

**KEENAN (RECYCLING) LIMITED**  
**No. SC254053**

**DIRECTORS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**



# KEENAN (RECYCLING) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Grant Keenan Gregor Keenan J Melvin Keenan James Clark Richard Pugh Ritchie Clark
<b>Company number</b>	SC254053
<b>Registered office</b>	6 & 7 Queens Terrace Aberdeen AB10 1XL
<b>Business address</b>	Unit A5, Davidson House Campus One Balgownie Road Aberdeen AB22 8GT
<b>Auditor</b>	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL
<b>Bankers</b>	Clydesdale Bank 43 Broad Street Peterhead Aberdeenshire AB42 1JB

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# KEENAN (RECYCLING) LIMITED

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# KEENAN (RECYCLING) LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The directors present the strategic report for the year ended 31 March 2019.

### Principal activities

The principal activity of the company continued to be that of food waste collection and organic recycling services.

### Fair review of the business

Food waste collection and organic recycling services are provided to a wide range of private customers, large companies, local authorities and other public service organisations across Scotland and the North of England. Operations are run from the Aberdeen headquarters with additional bases in New Deer, Cumbernauld, Edinburgh, Linwood and Newcastle. The food waste and organic materials are then converted into compost or a bio fuel for Anaerobic Digestion plants to turn into renewable energy.

### Development and performance

The performance achieved in the period is set out in the Statement of Comprehensive Income on page 6.

Year on year revenue growth continued with an increase of 16% from the prior year to £8.8m. Growth has largely been driven through the expansion of food waste collection services across Central Scotland and the Borders and an increase in organic and food waste volumes through the recycling operation at New Deer.

Gross profit margin remains strong at 48%. Operating profit increased to £0.6m and a profit after tax of £0.2m was generated.

The outlook for the waste management industry remains positive. The UK government is committed to improving recycling rates and reducing the volume of biodegradable waste going to landfill. As part of the commitment they have set out plans for zero food waste to landfill by 2030 with all homes and businesses in England to have separate food waste collections by 2023. In Scotland, the regulations in place is already resulting in an increased level of organic waste being recycled. The financial results for the period since the balance sheet date confirm this, with revenue growth continuing.

A new depot was opened in Newcastle in September 2018 as a base to provide food waste collection services across the North of England. Additional depots are likely to be opened over the coming year to service further growth within England. The development of the food waste processing centre at its base in Linwood remains ongoing.

There is a strong ethos within the company towards health and safety. The company is subject to audits of its health, safety and environmental operations by various bodies and customers. This combined with the directors' attitude towards the area ensures that a fully compliant, efficient and safe service is provided.

Investment in the people, plant and machinery, fleet of food waste collection vehicles and the infrastructure continued during the year to ensure the company continues to deliver a high level of service which the customers require.

The directors are looking to continue to extend the geographic footprint of the food waste collection service offering throughout England, whilst continuing to grow and develop the business as the leading food waste collection and organic recycling company across Scotland.

On behalf of the board



Grant Keenan  
Director  
1 August 2019

# **KEENAN (RECYCLING) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present their report and financial statements for the year ended 31 March 2019.

### **Directors**

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

Grant Keenan  
Gregor Keenan  
J Melvin Keenan  
James Clark  
Richard Pugh  
Ritchie Clark

### **Results and dividends**

The results for the year are set out on page 6.

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

### **Auditor**

The auditor, Hall Morrice LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### **Development and performance**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of information on the future developments in the business of the company.

## **KEENAN (RECYCLING) LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Grant Keenan

**Director**

1 August 2019

## **KEENAN (RECYCLING) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEENAN (RECYCLING) LIMITED**

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#### **Opinion**

We have audited the financial statements of Keenan (Recycling) Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 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 March 2019 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the Strategic report and the Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **KEENAN (RECYCLING) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KEENAN (RECYCLING) LIMITED**

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#### **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 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 Directors' responsibilities statement, as set out in the Directors' report, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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.

