tax paid		(432,230)	(77,289)
Net cash from operating activities		<u>5,956,337</u>	<u>1,440,967</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,678,243)	(1,893,273)
Sale of tangible fixed assets		90,154	257,652
Interest received		10,968	5,641
Net cash from investing activities		<u>(2,577,121)</u>	<u>(1,629,980)</u>
Cash flows from financing activities			
New loans in year		-	1,156,648
Loan repayments in year		(115,609)	(471,617)
Invoice financing		(1,058,064)	1,268,588
Capital repayments in year		(1,590,358)	(1,039,620)
Amount introduced by directors		125,965	124,601
Amount withdrawn by directors		(975,577)	(1,093,149)
Net cash from financing activities		<u>(3,613,643)</u>	<u>(54,549)</u>
Decrease in cash and cash equivalents		<u>(234,427)</u>	<u>(243,562)</u>
Cash and cash equivalents at beginning of year	2	217,684	461,246
Cash and cash equivalents at end of year	2	<u>(16,743)</u>	<u>217,684</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
For The Year Ended 1 October 2021**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS		
	2021	2020
	£	£
Profit before taxation	1,891,402	2,781,587
Depreciation charges	1,435,110	1,320,941
Loss on disposal of fixed assets	257,623	24,493
Finance costs	255,852	225,665
Finance income	<u>(10,968)</u>	<u>(5,641)</u>
	3,829,019	4,347,045
Increase in stocks	(2,390,920)	(468,473)
Increase in trade and other debtors	(25,693)	(1,296,620)
Increase/(decrease) in trade and other creditors	<u>5,232,013</u>	<u>(838,031)</u>
Cash generated from operations	<u><u>6,644,419</u></u>	<u><u>1,743,921</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 1 October 2021

	1.10.21	2.10.20
	£	£
Cash and cash equivalents	612	217,684
Bank overdrafts	<u>(17,355)</u>	<u>-</u>
	<u>(16,743)</u>	<u>217,684</u>

Year ended 1 October 2020

	1.10.20	2.10.19
	£	£
Cash and cash equivalents	<u>217,684</u>	<u>461,246</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 2.10.20	Cash flow	Other non-cash changes	At 1.10.21
	£	£	£	£
Net cash				
Cash at bank and in hand	217,684	(217,072)		612
Bank overdrafts	<u>-</u>	<u>(17,355)</u>		<u>(17,355)</u>
	<u>217,684</u>	<u>(234,427)</u>		<u>(16,743)</u>
Debt				
Finance leases	(4,257,449)	1,590,358	(817,442)	(3,484,533)
Debts falling due within 1 year	(4,259,270)	749,604	-	(3,509,666)
Debts falling due after 1 year	<u>(1,009,682)</u>	<u>424,069</u>	<u>-</u>	<u>(585,613)</u>
	<u>(9,526,401)</u>	<u>2,764,031</u>	<u>(817,442)</u>	<u>(7,579,812)</u>
Total	<u>(9,308,717)</u>	<u>2,529,604</u>	<u>(817,442)</u>	<u>(7,596,555)</u>

Notes to the Cash Flow Statement
For The Year Ended 1 October 2021

4. **MAJOR NON-CASH TRANSACTIONS**

During the year the company entered into hire purchase and finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £817,442 (2020: £677,174).

Notes to the Financial Statements
For The Year Ended 1 October 2021

1. **STATUTORY INFORMATION**

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

The directors are aware of the year end net current liabilities of the company and have taken steps to ensure the company has adequate financial resource to continue trading over the next twelve months. The directors have produced forecasts which show that the company can continue to operate within its financial resources for twelve months from the date of this report and management accounts indicate these projections should be achieved. Consequently the directors are confident that the financial statements are properly prepared on a going concern basis. Since the year end new finance facilities have been agreed to replace the existing facilities in place, which will support the business for in excess of 12 months from the date of approval of the financial statements.

Changes in accounting policies

The company has taken advantage of the provisions in section 390 of the Companies Act 2006 which allow the company to make accounts up to a date within seven days of the accounting reference date and consequently these financial statements are made up to 30th September 2021 (2020: 30th September 2020).

