

Registered number: 06347331 (England and Wales)

## **2 Recycling Limited**

**Annual report and financial statements**

**for the year ended 31 December 2022**

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## 2 Recycling Limited

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## **2 Recycling Limited**

### **Company Information For the year ended 31 December 2022**

#### **Directors**

S A Elliott  
M J Hanshaw

#### **Registered Office**

CorpAcq House  
1 Goose Green  
Altrincham  
Cheshire  
WA14 1DW

#### **Business Address**

Orange House  
Swingbridge Road  
Grantham  
Lincolnshire  
NG31 7XT

#### **Registered Number**

06347331 (England and Wales)

#### **Senior Statutory Auditor**

Theo Banos BA FCA

#### **Auditors**

Duncan & Toplis Limited, Statutory Auditor  
3 Castlegate  
Grantham  
Lincolnshire  
NG31 6SF

## 2 Recycling Limited

### Strategic report For the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

#### Review of the business

The directors consider the underlying results for the period to be good, taking the impact of general supply issues and uncertainties caused by the Russian invasion of Ukraine and the impact it has had on the global economy.

The company has seen an increase in turnover of 28% and a reduction in gross profit percentage from 26.0% to 24.4%.

The company will continue to invest into training and welfare, as in the long term this will help increase our workforce and strengthen the business.

The decisions made by our management team has helped us to maintain a strong position with the existing customers and has also allowed us to win new work which ensures the business can continue to grow reliably and consistently.

#### Key performance indicators

The directors consider the key performance indicators of the company to be turnover, gross profit percentage and EBITDA (earnings before interest, tax, depreciation, and amortisation). Turnover being £16.9m (2021: £13.2m), gross profit percentage being 24.4% (2021: 26.0%) and EBITDA £2.0m (2021: £1.5m).

The directors consider the results to be satisfactory in light of the current trading environment.

#### Principal risks and uncertainties

The company is subject to the same general risks and uncertainties as any other business, for example, the changes in general economic conditions, interest rate and stock market fluctuations. The company also considers the risks relating to the particular industry which include employment regulations, the health and safety of staff and customers, the impact of changes in customer trends and public opinion.

##### *Cashflow and liquidity risk*

The company's exposure to these risks is limited as substantial working capital is consistently maintained. Liquidity risks are constantly managed through the regular reviews of cashflow forecasts and control of asset purchases.

##### *Credit risk*

The Company's exposure to credit risk is mainly via trade receivables. Risk in relation to trade receivables is considered to be low, as receivables are spread over a large number of customers and occurrence of debt not being received are unusual. The amounts presented in the statement of financial position are net of provisions for doubtful debts.

#### Future developments

The directors will continue to address those risks and opportunities presented to the business. The directors expect the general level of activity to result in a satisfactory trading result in the forthcoming year.

Approved by the Board and signed on its behalf by:



S A Elliott – Director

Date 30.03.2023

## 2 Recycling Limited

### Directors' report For the year ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

#### Principal Activity

The principal activities of the company are the collection, processing, and recycling of scrap metals.

#### Dividends

No dividends will be distributed for the year ended 31 December 2022.

#### Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

S A Elliot  
M J Hanshaw

Other changes in directors holding office are as follows:

J P Dorsett – resigned 1 September 2022

#### Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### Matters covered in the Strategic Report

In accordance with section 414C(11) of the Companies Act, certain matters required to be detailed in the Directors' Report are detailed in the Strategic Report where the Directors consider them to be of strategic importance to the Company.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Duncan and Toplis have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



S A Elliott – Director

Date 30.03.2023

## **2 Recycling Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# **Independent auditor's report to the members of 2 Recycling Limited**

## **Opinion**

We have audited the financial statements of 2 Recycling Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

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

## **Other information**

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

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

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

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

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

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

## **Independent auditor's report to the members of 2 Recycling Limited (continued)**

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with directors and other management obtained as part of the work required by auditing standards. We have also discussed with the directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as depreciation of tangible fixed assets, as well as the risk of inappropriate journal entries to increase reported profitability. Audit procedures performed by the engagement team included the identification and testing of material and unusual journal entries and challenging management on key accounting estimates, assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on accounting estimates, including reviewing the methods used by management to make those estimates, re-performing the calculation, and reviewing the outcome of prior year estimates.