**Robert J C Bain MA CA CTA**

**Senior Statutory Auditor**

For and on behalf of Hall Morrice LLP

Statutory Auditor

Aberdeen

1 August 2019



**KEENAN (RECYCLING) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
Turnover	3	8,758,205	7,562,583
Cost of sales		(4,537,848)	(3,868,151)
<b>Gross profit</b>		<b>4,220,357</b>	<b>3,694,432</b>
Administrative expenses		(3,664,427)	(3,205,021)
<b>Operating profit</b>	4	<b>555,930</b>	<b>489,411</b>
Interest payable and similar expenses	7	(368,960)	(369,930)
<b>Profit before taxation</b>		<b>186,970</b>	<b>119,481</b>
Tax on profit	8	(1,630)	(7,893)
<b>Profit for the financial year</b>		<b>185,340</b>	<b>111,588</b>
<b>Other comprehensive income</b>			
Tax relating to other comprehensive income		-	3,746
<b>Total comprehensive income for the year</b>		<b>185,340</b>	<b>115,334</b>

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# KEENAN (RECYCLING) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Tangible assets	9		9,632,288		9,278,041
Investments	10		50		50
			<u>9,632,338</u>		<u>9,278,091</u>
<b>Current assets</b>					
Stocks	12	53,580		72,634	
Debtors	13	1,540,059		1,653,165	
Cash at bank and in hand		626,946		236,149	
		<u>2,220,585</u>		<u>1,961,948</u>	
<b>Creditors: amounts falling due within one year</b>	14	(1,807,726)		(1,772,936)	
<b>Net current assets</b>			<u>412,859</u>		<u>189,012</u>
<b>Total assets less current liabilities</b>			<u>10,045,197</u>		<u>9,467,103</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(5,623,003)		(5,231,879)
<b>Provisions for liabilities</b>	18		(680,860)		(679,230)
<b>Net assets</b>			<u>3,741,334</u>		<u>3,555,994</u>
<b>Capital and reserves</b>					
Called up share capital	22		153		153
Share premium account	23		499,947		499,947
Revaluation reserve	23		2,359,787		2,359,787
Capital redemption reserve	23		150,000		150,000
Profit and loss reserves	23		731,447		546,107
<b>Total equity</b>			<u>3,741,334</u>		<u>3,555,994</u>

The financial statements were approved by the board of directors and authorised for issue on 1 August 2019 and are signed on its behalf by:



Grant Keenan  
Director

Company Registration No. SC254053

# KEENAN (RECYCLING) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2017</b>	153	499,947	2,356,041	150,000	434,519	3,440,660
<b>Year ended 31 March 2018:</b>						
Profit for the year	-	-	-	-	111,588	111,588
Other comprehensive income:						
Tax relating to other comprehensive income	-	-	3,746	-	-	3,746
<b>Total comprehensive income for the year</b>	-	-	3,746	-	111,588	115,334
<b>Balance at 31 March 2018</b>	153	499,947	2,359,787	150,000	546,107	3,555,994
<b>Year ended 31 March 2019:</b>						
Profit and total comprehensive income for the year	-	-	-	-	185,340	185,340
<b>Balance at 31 March 2019</b>	153	499,947	2,359,787	150,000	731,447	3,741,334