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised when the company has a right to the consideration.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Short leasehold	- at varying rates on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments

The company holds basic financial instruments as defined by FRS102. The financial assets and financial liabilities of the company and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

The company enters into foreign exchange forward contracts to manage its exposure to foreign currency risk. These derivatives are measured at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

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

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	41,679,597	27,291,642
Europe	8,399,586	8,734,721
	<u>50,079,183</u>	<u>36,026,363</u>

All turnover relates to the sale of goods.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	2,051,581	1,745,644
Social security costs	225,114	204,288
Other pension costs	46,160	40,258
	<u>2,322,855</u>	<u>1,990,190</u>

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

	2021	2020
Site operatives	44	37
Administration	17	21
	<u>61</u>	<u>58</u>

	2021	2020
	£	£
Directors' remuneration	200,472	219,629
Directors' pension contributions to money purchase schemes	10,000	9,083

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	133,664	139,616
Pension contributions to money purchase schemes	10,000	9,083

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020
	£	£
Hire of plant and machinery	356,426	355,642
Depreciation - owned assets	552,174	403,240
Depreciation - assets on hire purchase contracts	882,937	917,701
Loss on disposal of fixed assets	257,623	24,493
Auditors' remuneration	12,000	11,000
Operating leases - rent	179,758	170,000

Loss on disposal of fixed assets includes losses of £277,840 for plant and machinery lost to fire damage.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank interest	-	3,227
Bank loan interest	13,367	16,356
Hire purchase	242,485	206,082
	<u>255,852</u>	<u>225,665</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

7. TAXATION

Analysis of the tax charge

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

	2021 £	2020 £
Current tax:		
UK corporation tax	273,341	432,231
Adjustment for earlier years	(77,917)	-
Total current tax	<u>195,424</u>	<u>432,231</u>
Deferred tax	332,867	148,549
Tax on profit	<u>528,291</u>	<u>580,780</u>

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax charge included in profit and loss

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

	2021 £	2020 £
Profit before tax	<u>1,891,402</u>	<u>2,781,587</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	359,366	528,502
Effects of:		
Expenses not deductible for tax purposes allowed for tax	17,412	26,772
Change of tax rate	225,647	-
Depreciation of ineligible assets	19,678	25,506
Relief in relation to R&D claim	(77,917)	-
Enhanced capital allowance claim	(15,895)	-
Total tax charge	<u>528,291</u>	<u>580,780</u>

8. DIVIDENDS

	2021 £	2020 £
Interim	<u>1,000,000</u>	<u>890,000</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

9. **TANGIBLE FIXED ASSETS**

	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 2 October 2020	1,431,813	579,941	11,271,861
Additions	678,703	6,555	2,391,725
Disposals	-	-	(421,090)
Reclassification/transfer	-	-	(7,500)
At 1 October 2021	2,110,516	586,496	13,234,996
DEPRECIATION			
At 2 October 2020	195,161	88,654	3,492,508
Charge for year	50,672	28,066	1,090,718
Eliminated on disposal	-	-	(93,019)
Reclassification/transfer	-	-	(563)
At 1 October 2021	245,833	116,720	4,489,644
NET BOOK VALUE			
At 1 October 2021	1,864,683	469,776	8,745,352
At 1 October 2020	1,236,652	491,287	7,779,353

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 2 October 2020	89,319	1,128,909	115,490	14,617,333
Additions	130,534	115,236	12,932	3,335,685
Disposals	-	(133,242)	-	(554,332)
Reclassification/transfer	-	7,500	-	-
At 1 October 2021	219,853	1,118,403	128,422	17,398,686
DEPRECIATION				
At 2 October 2020	19,368	704,250	89,766	4,589,707
Charge for year	40,843	211,836	12,976	1,435,111
Eliminated on disposal	-	(113,536)	-	(206,555)
Reclassification/transfer	-	563	-	-
At 1 October 2021	60,211	803,113	102,742	5,818,263
NET BOOK VALUE				
At 1 October 2021	159,642	315,290	25,680	11,580,423
At 1 October 2020	69,951	424,659	25,724	10,027,626

Included in cost or valuation of land and buildings is freehold land of £ 396,230 (2020 - £ 396,230) which is not depreciated.

