Company Registration No. 04004654 (England and Wales)

SMITH'S (GLOUCESTER) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

SMITHS

SMITH'S (GLOUCESTER) LIMITED

COMPANY INFORMATION

Directors	Mr A Smith Mrs A Smith
Secretary	Mrs R Pullin
Company number	04004654
Registered office	Alkerton Court Eastington Stonehouse Glos GL10 3AQ
Auditor	Griffiths Marshall Beaumont House 172 Southgate Street Gloucester GL1 2EZ
Business address	Alkerton Court Eastington Stonehouse Glos GL10 3AQ
Bankers	Santander Santander Corporate & Commercial 3rd Floor One Glass Wharf, Avon Street Bristol BS2 0EL
Solicitors	Trowers & Hamlins LLP The Senate Southernhay Gardens Exeter EX1 1UG

SMITH'S (GLOUCESTER) LIMITED

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SMITH'S (GLOUCESTER) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

Fair review of the business
The group operates primarily in the waste management and construction industries.

Principal risks and uncertainties
The process of risk acceptance and risk management is addressed through a framework of policies, procedures and controls, all of which are subject to board approval and are reviewed annually.

The principal risk to the group continues to be its dependence on favourable working conditions in order to ensure all deadlines are met. This has historically been largely affected by weather conditions and daylight hours. However, a new requirement of ensuring a safe working environment for all our staff including but not limited to social distancing, appropriate PPE and working from home where possible, has resulted in a considerable shift to different priorities and focus.

The general economic stability of the country as a whole and its need to grow and expand has a direct effect on the need for waste management and construction and consequently Smith's (Gloucester) Ltd. The group has therefore had to modify processes and working practices to meet the changing needs of our client base and our staff as the Covid -19 outbreak has developed and changed within the areas in which we operate.

The overall impact on the Company has been positive and due to the adaptive attitude of staff and management has enabled us to capitalise on opportunities that arguably would not have otherwise been presented.
Development and performance
The result of the group are set out in pages 11 to 38. They show a profit after taxation of £2,720,239 (2020 -£499,662). The group held shareholder's funds of £11,138,282 (2020 - £8,418,143) as at 30 September 2021.

The performance of the group for this financial period was very encouraging. Continued growth and increasing diversity across all divisions has enabled the company to maintain and grow turnover whilst keeping the control of costs as a priority.

Considerable investment in new back office systems will further improve efficiencies and communication thus allowing the Company to continue to develop and improve performance.

Key performance indicators
The board monitors progress of the group by reference to the followings KPI's:

2021 2020

Sales 61,409,355 80,840,125

Gross Profit 6,711,367 5,906,229
Gross Profit Margin 10.93% 7.31%

Net Profit Margin 4.43% 0.62%

Total Debt 16,967,819 15,981,392

Leverage (Debt to EBITDA) 2.05 1.66

SMITH'S (GLOUCESTER) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Other performance indicators
The board also use EBITDA as a key performance indicator:

	2021	**2020**
Tax	-626,068	49,406
Depreciation	5,574,108	8,422,827
Amortisation	127,315	142,315
Interest received	(137)	(1,546)
Interest paid	491,803	529,967
Net profit	2,720,239	499,662
EBITDA	**8,287,260**	**9,642,631**
EBITDA %	13.50%	11.93%
Trading Period	12 months	18 months

The board continue to be encouraged by the level of EBITDA which reflects the ongoing review and improvement in control of both direct and indirect costs and anticipate the target of 13.50% will be met in 2021/22

On behalf of the board

Mr A Smith
Director

11 March 2022

SMITH'S (GLOUCESTER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Principal activities
The group operates primarily in the construction and waste industries.

Results and dividends
The results for the year are set out on page 11.

No Interim dividend was paid on 30 September 2021 (30 September 2020 - £Nil) to Mr A Smith. No interim dividend was paid to Mrs A Smith (2020 - £Nil).