## **Independent auditor's report to the members of 2 Recycling Limited (continued)**

### **Auditors' responsibilities for the audit of the financial statements (continued)**

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Environmental Agency and Traffic Commissioner licences such as the waste management licences and goods vehicle operators licence, as well as money laundering regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection. This inspection included a review of all renewed licences and ISO accreditation audits during the year for any evidence of non-compliance. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

### **Use of our report**

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

*Duncan & Toplis Ltd*

Theo Banos BA FCA (Senior Statutory Auditor)  
for and on behalf of Duncan & Toplis Limited, Statutory Auditor  
3 Castlegate  
Grantham  
Lincolnshire  
NG31 6SF

Date *30 March 2023*

## 2 Recycling Limited

### Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	2	16,947,095	13,243,409
Cost of sales		(12,808,956)	(9,802,543)
<b>Gross profit</b>		<b>4,138,139</b>	<b>3,440,866</b>
Administrative expenses		(3,009,824)	(2,630,097)
Other operating income		-	12,500
<b>Operating profit</b>	3	<b>1,128,315</b>	<b>823,269</b>
Interest receivable and similar income		75	14
<b>Profit before taxation</b>		<b>1,128,390</b>	<b>823,283</b>
Tax on profit	5	(197,071)	(150,320)
<b>Profit for the financial year attributable to the equity shareholders of the Company</b>		<b>931,319</b>	<b>672,963</b>

The notes form part of these financial statements.

## 2 Recycling Limited

### Statement of financial position As at 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	6	2,545,354	1,818,565
		<u>2,545,354</u>	<u>1,818,565</u>
<b>Current assets</b>			
Stocks	7	311,457	353,908
Debtors	8	3,759,057	3,607,599
Cash at bank and in hand		1,373,877	1,167,394
		<u>5,444,391</u>	<u>5,128,901</u>
<b>Creditors: amounts falling due within one year</b>	9	(3,861,999)	(4,033,227)
<b>Net current assets</b>		<u>1,582,392</u>	<u>1,095,674</u>
<b>Total assets less current liabilities</b>		4,127,746	2,914,239
<b>Creditors: amounts falling due after more than one year</b>	10	(987,345)	(888,963)
<b>Provisions for liabilities</b>	15	(248,123)	(64,317)
		<u>2,892,278</u>	<u>1,960,959</u>
<b>Net assets</b>		<u>2,892,278</u>	<u>1,960,959</u>
<b>Capital and reserves</b>			
Called up share capital	16	100	100
Retained earnings		2,892,178	1,960,859
		<u>2,892,278</u>	<u>1,960,959</u>
<b>Shareholders' funds</b>		<u>2,892,278</u>	<u>1,960,959</u>

The financial statements of 2 Recycling Limited (registered number 06347331) were approved by the board of directors and authorised on 30.01.2023

They were signed on its behalf by:



S A Elliott  
Director



M J Hanshaw  
Director

The notes form part of these financial statements.

## 2 Recycling Limited

### Statement of Changes in Equity

For the year ended 31 December 2021

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2021</b>	100	1,287,896	1,287,996
<b>Comprehensive income for the year</b>			
Profit for the year	-	672,963	672,963
<b>At 31 December 2021</b>	<u>100</u>	<u>1,960,859</u>	<u>1,960,959</u>

For the year ended 31 December 2022

	<b>Called up share Capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2022</b>	100	1,960,859	1,960,959
<b>Comprehensive income for the year</b>			
Profit for the year	-	931,319	931,319
<b>At 31 December 2022</b>	<u>100</u>	<u>2,892,178</u>	<u>2,892,278</u>

The notes form part of these financial statements.

## 2 Recycling Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

##### a. General information and basis of accounting

2 Recycling Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is disclosed on the company information page. The nature of the Company's operations and its principal activities are set out in the strategic report.

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

The Company's presentation currency is pounds sterling and amounts presented in these financial statements are rounded to the nearest pound.

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

The following principal accounting policies have been applied:

##### b. Financial Reporting Standard 102 – reduced disclosure exemptions

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

- The requirements of Section 7 Statements of Cashflows;
- The requirements of Section 33 Related Party Disclosures paragraphs 33.7.

The information is included in the consolidated financial statements of CorpAcq Limited as at 31 December 2022 and these financial statements may be obtained from 1 Goose Green, Altrincham, Cheshire, England, WA14 1DW.

