

# Environcom England Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2021

# Environcom England Limited

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## **Environcom England Limited**

### **Company Information**

**Directors** Mr JA Parsons  
Mr CJ Stephenson  
Dr V Tandon  
Mr CAM Buchan

**Company secretary** Mr JA Parsons

**Registered office** Environcom  
Spittlegate Level  
Grantham  
NG31 7UH

**Auditors** Cannon Williamson  
Albion House  
32 Pinchbeck Road  
Spalding  
Lincolnshire  
PE11 1QD

## **Environcom England Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

#### **Principal activity**

The principal activity of the company is Recovery of sorted materials and treatment & disposal of hazardous and non-hazardous waste.

#### **Fair review of the business**

During Q1 2021, the UK remained in lockdown, impacting the volume of WEEE to be recycled, and closing our UK markets for reuse. Despite our best preparations, the individual European Countries implemented the UK withdrawal agreement from Europe in different ways, making it very difficult for our customers to purchase our high quality reuse appliances. As a result, our European exports ceased by the end of Q1.

Once the UK lockdown ceased, UK demand for reuse appliances was able to replace this lost custom and we have switched our focus to supplying reuse appliances into the UK charity sector, delivering a truly circular economic model while supporting the worthy causes promoted by our immediate customers.

Inbound volumes of e-waste recovered quickly after retailers resumed trading, and the backlog of failed appliances led to volumes exceeding budgets for the subsequent quarters and we ended the year in line with the full year budget.

Environcom Group made revenues in the year of £17,008,440 (2020 - £14,039,927) and a profit before tax of £915,118 (2020 – £1,300,364).

During the year we made re-payments to HMRC for Covid support through the VAT deferral scheme in line with the agreed payment plan, and commenced repayments of loan funding made available to e-waste processors during 2020 to support working capital.

The business has continued to focus on gross margin maintenance through cost control and innovation to offset the macro-economic impacts the UK is experiencing including labour shortages and rising energy costs.

#### **External Factors**

In August 2022, the UK Waste sector will be required to achieve more stringent controls over emissions from waste operations. These changes are demanding, and coupled with new Appropriate Measures, require changes to working practices and upgrades to equipment to meet the new standards. Throughout 2021, Environcom has been investing in its plant and equipment to ensure it remains compliant with the new standards.

#### **Internal Factors**

Like many other UK based businesses, Environcom is adjusting to the impact of restrictions of movement across Europe and the benefits this brought in terms of accessibility to staff. The waste sector is specifically challenged due to the nature of the work and the levels of wages. Environcom has undertaken significant investment in our staff and the facilities to encourage retention and staff engagement.

#### **Financial Key Performance Indicators**

The company's key financial and other performance indicators during the year were as follows:

## **Environcom England Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

The board puts in place a formal budget to measure and assess performance together with regular forecasts and monthly management accounts to measure progress. The financial key performance indicators are detailed below

Revenue – This measure shows the success of the business in attracting and processing volume of material to be reused and recycled.

Gross Margin – The gross margin and gross margin percentage are important indicators of financial performance and the company closely monitors margin achievement to understand any trends in pricing and operational performance.

EBITDA – this is the key measure of financial performance assessed by the company

Debtor and Creditor days and aged profiles – the company closely monitors its receipts and payments performance against terms to ensure not only working capital is effectively controlled, but to understand any issues quickly.

Due to the confidential nature and sensitivity of these measures, the targets and actual performance are not disclosed

## **Environcom England Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Principal risks and uncertainties**

##### Volumes

Environcom England limited is reliant on securing sufficient volumes of e-waste appliances for processing, to support the business model. Environcom England limited is focussed on minimising this risk through a broad range of customers.

##### Commodity Pricing

Environcom England limited is reliant on selling commodities to a global market. Focussed sales teams ensure revenues are maximised, while a transparent pricing model means Environcom England limited has reduced exposure to these risks.

##### Financial Instruments

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cashflow risk associated with selling on credit and manages this through credit control procedures.

##### Interest Rate Risk

The company finances its operations through a mixture of loans from investors and finance houses. Interest rates are fixed at the start of these arrangements.

##### Foreign Currency Risk

The company has reduced exposure to foreign currency risk by the removal of Euro denominated loans.

##### UK withdrawal from the EU

The group has ceased to export to European markets.

##### War in Ukraine

This has had a direct impact on energy prices. The directors are constantly monitoring this and adjusting sales prices as necessary.