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

Mr A Smith
Mrs A Smith

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 61 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Employee involvement
The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor
In accordance with the company's articles, a resolution proposing that Griffiths Marshall be reappointed as auditor of the company will be put at a General Meeting.

SMITH'S (GLOUCESTER) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Energy and carbon report

		Current Reporting Year (2020 - 2021)		
Mandatory Information		**Total annual consumption (kWh)**	**Total annual emissions (TCO_2e)**	**Total annual emissions in Scope (TCO_2e)**
Total annual energy consumption used to calculate mandatory data emissions in this report (kWh)		[illegible]	-	-
Scope 1	Gas Consumption	[illegible]	[illegible]	8,504.37
	Combustion of fuel for transport purposes	35,150,502.87	8,452.46	
Scope 2	Electricity consumption - Location Based Factor	939,702.53	210.14	210.14
Scope 3	Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing fuel	62,874.73	14.41	14.41
Total gross CO_2e based on above mandatory data			[illegible]	
Intensity Ratio based on mandatory data		TCO2e / m2 floor area		0.79
Voluntary Information		**Total annual consumption (kWh)**	**Total annual emissions (TCO_2e)**	**Total annual emissions in Scope (TCO_2e)**
Total annual energy consumption used to calculate combined data emissions in this report (kWh)		56,186,738.66		
Scope 1	Combustion of fuel for non-transport purposes	[illegible]	[illegible]	[illegible]
Scope 2	Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control	939,702.53	18.60	35.01
Total gross CO_2e based on combined data			13,134.55	
Intensity Ratio based on combined data		TCO2e / m2 floor area		[illegible]

Quantification and reporting methodology
For continuity, this report uses the Energy Savings Opportunities Scheme (ESOS) 2019 methodology carried forward to the 2020 – 2021 reporting year. The 2021 UK Government Conversion Factors for Company reporting have been employed. The boundary includes Head Office and all five of the company's operational depots. The company has measured its Scope 1 and 2 emissions and included Scope 3 emissions related to employee use of their own vehicles, where they claim mileage allowance. Additionally, under Scope 1 the company has reported non transport related fuel emissions and, under Scope 3, the company has reported emissions from transmission and distribution losses for Scope 2 purchased electricity.

Element Consultants Ltd carried out the ESOS 2015 & 2019 reports in conjunction with Smiths and has applied the same verification process to this SECR report while following the Greenhouse Gas Protocol methodology. It remains our opinion that the company operates a robust transaction recording system and is able to account for and report energy consumption accurately in compliance with the letter and spirit of the ESOS regulations

Intensity measurement
The intensity ratio is reported as energy consumed per metre squared of building floor area. (kWh/m2)

Measures taken to improve energy efficiency
The longer-term aspirations of the company are defined in the SMOG energy policy document, and it is evident that the policy is being translated into action through procurement policies. Specific recommendations from the ESOS 2019 report have been carried out including regularly reading gas meters and analysing usage; regularly analysing half hourly electricity data; regularly checking key performance indicators; insulating boiler pipework and fitting internal & external LEDs. Other works are in progress including insulating and draft proofing roof voids; evaluating the use of Solar PV; and fitting oil line meters.

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 auditor of the company 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 auditor of the company is aware of that information.

Performance
Over the twelve month period we have continued to take a number of measures to monitor and prevent the effects of COVID-19 and to give priority to the safety and health of our people - including but not limited to social distancing, appropriate PPE and working from home where appropriate. In addition to this, we continue to follow the evolving UK government guidelines.

The company has performed positively across all divisions in turnover, profitability and cash generation. Whilst contract works in both construction and demolition were slower to recover than the commercial divisions this has now improved and the Company has a strong forward order book.

In support of this improved turnover and margin the Company has chosen to strengthen its capital base with relevant and targeted capital investment. Such investment is ongoing. The Company has expended considerable effort to improve back office, operational systems and controls. This work is continuing with significant investment in new and improved systems across all areas.