# KEENAN (RECYCLING) LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
<b>Cash flows from operating activities</b>					
Cash generated from operations	28		1,819,004		1,408,052
Interest paid			(329,175)		(404,345)
Income taxes (paid)/refunded			-		53,848
<b>Net cash inflow from operating activities</b>			<b>1,489,829</b>		<b>1,057,555</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(537,519)		(239,332)	
Proceeds on disposal of tangible fixed assets		252,870		250,736	
Other investments and loans made		-		(3,664)	
Proceeds from other investments and loans		3,861		-	
<b>Net cash (used in)/generated from investing activities</b>			<b>(280,788)</b>		<b>7,740</b>
<b>Financing activities</b>					
Issue of loan notes		-		400,000	
Repayment of borrowings		(1,200)		(1,600)	
Proceeds of new bank loans		-		2,240,000	
Repayment of bank loans		-		(1,866,236)	
Payment of finance leases obligations		(817,044)		(915,096)	
<b>Net cash used in financing activities</b>			<b>(818,244)</b>		<b>(142,932)</b>
<b>Net increase in cash and cash equivalents</b>			<b>390,797</b>		<b>922,363</b>
Cash and cash equivalents at beginning of year			236,149		(686,214)
<b>Cash and cash equivalents at end of year</b>			<b>626,946</b>		<b>236,149</b>

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### 1.1 Accounting convention

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

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

#### 1.2 Going concern

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

#### 1.3 Turnover

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

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

Revenue from the provision of services is recognised by reference to the date on which the services were rendered.

#### 1.4 Tangible fixed assets

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

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

Land	Nil
Buildings	2% - 5% Straight line
Plant and machinery	6% - 41% Straight line
Fixtures, fittings & equipment	20% - 33% Straight line
Motor vehicles	20% - 33% Straight line

Freehold land and assets in the course of construction are not depreciated.

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

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (continued)

Each class of asset is measured using the cost model other than land, which is measured using the revaluation model.

Land is carried at its revalued amount, being fair value at the date of valuation less subsequent impairment losses. Revaluations are performed by professional qualified valuers with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase in the carrying amount of land is recognised in other comprehensive income and included in the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expended. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve in equity; decreases exceeding the balance in the revaluation reserve relating to an asset are recognised in profit or loss.

Provision is made for deferred tax liabilities arising on the revaluation of land. Deferred tax assets arising on the revaluation of land are not recognised as it is not considered probable that they will be recovered due to the anticipated future upward movement in the fair value of the land.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (continued)

##### 1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (continued)

##### ***Classification of financial liabilities***

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

##### ***Basic financial liabilities***

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

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

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

##### ***Derecognition of financial liabilities***

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

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

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

##### ***Current tax***

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

##### ***Deferred tax***

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity through other comprehensive income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



## **KEENAN (RECYCLING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **1 Accounting policies (continued)**

##### **1.11 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.13 Retirement benefits**

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

##### **1.14 Share-based payments**

The valuation of the equity was carried out on an enterprise basis with reference to the underlying profitability and Net asset position. The market price of similar quoted companies at the date of the award was also taken into consideration.

##### **1.15 Leases**

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

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

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

#### **2 Judgements and key sources of estimation uncertainty**

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

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

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

#### 2 Judgements and key sources of estimation uncertainty (continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of each asset and note 1.4 for the useful economic lives for each class of asset.

##### Revaluation of land

Land is carried at valuation. The fair value at each reporting date is normally determined by the directors at estimated market value. Annual professional valuations are not obtained due to the cost involved and the fact that the directors have no intention to sell the land. Periodic professional valuations are obtained when there is considered to have been a material change in the economic environment. The carrying amount of the land is disclosed in note 9.

#### 3 Turnover and other revenue

##### Turnover

The directors are of the opinion that disclosure of the different classes of turnover would be seriously prejudicial to the company's interest. Such disclosure has therefore not been made.

#### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	14,500	14,500
Depreciation of owned tangible fixed assets	565,139	357,539
Depreciation of tangible fixed assets held under finance leases	571,282	597,080
Profit on disposal of tangible fixed assets	(14,356)	(22,779)
Cost of stocks recognised as an expense	351,260	253,689
Operating lease charges	81,095	92,793

#### 5 Employees

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

	2019	2018
	Number	Number
Administration	24	24
Operations	58	52
	82	76

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 5 Employees (continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,705,942	2,457,222
Social security costs	290,500	254,018
Pension costs	83,883	72,379
	<u>3,080,325</u>	<u>2,783,619</u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	456,004	411,694
Company pension contributions to defined contribution schemes	37,871	44,736
	<u>493,875</u>	<u>456,430</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 As restated £
Remuneration for qualifying services	143,355	131,396
Company pension contributions to defined contribution schemes	10,080	15,600
	<u>153,435</u>	<u>147,000</u>

Non-cash benefits included in remuneration relate to excess mileage payments, private van use, car benefit and fuel benefit.