Short leasehold property includes £nil (2020: £105,440), freehold property includes £441,307 (2020: £nil) and plant and machinery includes £1,226,094 (2020: £447,291) for assets in the course of construction. These assets have not yet been brought into use and have therefore not been depreciated.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

9. **TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 1 October 2021 is represented by:

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 2015	-	-	800,000
Valuation in 2013	970,000	-	-
Valuation in 2011	-	-	460,000
Cost	1,140,516	586,496	11,974,996
	<u>2,110,516</u>	<u>586,496</u>	<u>13,234,996</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2015	-	-	-	800,000
Valuation in 2013	-	-	-	970,000
Valuation in 2011	-	-	-	460,000
Cost	219,853	1,118,403	128,422	15,168,686
	<u>219,853</u>	<u>1,118,403</u>	<u>128,422</u>	<u>17,398,686</u>

If property and static plant had not been revalued they would have been included at the following historical cost

Cost £1,667,332 (2020: £1,667,332)

Aggregate Depreciation £867,697 (2020: £822,675)

Net book value £799,635 (2020: £844,657)

Plant and machinery includes static plant at a written down value of £291,382 (2020: £295,606) that have been revalued by the directors at depreciated replacement cost in prior year.

The land and buildings were revalued on 16th December 2013 as it is the directors' belief that this provides a true and fair view of their value. Properties to the value of £885,000 were valued by Grice & Hunter (Chartered Surveyors) on an open market existing use basis. A further property to the value of £85,000 was valued by the directors at the same time. Furthermore the directors have taken advantage of the transitional provisions of FRS102 to retain the value of these at deemed cost at the transition date of 1 October 2016.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

9. **TANGIBLE FIXED ASSETS - continued**

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

	Short leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 2 October 2020	349,545	7,407,997	880,277	8,637,819
Additions	6,555	408,247	77,846	492,648
Transfer to ownership	-	-	(234,100)	(234,100)
At 1 October 2021	<u>356,100</u>	<u>7,816,244</u>	<u>724,023</u>	<u>8,896,367</u>
DEPRECIATION				
At 2 October 2020	16,465	1,929,695	438,606	2,384,766
Charge for year	14,011	704,693	164,233	882,937
Transfer to ownership	-	-	(112,609)	(112,609)
At 1 October 2021	<u>30,476</u>	<u>2,634,388</u>	<u>490,230</u>	<u>3,155,094</u>
NET BOOK VALUE				
At 1 October 2021	<u>325,624</u>	<u>5,181,856</u>	<u>233,793</u>	<u>5,741,273</u>
At 1 October 2020	<u>333,080</u>	<u>5,478,302</u>	<u>441,671</u>	<u>6,253,053</u>

10. **STOCKS**

	2021 £	2020 £
Stocks	<u>4,244,476</u>	<u>1,853,556</u>

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

	2021 £	2020 £
Trade debtors	5,284,414	6,314,426
Other debtors	1,600,808	547,673
Directors' current accounts	30,047	-
Prepayments and accrued income	199,126	196,556
	<u>7,114,395</u>	<u>7,058,655</u>

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

	2021 £	2020 £
Bank loans and overdrafts (see note 14)	446,981	121,166
Other loans (see note 14)	3,080,040	4,138,104
Hire purchase contracts (see note 15)	1,404,756	1,498,331
Trade creditors	9,862,026	4,568,694
Taxation	195,425	432,231
Social security and other taxes	64,840	166,347
Other creditors	65,995	24,962
Directors' current accounts	69,471	49,036
Accruals and deferred income	20,924	21,770
	<u>15,210,458</u>	<u>11,020,641</u>

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

	2021 £	2020 £
Bank loans (see note 14)	585,613	1,009,682
Hire purchase contracts (see note 15)	2,079,777	2,759,118
	<u>2,665,390</u>	<u>3,768,800</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

14. **LOANS**

An analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year or on demand:		
Bank overdrafts	17,355	-
Bank loans	429,626	121,166
Other loans	<u>3,080,040</u>	<u>4,138,104</u>
	<u>3,527,021</u>	<u>4,259,270</u>
Amounts falling due between one and two years:		
Bank loans	<u>377,113</u>	<u>433,666</u>
Amounts falling due between two and five years:		
Bank loans	<u>206,816</u>	<u>559,349</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>1,684</u>	<u>16,667</u>

Other loans comprise an invoice discounting facility.