Although all divisions have been impacted by Covid a flexible and innovative approach to problems and opportunities has enabled the Company to adapt its markets, client base and services and to ensure it can continue to function both profitably and safely as the country continues to exit the necessary restrictions.

With continued investment in people, systems, assets and infrastructure it is felt we are developing a solid platform from which to push forward to expand the company base.

On behalf of the board

Mr A Smith
Director

11 March 2022

SMITH'S (GLOUCESTER) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 SMITH'S (GLOUCESTER) LIMITED

Opinion

We have audited the financial statements of Smith's (Gloucester) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including 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 group's and the parent company's affairs as at 30 September 2021 and of the group's 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

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 group's and parent 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to Smiths (Gloucester) Limited and the industry in which it operates and, considered the risk of acts by Management and directors of Smiths (Gloucester) Limited which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006 and Employment Law. We made enquiries of the Directors to obtain further understanding of risks of non-compliance.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;
- review of minutes of the Board meetings throughout the year; and
- obtaining an understanding of the control environment in place to prevent and detect irregularities.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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.

Chris Bourne
(Senior Statutory Auditor)
For and on behalf of Griffiths Marshall

11 March 2022

Chartered Accountants
Statutory Auditor

Beaumont House
172 Southgate Street
Gloucester
GL1 2EZ

SMITH'S (GLOUCESTER) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Year ended 30 September 2021 £	Period ended 30 September 2020 £
Turnover	3	61,409,355	80,840,125
Cost of sales		(54,697,988)	(74,933,896)
Gross profit		6,711,367	5,906,229
Administrative expenses		(4,125,490)	(4,828,740)
Operating profit	4	2,585,877	1,077,489
Interest receivable and similar income	8	137	1,546
Interest payable and similar expenses	9	(491,803)	(529,967)
Profit before taxation		2,094,211	549,068
Tax on profit	10	626,028	(49,406)
Profit for the financial year		2,720,239	499,662

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SMITH'S (GLOUCESTER) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Year ended 30 September 2021 £	Period ended 30 September 2020 £
Profit for the year	2,720,239	499,662
Other comprehensive income	-	-
Total comprehensive income for the year	2,720,239	499,662

Total comprehensive income for the year is all attributable to the owners of the parent company.

SMITH'S (GLOUCESTER) LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Goodwill	**11**		884,257		1,011,572
Tangible assets	**12**		24,387,935		21,628,986
Investments	**13**		100		100
			25,272,292		22,640,658
Current assets					
Stocks	**16**	2,773,842		1,816,180	
Debtors	**17**	12,238,831		11,186,878	
Cash at bank and in hand		1,245,452		445,766	
		16,258,125		13,448,824	
Creditors: amounts falling due within one year	**18**	(20,546,240)		(18,261,616)	
Net current liabilities			(4,288,115)		(4,812,792)
Total assets less current liabilities			20,984,177		17,827,866
Creditors: amounts falling due after more than one year	**19**		(9,845,795)		(9,132,492)
Provisions for liabilities					
Deferred tax liability	**22**	-		277,231	
			-		(277,231)
Net assets			11,138,382		8,418,143
Capital and reserves					
Called up share capital	**24**		100		100
Profit and loss reserves			11,138,282		8,418,043
Total equity			11,138,382		8,418,143

The financial statements were approved by the board of directors and authorised for issue on 11 March 2022 and are signed on its behalf by:

Mr A Smith
Director

SMITH'S (GLOUCESTER) LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Goodwill	**11**		495,000		525,000
Tangible assets	**12**		24,387,935		21,628,986
Investments	**13**		2,120,600		2,120,600
			27,003,535		24,274,586
Current assets					
Stocks	**16**	2,773,842		1,816,180	
Debtors	**17**	12,826,613		11,519,899	
Cash at bank and in hand		1,245,452		445,766	
		16,845,907		13,781,845	
Creditors: amounts falling due within one year	**18**	(22,528,959)		(20,196,893)	
Net current liabilities			(5,683,052)		(6,415,048)
Total assets less current liabilities			21,320,483		17,859,538
Creditors: amounts falling due after more than one year	**19**		(9,845,795)		(9,132,492)
Provisions for liabilities					
Deferred tax liability	**22**	-		277,231	
			-		(277,231)
Net assets			11,474,688		8,449,815
Capital and reserves					
Called up share capital	**24**		100		100
Profit and loss reserves			11,474,588		8,449,715
Total equity			11,474,688		8,449,815

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,024,873 (2020 - £394,723 profit).