### 7 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	79,585	74,876
Interest on finance leases and hire purchase contracts	88,841	99,733
Other interest on financial liabilities	200,534	195,321
	<u>368,960</u>	<u>369,930</u>

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 8 Taxation

	2019 £	2018 £
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(53,848)
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,630	61,741
<b>Total tax charge</b>	<b>1,630</b>	<b>7,893</b>

The UK corporation tax rate reduced from 20% to 19% with effect from 1 April 2017. The Finance Act 2015 was fully enacted on 18 November 2015 and legislated to reduce the UK corporation tax rate to 18% with effect from 1 April 2020. The rate has subsequently been further reduced to 17% with effect from 1 April 2020 by the Finance Act 2016, which was fully enacted on 15 September 2016. The deferred tax liabilities reflect these rates.

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

	2019 £	2018 £
Profit before taxation	186,970	119,481
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2018: 19%)	35,524	22,701
Tax effect of expenses that are not deductible in determining taxable profit	4,077	5,244
Tax effect of income not taxable in determining taxable profit	(2,728)	(4,328)
Unutilised tax losses carried forward	(59,323)	(68,053)
Adjustments in respect of prior years	-	(53,848)
Permanent capital allowances	(193,842)	(137,420)
Depreciation	215,920	181,378
Deferred tax charge	1,630	61,741
Provisions	372	478
<b>Taxation charge for the year</b>	<b>1,630</b>	<b>7,893</b>

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 8 Taxation (continued)

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £	2018 £
Deferred tax arising on: Revaluation of land	-	(3,746)

### 9 Tangible fixed assets

	Land £	Buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 April 2018	3,246,755	1,976,516	5,597,704	245,831	2,362,870	13,429,676
Additions	12,607	48,387	651,376	33,564	983,248	1,729,182
Disposals	-	-	(433,985)	(3,456)	(115,850)	(553,291)
Transfers	-	-	(216,600)	-	216,600	-
At 31 March 2019	3,259,362	2,024,903	5,598,495	275,939	3,446,868	14,605,567
<b>Depreciation</b>						
At 1 April 2018	-	407,120	2,572,894	118,405	1,053,216	4,151,635
Depreciation charged in the year	-	45,541	557,665	67,066	466,149	1,136,421
Eliminated in respect of disposals	-	-	(289,985)	(2,088)	(22,704)	(314,777)
Transfers	-	-	(90,681)	-	90,681	-
At 31 March 2019	-	452,661	2,749,893	183,383	1,587,342	4,973,279
<b>Carrying amount</b>						
At 31 March 2019	3,259,362	1,572,242	2,848,602	92,556	1,859,526	9,632,288
At 31 March 2018	3,246,755	1,569,396	3,024,810	127,426	1,309,654	9,278,041

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

	2019 £	2018 £
Plant and machinery	1,358,665	1,484,938
Motor vehicles	1,571,458	1,219,768
	<u>2,930,123</u>	<u>2,704,706</u>
Depreciation charge for the year in respect of leased assets	<u>571,282</u>	<u>597,080</u>

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

#### 9 Tangible fixed assets (continued)

Land is held at valuation. The land at New Deer, Turriff was independently valued at 23 June 2017 by Ryden LLP Chartered Surveyors, independent valuers not connected with the company, at £2,385,000 on the basis of market value. The land at Linwood, Paisley was independently valued at 20 June 2016 by Ryden LLP Chartered Surveyors at £750,000 on the basis of market value. The directors are of the opinion that the market value of the remaining items of land is not materially different from its carrying amount as at the reporting end date.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	435,946	423,339
Accumulated depreciation	-	-
Carrying value	<u>435,946</u>	<u>423,339</u>

Land with a carrying amount of £3,259,362 (2018 - £3,246,755) has been pledged to secure borrowings of the company.