Approved by the Board on 31 March 2022 and signed on its behalf by:

.....  
Mr JA Parsons

Company secretary and director

.....  
Mr CJ Stephenson

Director

## **Environcom England Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Directors of the company**

The directors who held office during the year were as follows:

Mr JA Parsons - Company secretary and director

Mr CJ Stephenson

Dr V Tandon

Mr CAM Buchan

#### **Going concern**

In 2021 the group made an operating profit of £1,113,489 (2020 £286,363), and now has net current assets of £320,267 (2020 -£112,057 net liabilities). Total net liabilities have reduced to £5,995,652 (2020 – £6,910,770). Investor loans, accrued interest and FX provisions reduced to £8,196,667 in 2021 (2020 - £8,453,305). The directors have reviewed the business performance and are confident, based on the continued positive EBITDA performance into 2022, that the company will continue to deliver the profitability and cash requirements for the business in the future.

The directors have prepared profit and cash flow forecasts for the year ending 31 December 2024. These are dependent on securing the forecast inbound volumes of material to be recycled at the current pricing mechanisms. New Recycling standards to be introduced in the UK in 2022 may reduce the number of fridge plants operating. This will remove any spare capacity from the industry again. The directors have reviewed the cash requirements of the business for the next twelve months and are confident that the company will generate sufficient cash to meet its liabilities when they fall due. The company is still reliant on the loan finance previously provided by investors and new loans provided by the WEEE industry.

On this basis the directors consider the group has adequate resources to continue to meet its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis. The directors acknowledge however, that should the group not achieve the forecast results, they will be required to agree with the investors either an extension to the repayment of their loans, or additional loans to cover the working capital requirements. This indicates the existence of a material uncertainty which may cast uncertainty on the ability of the group and the company to continue as a going concern.

#### **Directors' liabilities**

The company maintains liability insurance for directors and officers as permitted by section 234 of the companies Act 2006.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

## **Environcom England Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

Approved by the Board on 31 March 2022 and signed on its behalf by:

.....  
Mr JA Parsons  
Company secretary and director

.....  
Mr CJ Stephenson  
Director



## **Environcom England Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

## **Environcom England Limited**

### **Independent Auditor's Report to the Members of Environcom England Limited**

#### **Opinion**

We have audited the financial statements of Environcom England Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account and Statement of Retained Earnings, Statement of Comprehensive Income, Balance Sheet, 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 31 December 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty related to going concern**

We draw attention to the going concern paragraph in the directors' report in the financial statements, which indicates that the group is reliant on C B Associates not recalling their debt in order to continue as a going concern. As part of the audit we have received written assurances that this debt will not be recalled within 12 months of approval of these financial statements – the going concern assessment period. However, these assurances are not legally binding.

The directors have forecast beyond this period and have stated that they intend for the group to continue trading indefinitely. However, as stated in the directors' report, these events or conditions, along with the other matters as set forth in the directors' report, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Environcom England Limited**

### **Independent Auditor's Report to the Members of Environcom England Limited (continued)**

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included the following procedures: We have reviewed the current period financial records along with up to date information to look for indications of a threat to the ability of the group to continue as a going concern. We have also reviewed the calculations and assumptions of the directors' forecasts to test their reasonableness.

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 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.

We have nothing to report in this regard.

## **Environcom England Limited**

### **Independent Auditor's Report to the Members of Environcom England Limited (continued)**

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## **Environcom England Limited**

### **Independent Auditor's Report to the Members of Environcom England Limited (continued)**

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
  - We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006 and Environmental legislation, health and safety and, employment law.
  - We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
  - Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.
- The key procedures we undertook to detect irregularities including fraud during the course of the audit included:
- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
  - Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
  - Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to stock valuation.
  - Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
  - Testing key revenue lines, in particular cut-off, for evidence of management bias.
  - Performing a physical verification of key assets, including stock.
  - Obtaining third-party confirmation of material bank and loan balances.
  - Documenting and verifying all significant related party [and consolidated] balances and transactions.
  - Reviewing documentation such as the company board minutes, correspondence with solicitors, for discussions of irregularities including fraud.
  - Testing all material consolidation adjustments.