The financial statements were approved by the board of directors and authorised for issue on 11 March 2022 and are signed on its behalf by:

Mr A Smith
Director

Company Registration No. 04004654

SMITH'S (GLOUCESTER) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2019	100	7,918,382	7,918,482
Period ended 30 September 2020:			
Profit and total comprehensive income for the period	-	499,662	499,662
Balance at 30 September 2020	100	8,418,044	8,418,144
Year ended 30 September 2021:			
Profit and total comprehensive income for the year	-	2,720,239	2,720,239
Balance at 30 September 2021	100	11,138,282	11,138,382

SMITH'S (GLOUCESTER) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2019	100	8,054,993	8,055,093
Period ended 30 September 2020:			
Profit and total comprehensive income for the period	-	394,723	394,723
Balance at 30 September 2020	100	8,449,716	8,449,816
Year ended 30 September 2021:			
Profit and total comprehensive income for the year	-	3,024,873	3,024,873
Balance at 30 September 2021	100	11,474,589	11,474,689

SMITH'S (GLOUCESTER) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**28**		7,018,273		7,991,418
Interest paid			(491,803)		(529,967)
Income taxes paid			(12,183)		(347,080)
Net cash inflow from operating activities			6,514,287		7,114,371
Investing activities					
Purchase of tangible fixed assets		(8,955,044)		(1,317,355)	
Proceeds on disposal of tangible fixed assets		1,454,193		2,773,506	
Proceeds on disposal of investments		-		470,000	
Interest received		137		1,546	
Net cash (used in)/generated from investing activities			(7,500,714)		1,927,697
Financing activities					
Repayment of bank loans		(305,588)		(631,986)	
Payment of finance leases obligations		927,263		(6,518,682)	
Net cash generated from/(used in) financing activities			621,675		(7,150,668)
Net (decrease)/increase in cash and cash equivalents			(364,752)		1,891,400
Cash and cash equivalents at beginning of year			(1,003,763)		(2,895,165)
Cash and cash equivalents at end of year			(1,368,515)		(1,003,763)
Relating to:					
Cash at bank and in hand			1,245,452		445,766
Bank overdrafts included in creditors payable within one year			(2,613,967)		(1,449,529)

SMITH'S (GLOUCESTER) LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash generated from operations	**29**		6,970,831		7,980,983
Interest paid			(491,722)		(529,967)
Income taxes refunded/(paid)			35,178		(336,645)
Net cash inflow from operating activities			6,514,287		7,114,371
Investing activities					
Purchase of tangible fixed assets		(8,955,044)		(1,317,355)	
Proceeds on disposal of tangible fixed assets		1,454,193		2,773,506	
Proceeds on disposal of investments		-		470,000	
Interest received		137		1,546	
Net cash (used in)/generated from investing activities			(7,500,714)		1,927,697
Financing activities					
Repayment of bank loans		(305,588)		(631,986)	
Payment of finance leases obligations		927,263		(6,518,682)	
Net cash generated from/(used in) financing activities			621,675		(7,150,668)
Net (decrease)/increase in cash and cash equivalents			(364,752)		1,891,400
Cash and cash equivalents at beginning of year			(1,003,763)		(2,895,165)
Cash and cash equivalents at end of year			(1,368,515)		(1,003,763)
Relating to:					
Cash at bank and in hand			1,245,452		445,766
Bank overdrafts included in creditors payable within one year			(2,613,967)		(1,449,529)

1 Accounting policies

Company information

Smith's (Gloucester) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Alkerton Court, Eastington, Stonehouse, Gloucestershire, GL10 3AQ.