##### c. Going concern

The financial statements have been prepared using the going concern basis of accounting.

##### d. Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under finance lease, over the lease term which ever is shorter:

Improvements to property	10% on cost
Plant and machinery	20% - 25% on cost
Motor vehicles	14% - 20% on cost
Office equipment	20% - 33% on cost

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### e. *Stocks*

Stocks are valued at the lower of cost and fair value less costs to sell, after making due allowance for obsolete and slow moving items.

##### f. *Financial instruments*

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

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

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

##### g. *Taxation*

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

Current or deferred taxation assets and liabilities are not discounted.

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

##### h. *Deferred taxation*

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

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

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

##### i. *Foreign currencies*

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

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### k. Hire purchase and leasing commitments

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

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

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

Assets obtained under hire purchase contracts are capitalised in the statement of financial position and depreciated over their estimated useful lives.

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

##### l. Pension costs and other post-retirement benefits

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

#### 2. Turnover

An analysis of the Company's turnover by class of business is set out below.

	2022	2021
	£	£
Recycling of scrap metal	16,947,095	13,243,409

All turnover arose within the United Kingdom.

#### 3. Operating profit

Profit before taxation is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	5,579	21,748
Depreciation – owned assets	472,894	381,400
Depreciation – assets on hire purchase contracts	236,580	176,683
(Profit)/loss on disposal of fixed assets	(23,789)	1,213
Auditors' remuneration	9,850	7,250
Operating leases – Land and buildings	287,752	241,435
Operating leases – Plan and machinery	12,447	10,121

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 4. Staff numbers and costs

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Admin (including Management)	12	11
Selling and Distribution	17	11
Production and Operations	23	22
	<u>52</u>	<u>44</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,288,669	1,808,615
Social security costs	259,228	192,799
Other pension costs	51,141	42,545
	<u>2,599,038</u>	<u>2,043,959</u>

	2022 £	2021 £
Directors' remuneration	<u>275,037</u>	<u>274,630</u>

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

	2022 Number	2021 Number
Money purchase schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows

	2022 £	2021 £
Emoluments etc	<u>137,873</u>	<u>137,671</u>

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 5. Taxation

The tax charge comprises:

	2022 £	2021 £
<b>Current tax on profit</b>		
UK corporation tax	13,265	84,346
<b>Total current tax</b>	<u>13,265</u>	<u>84,346</u>
<b>Deferred tax</b>	183,806	65,974
<b>Total tax on profit</b>	<u><u>197,071</u></u>	<u><u>150,320</u></u>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022 £	2021 £
<b>Profit before tax</b>	<u>1,128,390</u>	<u>832,283</u>
Tax on profit at standard UK corporation tax rate of 19% (2021: 19%)	214,394	156,424
Effects of:		
- Income not taxable in determining taxable profit	(8,395)	(4,270)
- Capital allowances in excess of depreciation	(192,734)	(67,321)
- Utilisation of tax losses	-	(427)
- Deferred tax	183,806	65,974
<b>Total tax charge for year</b>	<u><u>197,071</u></u>	<u><u>150,320</u></u>

#### Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 6. Tangible fixed assets

	Improvements to property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2022	3,123,019	3,123,019	1,588,458	377,920	5,359,463
Additions	6,728	843,991	566,209	43,106	1,460,034
Disposals	-	(19,646)	(201,216)	-	(220,862)
At 31 December 2022	<u>276,794</u>	<u>3,947,364</u>	<u>1,953,451</u>	<u>421,026</u>	<u>6,598,635</u>
<b>Depreciation</b>					
At 1 January 2022	67,155	2,313,702	878,806	281,235	3,540,898
Charge for the year	26,208	381,363	263,988	37,915	709,474
Disposals	-	(19,556)	(177,535)	-	(197,091)
At 31 December 2022	<u>93,363</u>	<u>2,675,509</u>	<u>965,259</u>	<u>319,150</u>	<u>4,053,281</u>
<b>Net book value</b>					
At 31 December 2022	<u>183,431</u>	<u>1,271,855</u>	<u>988,192</u>	<u>101,876</u>	<u>2,545,354</u>
At 31 December 2021	<u>202,911</u>	<u>809,317</u>	<u>709,652</u>	<u>96,685</u>	<u>1,818,565</u>

The net book value of tangible fixed assets includes £1,406,178 (2021 - £1,053,225) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounts to £236,580 (2021 - £174,683).