A further description of our responsibilities is available 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 as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
David Thomas Williamson (Senior Statutory Auditor)  
For and on behalf of Cannon Williamson, Statutory Auditor  
Albion House  
32 Pinchbeck Road  
Spalding  
Lincolnshire  
PE11 1QD

31 March 2022

# **Environcom England Limited**

## **Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	<u>3</u>	13,240,001	10,580,273
Cost of sales		<u>(10,545,823)</u>	<u>(8,330,044)</u>
Gross profit		2,694,178	2,250,229
Administrative expenses		<u>(1,375,526)</u>	<u>(1,592,510)</u>
Operating profit	<u>4</u>	<u>1,318,652</u>	657,719
Interest payable and similar charges	<u>6</u>	<u>(60,206)</u>	<u>(189,119)</u>
		<u>(60,206)</u>	<u>(189,119)</u>
Profit before tax		<u>1,258,446</u>	468,600
Profit for the financial year		1,258,446	468,600
Retained earnings brought forward		<u>(10,460,949)</u>	<u>(16,938,598)</u>
Retained earnings carried forward		<u><u>(9,202,503)</u></u>	<u><u>(16,469,998)</u></u>

## Environcom England Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
Profit for the year	1,258,446	468,600
Group debt movement	-	6,009,049
Total comprehensive income for the year	<u>1,258,446</u>	<u>6,477,649</u>

**Environcom England Limited**  
**(Registration number: 04980148)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	<u>10</u>	1,859,893	1,905,335
Investments	<u>11</u>	<u>2</u>	<u>2</u>
		<u>1,859,895</u>	<u>1,905,337</u>
<b>Current assets</b>			
Stocks	<u>12</u>	390,039	450,089
Debtors	<u>13</u>	4,428,466	2,058,534
Cash at bank and in hand		<u>82,829</u>	<u>635,904</u>
		4,901,334	3,144,527
<b>Creditors: Amounts falling due within one year</b>	<u>15</u>	<u>(2,784,159)</u>	<u>(2,083,722)</u>
<b>Net current assets</b>		<u>2,117,175</u>	<u>1,060,805</u>
<b>Total assets less current liabilities</b>		3,977,070	2,966,142
<b>Creditors: Amounts falling due after more than one year</b>	<u>15</u>	<u>(179,473)</u>	<u>(426,991)</u>
<b>Net assets</b>		<u><u>3,797,597</u></u>	<u><u>2,539,151</u></u>
<b>Capital and reserves</b>			
Called up share capital		13,000,100	13,000,100
Profit and loss account		<u>(9,202,503)</u>	<u>(10,460,949)</u>
Shareholders' funds		<u><u>3,797,597</u></u>	<u><u>2,539,151</u></u>

Approved and authorised by the Board on 31 March 2022 and signed on its behalf by:

.....  
Mr JA Parsons  
Company secretary and director

.....  
Mr CJ Stephenson  
Director



# **Environcom England Limited**

## **Statement of Changes in Equity for the Year Ended 31 December 2021**

	<b>Share capital</b>	<b>Profit and loss</b>	<b>Total</b>
	<b>£</b>	<b>account</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	13,000,100	(10,460,949)	2,539,151
Profit for the year	-	1,258,446	1,258,446
Total comprehensive income	-	1,258,446	1,258,446
At 31 December 2021	13,000,100	(9,202,503)	3,797,597
	<b>Share capital</b>	<b>Profit and loss</b>	<b>Total</b>
	<b>£</b>	<b>account</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	13,000,100	(16,938,598)	(3,938,498)
Profit for the year	-	468,600	468,600
Other comprehensive income	-	6,009,049	6,009,049
Total comprehensive income	-	6,477,649	6,477,649
At 31 December 2020	13,000,100	(10,460,949)	2,539,151

# **Environcom England Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Environcom  
Spittlegate Level  
Grantham  
NG31 7UH  
United Kingdom

These financial statements were authorised for issue by the Board on 31 March 2022.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Summary of disclosure exemptions**

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

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 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 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..

#### **Group accounts not prepared**

The company is a parent company of Environcom Northwest Limited. This subsidiary is also included in the financial statements of the immediate parent company Environcom Limited. .

#### **Exemption from preparing group accounts**

The financial statements contain information about Environcom England Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Environcom Limited, a company incorporated in Scotland.

## **Environcom England Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Judgements**

The directors have made no material judgements or key estimates in preparing these financial statements.

##### **Revenue recognition**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the, exclusive of Value Added Tax (VAT) and discounts.

Turnover is recognised when goods are dispatched or services supplied.

##### **Government grants**

Grants are accounted for on accruals basis.

##### **Foreign currency transactions and balances**

The company's functional and presentational currency is GBP.