#### 10 Fixed asset investments

	2019 £	2018 £
Unlisted investments	<u>50</u>	<u>50</u>

##### Financial assets for which fair value cannot be measured reliably

The unlisted investment is not publicly traded and its fair value cannot otherwise be measured reliably. The unlisted investment is therefore measured at cost less impairment.

##### Movements in fixed asset investments

	Investments other than loans £
<b>Cost</b>	
At 1 April 2018 & 31 March 2019	<u>50</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>50</u>
At 31 March 2018	<u>50</u>

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 11 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,439,629	1,589,755
Equity instruments measured at cost less impairment	50	50
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	7,221,776	6,817,323
	<u>          </u>	<u>          </u>

### 12 Stocks

	2019 £	2018 £
Finished goods and goods for resale	53,580	72,634
	<u>          </u>	<u>          </u>

### 13 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,435,035	1,562,856
Other debtors	4,594	26,899
Prepayments and accrued income	100,430	63,410
	<u>          </u>	<u>          </u>
	1,540,059	1,653,165
	<u>          </u>	<u>          </u>

### 14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Loan notes	17	39,453	39,453
Obligations under finance leases	16	705,382	681,353
Other borrowings	17	-	1,200
Trade creditors		649,951	592,711
Other taxation and social security		208,953	187,492
Other creditors		31,022	15,444
Accruals and deferred income		172,965	255,283
		<u>          </u>	<u>          </u>
		1,807,726	1,772,936
		<u>          </u>	<u>          </u>

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Loan notes	17	1,724,054	1,683,520
Bank loans and overdrafts	17	2,240,000	2,240,000
Obligations under finance leases	16	1,658,949	1,308,359
		<u>5,623,003</u>	<u>5,231,879</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	172,618	377,748
	<u>172,618</u>	<u>377,748</u>

### 16 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	784,073	754,059
In two to five years	1,601,271	1,324,212
In over five years	178,028	70,579
	<u>2,563,372</u>	<u>2,148,850</u>
Less: future finance charges	(199,041)	(159,138)
	<u>2,364,331</u>	<u>1,989,712</u>

Finance lease payments represent rentals payable by the company for certain items of Plant and machinery and Motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 17 Loans and overdrafts

	2019 £	2018 £
Loan notes	1,763,507	1,722,973
Bank loans	2,240,000	2,240,000
Other loans	-	1,200
	<u>4,003,507</u>	<u>3,964,173</u>
Payable within one year	39,453	40,653
Payable after one year	<u>3,964,054</u>	<u>3,923,520</u>



# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 17 Loans and overdrafts (continued)

Bank loans and overdrafts are secured by: a standard security over the land at 81 Burnbrae Road, Linwood, Paisley; standard security over the land at Hillhead of Auchreddie, New Deer; and two floating charges that create a fixed and floating charge over the assets of the company. The company is not allowed to create subsequent fixed securities having priority over or ranking equally with the floating charges.

Bank loans consist of fixed and variable rate loans that attract interest at rates of 3% above LIBOR per annum. The bank loans are repayable by monthly instalments commencing in August 2020 over the remaining 2 years.

Loan notes consist of £1,000,000 A loan notes, £200,000 B loan notes and £400,000 C loan notes. The A, B and C loan notes attract interest of 10% per annum, paid quarterly. The A loan notes are due for redemption at the principal amount plus a redemption premium of £200,000 in six equal six-monthly instalments from 31 December 2020 to 30 June 2023. The B loan notes are due for redemption at the principal amount in six equal six-monthly instalments from 31 December 2020 to 30 June 2023. The C loan notes are due for redemption at the principal amount plus a redemption premium of £52,000 in six equal six-monthly instalments from 31 December 2020 to 30 June 2023.