The group consists of Smith's (Gloucester) Limited and all of its subsidiaries.

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 a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Smith's (Gloucester) Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

1 Accounting policies **(Continued)**

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 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. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue Recognition

Revenue is recognised on the following basis:

Construction & Demolition Contracts - recognised on the receipt of a surveyors certificate from the contractors.

Plant Hire - recognised on the delivery of a piece of plant to hire and income is accrued over the length of hire period.

Waste Recycling - recognised on collection of waste from a customer's site or receipt of waste across the weighbridge and on delivery of recycled product. Provision is made for potential disposal cost of waste at time of collection or receipt over weighbridge.

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.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is shown below.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill on Consolidation - Straight line over 10 years
Purchased Goodwill - Straight line over 5 years

1 Accounting policies **(Continued)**

1.7 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 and Buildings Freehold	5% Straight line (20yrs)
Plant and Machinery	20-25% Straight line
Fixtures, Fittings & Equipment	25% Sraight line
Motor Vehicles	20-25% Straight line

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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies **(Continued)**

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.10 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

1 Accounting policies **(Continued)**

1.11 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

1 Accounting policies **(Continued)**

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 group 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.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.14 Equity instruments

Equity instruments issued by the group 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 group.

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 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 net profit as reported in the profit and loss account 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 group'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 in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused 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 Accounting policies **(Continued)**

1.18 Retirement benefits

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

1.19 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 leased asset are consumed.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Plant Hire	6,143,228	5,757,367
Skips	17,630,944	26,171,435
Construction	16,786,857	25,291,116
Materials Recycling	11,160,785	12,245,043
Workshop	9,460	9,175
Transport	5,560,567	5,452,960
Demolition	4,040,263	5,842,442
Quarry	77,251	70,587
	61,409,355	80,840,125

	2021	2020
	£	£
Other significant revenue		
Interest income	137	1,546

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	61,409,355	80,840,125

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	464,333	4,417,273
Depreciation of tangible fixed assets held under finance leases	5,109,775	4,005,554
Profit on disposal of tangible fixed assets	(832,206)	(1,534,905)
Amortisation of intangible assets	127,315	142,315
Operating lease charges	527,639	733,906

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	37,500	55,700

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Admin	38	38	38	38
Recycling	109	116	109	116
Skips	94	115	94	115
Construction	77	90	77	90
Demolition	39	43	-	-
Plant Hire	56	50	56	50
Transport	36	31	36	31
Workshop	35	38	35	38
Total	484	521	445	478

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	16,308,740	23,334,541	14,604,148	20,990,636
Social security costs	1,605,414	2,277,066	1,605,414	2,277,066
Pension costs	410,820	505,163	410,820	505,163
	18,324,974	26,116,770	16,620,382	23,772,865

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	63,250	186,000

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	137	1,546

Investment income includes the following:

	2021 £	2020 £
Interest on financial assets not measured at fair value through profit or loss	137	1,546

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	13,961
Other interest on financial liabilities	147,617	237,646
	147,617	251,607
Other finance costs:		
Interest on finance leases and hire purchase contracts	344,105	278,360
Other interest	81	-
Total finance costs	491,803	529,967

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(121,022)	121,022
Adjustments in respect of prior periods	(227,775)	(104,499)
Total current tax	(348,797)	16,523
Deferred tax		
Origination and reversal of timing differences	(277,231)	32,883
Total tax (credit)/charge	(626,028)	49,406

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 October 2020 and 30 September 2021	1,997,532
Amortisation and impairment	
At 1 October 2020	985,960
Amortisation charged for the year	127,315
At 30 September 2021	1,113,275
Carrying amount	
At 30 September 2021	884,257
At 30 September 2020	1,011,572