#### 7. Stocks

	2022 £	2021 £
Raw materials and consumables	<u>311,457</u>	<u>353,908</u>

#### 8. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,123,662	1,382,117
Amounts owed by group undertakings	2,312,421	2,021,896
Corporation tax	21,735	21,438
Prepayments and accrued income	301,239	182,148
	<u>3,759,057</u>	<u>3,607,599</u>

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 9. Creditors: amounts falling due within one year

	2022	2021
	£	£
Other loans (see note 11)	183,111	183,111
Hire purchase contracts (see note 12)	363,102	184,838
Payments received on account	-	223,788
Trade creditors	1,099,770	1,380,142
Amounts owed to group undertakings	555,000	555,000
Other taxes and social security	352,777	374,743
Other creditors	4,827	1,233
Accruals and deferred income	1,303,412	1,130,372
	<u>3,861,999</u>	<u>4,033,227</u>

#### 10. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Other loans (see note 11)	187,926	371,037
Hire purchase contracts (see note 12)	799,419	517,926
	<u>987,345</u>	<u>888,963</u>

#### 11. Loans

An analysis of the maturity of loans is given below

	2022	2021
	£	£
Other loans		
Amounts falling due within one year or on demand	183,111	183,111
Amounts falling due between one and two years	123,111	183,111
Amounts falling due between two and five years	64,815	187,926
	<u>371,037</u>	<u>554,148</u>

Other loans relate to two loans which are repayable by instalments over 60 months with interest charged at 3.5% and 5% respectively above the applicable rate.

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 12. Leasing agreements

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Net obligations repayable:		
Within one year	363,102	184,838
Between one and five years	799,419	517,926
	<u>1,162,521</u>	<u>702,764</u>

#### 13. Secured debts

The following are debts included within creditors:

	2022 £	2021 £
Other loans	371,037	554,148
Hire purchase contracts	1,162,521	702,764
Payments received on account	-	223,788
	<u>1,533,558</u>	<u>1,480,700</u>

Other loans are secured on a floating charge against the company's assets. Hire purchase contracts and payments received on accounts are secured on the assets which they relate.

#### 14. Financial instruments

The company has the following financial instruments:

	2022 £	2021 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	1,123,662	1,382,117
Amounts owed by group undertakings	2,312,421	2,021,896
Financial liabilities measured at amortised cost		
Other loans	371,037	554,148
Hire purchase contracts	1,162,521	707,764
Payments received on account	-	223,788
Trade creditors	1,099,770	1,380,142
Amounts owed to group undertakings	555,000	555,000
Other creditors	4,827	1,233
Accruals and deferred income	1,303,412	1,130,372

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the income statements was £75 (2021: £14) and £153,697 (2021: £130,242) respectively.

## 2 Recycling Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2022

#### 15. Provisions for liabilities

	2022 £	2021 £
Deferred tax		
Accelerated capital allowances	248,123	64,317
	<u>248,123</u>	<u>64,317</u>
		<b>Deferred tax £</b>
Balance at 1 January 2022		64,317
Charge to Income Statement during year		183,806
		<u>183,806</u>
Balance at 31 December 2022		<u>248,123</u>

The expected net reversal of deferred tax liabilities in 2023 is not expected to be significant based on the planned capital expenditure for the company.

#### 16. Called up share capital and reserves

	2022 £	2021 £
Allotted, called up and fully-paid 10,000 (2021 – 10,000) Ordinary shares of £0.01 each	100	100
	<u>100</u>	<u>100</u>

#### 17. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. During the year contributions have been paid totalling £51,141 (2021 - £42,545) and at the year end £500 (2021 - £Nil) was outstanding.

#### 18. Capital commitments

	2022 £	2021 £
Contracted but not provided for in the financial statements	881,548	534,142
	<u>881,548</u>	<u>534,142</u>

#### 19. Other financial commitments

The company has the following commitments due as follows:

	2022 £	2021 £
Due in less than one year	330,551	258,494
Due between one and five years	1,290,599	1,081,688
Due in more than five years	581,940	749,950
	<u>2,203,090</u>	<u>2,090,132</u>