### 18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	680,860	679,230

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	327,677	337,249
Tax losses	(108,742)	(120,276)
Revaluations	463,629	463,629
Retirement benefit obligations	(1,704)	(1,372)
	680,860	679,230
<b>Movements in the year:</b>		2019 £
Liability at 1 April 2018		679,230
Charge to profit or loss		1,630
Liability at 31 March 2019		680,860

# KEENAN (RECYCLING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 20 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	83,883	72,379

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

At the reporting end date the company had a defined contribution pension liability included in creditors of £10,028 (2018 - £8,072).

### 21 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 April 2018	313	-	15.00	-
Granted	-	313	-	15.00
Outstanding at 31 March 2019	313	313	15.00	15.00
Exercisable at 31 March 2019	-	-	-	-

The options outstanding at 31 March 2019 had an exercise price of £15, and a remaining contractual life of 8.5 years.

The valuation of the equity was carried out as detailed in accounting policy 1.14.

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

#### 22 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,710 Ordinary shares of 1p each	107	107
4,590 A Ordinary shares of 1p each	46	46
	<u>153</u>	<u>153</u>

#### Ordinary shares and A Ordinary shares

On a show of hands each holder has one vote. On a poll or written resolution each holder has one vote per share. The shares participate equally in respect of distributions of both profit and capital (including on winding up). The shares are not redeemable.

#### 23 Reserves

##### Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

##### Revaluation reserve

This reserve records increases in the fair value of land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in this reserve. Deferred tax liabilities arising on the revaluation of land are provided for and movements in such deferred tax liabilities are also recorded through this reserve.

##### Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

##### Profit and loss reserves

This reserve records the accumulated distributable profits made by the company net of distributions to shareholders.

#### 24 Operating lease commitments

##### Lessee

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

	2019 £	2018 £
Within one year	47,165	65,775
Between two and five years	13,519	71,566
In over five years	128	960
Total	<u>60,812</u>	<u>138,301</u>

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

#### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	-	459,600

#### 26 Related party transactions

##### Transactions with related parties

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

	Services received		Loan note interest paid	
	2019 £	2018 £	2019 £	2018 £
Other related parties	93,391	93,194	29,000	34,327

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts owed to related parties		
Other related parties	320,386	317,018

Services received are considered to be arm's length transactions conducted under normal business conditions. The amounts outstanding are in relation to trading accounts, which are unsecured and will be settled in cash.

## KEENAN (RECYCLING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

#### 27 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Directors' loan accounts	6.25	(3,861)	(6,214)	-	10,075	-

The directors' loan accounts are unsecured, repayable on demand and will be settled in cash. The maximum overdrawn position during the year was £5,765 and this was reached in April 2018.

Loan notes issued by the company are held by its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
B Loan notes	10.00	51,233	-	5,000	(5,000)	51,233
C Loan notes	10.00	146,685	-	17,612	(14,000)	150,297

The terms attached to the loan notes are detailed in note 17.

#### 28 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	185,340	111,588
<b>Adjustments for:</b>		
Taxation charged	1,630	7,893
Finance costs	368,960	369,930
Gain on disposal of tangible fixed assets	(14,356)	(22,779)
Depreciation and impairment of tangible fixed assets	1,136,421	954,619
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	19,054	(20,234)
Decrease/(increase) in debtors	109,245	(255,508)
Increase in creditors	12,710	262,543
<b>Cash generated from operations</b>	<b>1,819,004</b>	<b>1,408,052</b>

#### 29 Company information

Keenan (Recycling) Limited is a private company limited by shares incorporated in Scotland (registered no. SC254053). The registered office is 6 & 7 Queens Terrace, Aberdeen, AB10 1XL.