11 Intangible fixed assets (Continued)

Company	Goodwill
	£
Cost	
At 1 October 2020 and 30 September 2021	700,000
Amortisation and impairment	
At 1 October 2020	175,000
Amortisation charged for the year	30,000
At 30 September 2021	205,000
Carrying amount	
At 30 September 2021	495,000
At 30 September 2020	525,000

12 Tangible fixed assets

Group	Land and Buildings Freehold	Plant and Machinery	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2020	4,441,329	23,508,232	350,114	16,610,764	44,910,439
Additions	-	6,809,225	-	2,145,819	8,955,044
Disposals	-	(1,786,051)	-	(1,509,126)	(3,295,177)
At 30 September 2021	4,441,329	28,531,406	350,114	17,247,457	50,570,306
Depreciation and impairment					
At 1 October 2020	1,488,478	11,957,409	280,821	9,554,745	23,281,453
Depreciation charged in the year	55,086	2,775,154	36,153	2,707,715	5,574,108
Eliminated in respect of disposals	-	(1,423,380)	-	(1,249,810)	(2,673,190)
At 30 September 2021	1,543,564	13,309,183	316,974	11,012,650	26,182,371
Carrying amount					
At 30 September 2021	2,897,765	15,222,223	33,140	6,234,807	24,387,935
At 30 September 2020	2,952,851	11,550,823	69,293	7,056,019	21,628,986

12 Tangible fixed assets (Continued)

Company	Land and Buildings Freehold	Plant and Machinery	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2020	4,361,637	23,508,232	350,114	16,610,764	44,830,747
Additions	-	6,809,225	-	2,145,819	8,955,044
Disposals	-	(1,786,051)	-	(1,509,126)	(3,295,177)
At 30 September 2021	4,361,637	28,531,406	350,114	17,247,457	50,490,614
Depreciation and impairment					
At 1 October 2020	1,408,786	11,957,409	280,821	9,554,745	23,201,761
Depreciation charged in the year	55,086	2,775,154	36,153	2,707,715	5,574,108
Eliminated in respect of disposals	-	(1,423,380)	-	(1,249,810)	(2,673,190)
At 30 September 2021	1,463,872	13,309,183	316,974	11,012,650	26,102,679
Carrying amount					
At 30 September 2021	2,897,765	15,222,223	33,140	6,234,807	24,387,935
At 30 September 2020	2,952,851	11,550,823	69,293	7,056,019	21,628,986

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

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Plant and Machinery	15,255,364	11,620,117	15,255,364	11,620,117
Motor Vehicles	8,234,807	7,056,019	8,234,807	7,056,019
	23,490,171	18,676,136	23,490,171	18,676,136

Freehold land and buildings with a carrying amount of £2,897,765 (2020 - £2,952,851) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13 Fixed asset investments

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Investments in subsidiaries	14	100	100	2,120,600	2,120,600

13 Fixed asset investments **(Continued)**

Movements in fixed asset investments

Group	**Shares in subsidiaries**
	£
Cost or valuation	
At 1 October 2020 and 30 September 2021	100
Carrying amount	
At 30 September 2021	100
At 30 September 2020	100

Movements in fixed asset investments

Company	**Shares in subsidiaries**
	£
Cost or valuation	
At 1 October 2020 and 30 September 2021	2,120,600
Carrying amount	
At 30 September 2021	2,120,600
At 30 September 2020	2,120,600

14 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	**Registered office**	**Class of shares held**	**% Held Direct**
Smith's (Demolition) Limited	England & Wales	Ordinary	100.00
Smith's (Quarry Operations) Limited	England & Wales	Ordinary	100.00
Smith's Transport Limited	England & Wales	Ordinary	100.00
Smith's (Waste Management) Limited	England & Wales	Ordinary	100.00
Smith's (Plant Hire) Limited	England & Wales	Ordinary	100.00
Smith's Construction (Gloucester) Limited	England & Wales	Ordinary	100.00
Smith's Energy Limited	England & Wales	Ordinary	100.00