Foreign currency transactions 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

##### **Tax**

Tax is recognised in the profit and loss account, except for items that are required to be accounted for directly through equity. In these instances, taxation would be recognised in equity also.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- Deferred tax assets are only recognised if it is thought 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 allowances have been met.

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

# Environcom England Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 2 Accounting policies (continued)

#### Asset class

Leasehold improvements  
Plant and machinery  
Fixtures, fittings and equipment

#### Depreciation method and rate

25%-33% straight line  
10%-25% reducing balance  
25% reducing balance

#### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired assets, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Stocks

Stocks are stated at the lower of purchase cost and net realisable value, after making due allowance for obsolete and slow-moving stock. Costs includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## Environcom England Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### 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 period of the lease.

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Defined contribution pension obligation

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Once the company has paid its contributions it has no further obligations. Amounts unpaid at the period end are recognised as accruals. The assets and liabilities of the plan are held separately from the company in independently administered funds.

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £	2020 £
Sale of goods	13,237,243	10,318,422
Grants received	2,758	261,851
	<u>13,240,001</u>	<u>10,580,273</u>

The analysis of the company's turnover for the year by market is as follows:

	2021 £	2020 £
UK	12,307,856	9,669,582
Europe	50,386	301,501
Rest of world	881,759	609,190
	<u>13,240,001</u>	<u>10,580,273</u>

# **Environcom England Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

### **4 Operating profit**

Arrived at after charging/(crediting)

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation expense	332,291	329,740

### **5 Government grants**

COVID-19 Job Retention Scheme

The amount of grants recognised in the financial statements was £2,758 (2020 - £261,851).

### **6 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on obligations under finance leases and hire purchase contracts	10,122	13,815
Interest expense on other finance liabilities	13,981	148,527
Foreign exchange (gains) / losses	(1,492)	(1,664)
Other finance costs	37,595	28,441
	<u>60,206</u>	<u>189,119</u>

### **7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,038,598	2,628,125
Social security costs	250,665	243,343
Pension costs, defined contribution scheme	51,595	54,212
	<u>3,340,858</u>	<u>2,925,680</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Production	108	97
Administration and support	18	21
Sales	3	4
	<u>129</u>	<u>122</u>

# **Environcom England Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

### **8 Auditors' remuneration**

	2021 £	2020 £
Audit of the financial statements	<u>15,705</u>	<u>29,001</u>

	2021 £	2020 £
Estimated money value of benefits in kind for non-audit services	<u>500</u>	<u>500</u>

### **9 Taxation**

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>1,258,446</u>	<u>468,600</u>
Corporation tax at standard rate	239,104	89,034
Effect of expense not deductible in determining taxable profit (tax loss)	63,135	62,651
Effect of tax losses	(253,257)	-
Tax decrease from effect of capital allowances and depreciation	<u>(48,982)</u>	<u>(151,685)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

There is no charge to corporation tax as the company has losses of approximately £7.8M (2020 £7.6M) that are available to be carried forward and offset against future profits.

There is an unrecognised deferred tax asset of £3.5m (2020 £1.6m) in relation to these losses and also unused capital allowances. This has not been recognised as it is uncertain when this asset will be utilised.

The 2021 UK finance bill announced a proposed increase to the UK main rate of corporation tax from 19% to 25% from 1 April 2023. As this is the rate at which unrelieved losses would be expected to be utilised; unprovided deferred tax assets have been calculated using this rate.

# Environcom England Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 10 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Other tangible assets £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	575,426	400,753	6,660,705	7,636,884
Additions	137,911	134,487	14,451	286,849
At 31 December 2021	713,337	535,240	6,675,156	7,923,733
<b>Depreciation</b>				
At 1 January 2021	523,830	379,702	4,828,017	5,731,549
Charge for the year	28,749	31,753	271,789	332,291
At 31 December 2021	552,579	411,455	5,099,806	6,063,840
<b>Carrying amount</b>				
At 31 December 2021	160,758	123,785	1,575,350	1,859,893
At 31 December 2020	51,596	21,051	1,832,688	1,905,335

Included within the net book value of land and buildings above is £160,758 (2020 - £51,596) in respect of short leasehold land and buildings improvements.

### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Plant and machinery	113,779	194,070

### 11 Investments

	2021 £	2020 £
Investments in subsidiaries	2	2



# Environcom England Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 11 Investments (continued)

<b>Subsidiaries</b>	£
<b>Cost or valuation</b>	
At 1 January 2021	<u>2</u>
<b>Provision</b>	
<b>Carrying amount</b>	
At 31 December 2021	<u>2</u>
At 31 December 2020	<u>2</u>

### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
<b>Subsidiary undertakings</b>				
Environcom Northwest Limited	Spittelgate Level, Grantham, NG31 7UH England and Wales	Ordinary shares	100%	100%

### 12 Stocks

	2021 £	2020 £
Raw materials and consumables	232,178	184,915
Finished goods and goods for resale	<u>157,861</u>	<u>265,174</u>
	<u>390,039</u>	<u>450,089</u>

The nature of the recycling services undertaken are that the raw materials are acquired at nil cost. Product produced (reyclates) is a by product of the recycling service for which the identification of the inputs are unable to be ascertained due to the complexity of the "whole" recycling service.

# Environcom England Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 13 Debtors

	Note	2021 £	2020 £
Trade debtors		1,944,287	1,516,586
Amounts owed by related parties	<u>21</u>	1,601,686	-
Other debtors		292	3,254
Prepayments		882,201	538,694
		<u>4,428,466</u>	<u>2,058,534</u>
Less non-current portion		<u>(1,601,686)</u>	<u>-</u>
		<u>2,826,780</u>	<u>2,058,534</u>

#### Details of non-current trade and other debtors

£1,601,686 (2020 -£Nil) of Intra group loans is classified as non current.

### 14 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	142	96
Cash at bank	82,687	635,808
	<u>82,829</u>	<u>635,904</u>

### 15 Creditors

	Note	2021 £	2020 £
<b>Due within one year</b>			
Loans and borrowings	<u>18</u>	872,950	761,331
Trade creditors		940,551	936,439
Social security and other taxes		204,923	55,774
Outstanding defined contribution pension costs		8,136	10,351
Other payables		9,584	39,132
Accrued expenses		748,015	280,695
		<u>2,784,159</u>	<u>2,083,722</u>
<b>Due after one year</b>			
Loans and borrowings	<u>18</u>	<u>179,473</u>	<u>426,991</u>

# **Environcom England Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

### **16 Pension and other schemes**

#### **Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £51,595 (2020 - £54,212).

Contributions totalling £8,136 (2020 - £10,351) were payable to the scheme at the end of the year and are included in creditors.

### **17 Share capital**

#### **Allotted, called up and fully paid shares**

	<b>2021</b>		<b>2020</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary of £1 each	13,000,100	13,000,100	13,000,100	13,000,100

### **18 Loans and borrowings**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>		
HP and finance lease liabilities	81,888	134,234
Other borrowings	97,585	292,757
	<u>179,473</u>	<u>426,991</u>

Hire purchase liabilities are secured on the assets to which they relate.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current loans and borrowings</b>		
HP and finance lease liabilities	52,214	66,276
Other borrowings	820,736	695,055
	<u>872,950</u>	<u>761,331</u>

Hire purchase liabilities are secured on the assets to which they relate.

### **19 Obligations under leases and hire purchase contracts**

#### **Operating leases**

The total of future minimum lease payments is as follows:

# **Environcom England Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

### **19 Obligations under leases and hire purchase contracts (continued)**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not later than one year	1,135,863	934,379
Later than one year and not later than five years	2,684,848	1,079,672
Later than five years	3,475,920	-
	<u>7,296,631</u>	<u>2,014,051</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £960,684 (2020 - £934,379).

## **Environcom England Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **20 Commitments**

##### **Capital commitments**

The total amount contracted for but not provided in the financial statements was £556,000 (2020 - £Nil).

##### **Pension commitments**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Once the company has paid its contributions it has no further obligations. Amounts unpaid at the period end are recognised as accruals. The assets and liabilities of the plan are held separately from the company in independently administered funds. Commitments provided for in the accounts amounted to £51,595 (2020 - £10,351). Commitments not provided for in the accounts amounted to £Nil (2020 - £Nil). £Nil relates to pension commitments related to pensions payable to past directors (2020 - £Nil).

#### **21 Related party transactions**

##### **Summary of transactions with subsidiaries**

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking within the group.

#### **22 Parent and ultimate parent undertaking**

The company's immediate parent is Environcom Limited, incorporated in Scotland.

These financial statements are available upon request from Companies House, Crown Way, Cardiff, CF14 3UZ

The ultimate controlling party is Mr C Stephenson and Mr J Parsons.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.