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021 £	2020 £
Net obligations repayable:		
Within one year	1,404,756	1,498,331
Between one and five years	<u>2,079,777</u>	<u>2,759,118</u>
	<u>3,484,533</u>	<u>4,257,449</u>
	Non-cancellable operating leases	
	2021 £	2020 £
Within one year	200,702	179,758
Between one and five years	699,264	577,247
In more than five years	<u>14,236</u>	<u>68,750</u>
	<u>914,202</u>	<u>825,755</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

16. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Bank loans	1,015,239	1,130,848
Hire purchase contracts	3,484,533	4,257,449
Invoice Discounting	3,080,040	4,138,104
	<u>7,579,812</u>	<u>9,526,401</u>

The bank loans (and overdraft facilities) are secured against the business property and additionally there is a charge over the other assets of the company. Further security over the bank loans and overdraft facilities is provided by personal guarantees from the directors amounting to £400,000.

The bank loan comprises:

i) a 60 month £306,648 term loan at a variable interest rate of LIBOR plus margin at 2.55%. The bank loan is repayable by monthly instalments and is due to be repaid in full by January 2025.

ii) a 36 month £750,000 term loan at a variable interest rate of LIBOR plus margin at 2.24%. The bank loan is repayable by quarterly instalments and is due to be repaid in full by July 2023.

Finance leases and hire purchase creditors are secured on the assets concerned.

The invoice discounting facility is secured by an all asset debenture, a joint and several guarantee from the directors amounting to £300,000 and a guarantee from an entity controlled by a director.

17. FINANCIAL INSTRUMENTS

Financial assets

	2021	2020
	£	£
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost	6,457,337	7,079,784
	<u>6,457,337</u>	<u>7,079,784</u>

Financial liabilities

	2021	2020
	£	£
Financial liabilities measured at amortised cost	17,875,847	14,789,442
	<u>17,875,847</u>	<u>14,789,442</u>

Financial assets and liabilities measured at fair value through profit or loss comprise contracts to purchase foreign currency at a future date

Financial assets measured at amortised cost comprise trade debtors, other debtors, and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade and other payables, and accruals

18. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Accelerated capital allowances	968,760	635,893

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

18. **PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Balance at 2 October 2020	635,893
Provided during year	100,364
Change in rate	232,503
Balance at 1 October 2021	<u>968,760</u>

Deferred tax has been provided at 25% (2020: 19%). Subject to further capital expenditure, approximately £155,000 (2020: £74,000) of the above is expected to reverse within one year.

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	2021	2020
Number:	Class:	value:	£	£
250	Ordinary	£1	<u>250</u>	<u>250</u>

20. **RESERVES**

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 2 October 2020	3,279,013	452,674	250	3,731,937
Profit for the year	1,363,111			1,363,111
Dividends	(1,000,000)			(1,000,000)
Transfer	52,062	(52,062)	-	-
At 1 October 2021	<u>3,694,186</u>	<u>400,612</u>	<u>250</u>	<u>4,095,048</u>

21. **CAPITAL COMMITMENTS**

	2021 £	2020 £
Contracted but not provided for in the financial statements	<u>68,199</u>	<u>1,057,500</u>

22. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 1 October 2021 and 1 October 2020:

	2021 £	2020 £
A E Morris		
Balance outstanding at start of year	-	72,771
Amounts advanced	130,047	-
Amounts repaid	(100,000)	(72,771)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>30,047</u>	<u>-</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2021

23. RELATED PARTY DISCLOSURES

Amounts totalling £69,471 were owed to directors of the company. (2020: £49,036)

Amounts owing from other related parties were £157,041 (2020: £482,041).

Amounts due to other related parties were £28,667 (2020: £6,119).

A related party has provided an unlimited guarantee and indemnity for the company in respect of the invoice discounting facility. Further security over the bank loans and overdraft facilities is provided by personal guarantees amounting to £400,000.

All other transactions with these and other related parties are considered to be under normal market conditions.

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