15 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	11,478,337	10,187,140	12,113,480	10,520,161
Carrying amount of financial liabilities				
Measured at amortised cost	29,224,785	24,982,251	31,207,504	26,964,970

16 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Work in progress	2,659,315	1,689,432	2,659,315	1,689,432
Finished goods and goods for resale	114,527	126,748	114,527	126,748
	2,773,842	1,816,180	2,773,842	1,816,180

17 Debtors

Amounts falling due within one year:	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade debtors	8,513,464	9,051,568	8,513,464	9,051,568
Corporation tax recoverable	174,429	-	127,068	-
Other debtors	2,964,873	1,135,572	3,600,016	1,468,593
Prepayments and accrued income	586,065	999,738	586,065	999,738
	12,238,831	11,186,878	12,826,613	11,519,899

18 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	2,922,327	1,757,889	2,922,327	1,757,889
Obligations under finance leases	21	5,445,149	5,536,777	5,445,149	5,536,777
Trade creditors		9,482,710	6,773,296	9,482,710	6,773,296
Corporation tax payable		-	186,551	-	139,109
Other taxation and social security		1,167,250	2,225,306	1,167,250	2,225,306
Other creditors		842,222	1,166,041	2,824,941	3,148,760
Accruals and deferred income		686,582	615,756	686,582	615,756
		20,546,240	18,261,616	22,528,959	20,196,893

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	20	2,162,939	2,468,527	2,162,939	2,468,527
Obligations under finance leases	21	7,682,856	6,663,965	7,682,856	6,663,965
		9,845,795	9,132,492	9,845,795	9,132,492

20 Loans and overdrafts

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	2,471,299	2,776,887	2,471,299	2,776,887
Bank overdrafts	2,613,967	1,449,529	2,613,967	1,449,529
	5,085,266	4,226,416	5,085,266	4,226,416
Payable within one year	2,922,327	1,757,889	2,922,327	1,757,889
Payable after one year	2,162,939	2,468,527	2,162,939	2,468,527

The long-term loans are secured by a personal guarantee from Mr A Smith of £3,000,000 along with first legal charge over multiple freehold property known as Tollgate House Cardiff, CF11 8RR , land lying to the North of Northway Lane , Ashchurch, also known as Tewkesbury Transfer Station, Tewkesbury GL20 8JG. Security has also been granted by the company over The Old Airfield, Moreton Valence, Gloucester GL2 7NA and Land on the East & West sides of Frocester Hill, Frocester GL10 3TP.

21 Finance lease obligations

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	5,445,149	5,536,777	5,445,149	5,536,777
In two to five years	7,682,856	6,663,965	7,682,856	6,663,965
	13,128,005	12,200,742	13,128,005	12,200,742

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. 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.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021	Liabilities 2020
Group	**£**	**£**
Accelerated capital allowances	-	277,231

	Liabilities 2021	Liabilities 2020
Company	**£**	**£**
Accelerated capital allowances	-	277,231

	Group 2021	Company 2021
Movements in the year:	**£**	**£**
Liability at 1 October 2020	277,231	277,231
Credit to profit or loss	(277,231)	(277,231)
Asset at 30 September 2021	-	-

The deferred tax asset set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to reverse within the same period.

23 Retirement benefit schemes

	2021	2020
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	410,820	505,163

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2021	2020
Ordinary share capital	**£**	**£**
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Acquisition of tangible fixed assets	10,959,943	1,497,631	10,959,943	1,497,631

26 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, including directors, is as follows.

	2021	2020
	£	£
Aggregate compensation	1,238,018	1,728,905

Guarantees

The long-term loans are secured by a personal guarantee from Mr A Smith of £3,000,000.

Group

As at the balance sheet date the director (Mr A Smith) was owed £299,649 on his directors loan account (2020 - £373,254). At the year end the company were owed £1,457,922 (2020 - £1,692,673) from Mr A Smith trading as Street Farm and £378,632 (20 - £378,632) from Smith's Plant Hire.

Company
Smith's (Gloucester) Limited is controlled by Mr A Smith, who is the director and majority shareholder of the company. Smith's (Gloucester) Limited owns 100% of the share capital of Smith's Construction (Gloucester) Limited, Smith's (Demolition) Limited, Smith's Transport Limited, Smith's (Quarry Operations) Limited, Smith's (Waste Management) Limited, Smith's (Plant Hire) Limited and Smith's Energy Limited. Mr A Smith is also a director and the sole shareholder of Smiths (Landscaping) Limited, Smith's (South Wales) Limited, and Smith's (Gloucester) Limited. All of the aforementioned companies are considered related parties to Smith's (Gloucester) Limited. Transactions between the parties are carried out within the company's sales and purchase ledger systems. At the balance sheet date the balances between these companies were as follows;

£757,666 (2020 - £757,666) and £1,416,891 (2020 - £1,464,313) were owed to Smith's Transport Limited and Smith's (Demolition) Limited respectively.

£571,930 (2020 - £571,910), £279 (2020 - £279) were due from, Smith's (Quarry Operations) Limited, Smith's Construction (Gloucester) Limited respectively.

27 Directors' transactions

No dividend were paid to either Mr A Smith (2020 - £nil) or Mrs A Smith (2020 - £nil) in the financial period.

28 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	2,720,239	499,662
Adjustments for:		
Taxation (credited)/charged	(626,028)	49,406
Finance costs	491,803	529,967
Investment income	(137)	(1,546)
Gain on disposal of tangible fixed assets	(832,206)	(1,534,905)
Amortisation and impairment of intangible assets	127,315	142,315
Depreciation and impairment of tangible fixed assets	5,574,108	8,422,827
Movements in working capital:		
(Increase)/decrease in stocks	(957,662)	429,197
Increase in debtors	(877,524)	(1,749,856)
Increase in creditors	1,398,365	1,204,354
Other adjustments	-	(3)
Cash generated from operations	7,018,273	7,991,418

29 Cash generated from operations - company

	2021	2020
	£	£
Profit for the year after tax	3,024,873	394,723
Adjustments for:		
Taxation (credited)/charged	(578,586)	1,964
Finance costs	491,722	529,967
Investment income	(137)	(1,546)
Gain on disposal of tangible fixed assets	(832,206)	(1,534,905)
Amortisation and impairment of intangible assets	30,000	45,000
Depreciation and impairment of tangible fixed assets	5,574,108	8,422,827
Movements in working capital:		
(Increase)/decrease in stocks	(957,662)	429,197
Increase in debtors	(1,179,646)	(1,510,595)
Increase in creditors	1,398,365	1,204,354
Other adjustments	-	(3)
Cash generated from operations	6,970,831	7,980,983

30 Analysis of changes in net debt - group

	1 October 2020	Cash flows	30 September 2021
	£	£	£
Cash at bank and in hand	445,766	799,686	1,245,452
Bank overdrafts	(1,449,529)	(1,164,438)	(2,613,967)
	(1,003,763)	(364,752)	(1,368,515)
Borrowings excluding overdrafts	(2,776,887)	305,588	(2,471,299)
Obligations under finance leases	(12,200,742)	(927,263)	(13,128,005)
	(15,981,392)	(986,427)	(16,967,819)

31 Analysis of changes in net debt - company

	1 October 2020	Cash flows	30 September 2021
	£	£	£
Cash at bank and in hand	445,766	799,686	1,245,452
Bank overdrafts	(1,449,529)	(1,164,438)	(2,613,967)
	(1,003,763)	(364,752)	(1,368,515)
Borrowings excluding overdrafts	(2,776,887)	305,588	(2,471,299)
Obligations under finance leases	(12,200,742)	(927,263)	(13,128,005)
	(15,981,392)	(986,427)	(16,967,819)

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