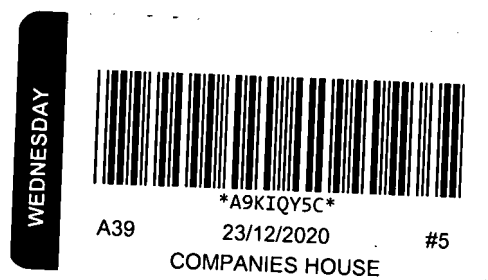


# HKS Dagenham Limited

Annual Report and Financial Statements  
for the Year Ended 30 December 2019



# **HKS Dagenham Limited**

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# **HKS Dagenham Limited**

## **Directors' Report for the year ended 30 December 2019**

The directors present their report and the financial statements for the year ended 30 December 2019.

### **Directors of the company**

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

HKS Scrap Metals B.V.

W C Kusters

### **Going concern**

Based on the factors discussed in more detail in note 2 to the financial statements, the directors are satisfied that it is appropriate to prepare these accounts in accordance with the going concern convention.

### **Results and Dividends**

The loss for the financial year after taxation amounted to £498,654 (2018: £248,034). No dividend was paid during the year (2018: £Nil)

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

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

### **Auditors**

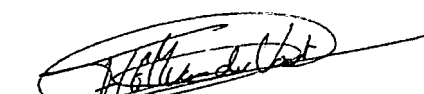
The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Small companies provision statement**

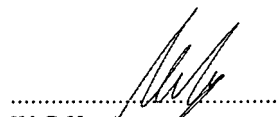
This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

17-12-2020

Approved by the Board on ..... and signed on its behalf by:



.....  
F. van der Voort on behalf of HKS Scrap Metals B.V.  
Director



.....  
W C Kusters  
Director

## **HKS Dagenham Limited**

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

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 company and of the profit or loss of the company for that period.

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

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

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

## **HKS Dagenham Limited**

### **Independent Auditor's Report to the Members of HKS Dagenham Limited**

#### **Opinion**

We have audited the financial statements of HKS Dagenham Ltd (the 'company') for the year ended 30<sup>st</sup> December 2019 which comprise the profit and loss account and statement of retained earnings, balance sheet 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 30 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **HKS Dagenham Limited**

### **Independent Auditor's Report to the Members of HKS Dagenham Limited**

#### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

## **HKS Dagenham Limited**

### **Independent Auditor's Report to the Members of HKS Dagenham Limited**

#### **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.

Marc Reinecke (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
55 Baker Street, London, UK,

Date: 17 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# HKS Dagenham Limited

## Profit and Loss Account and Statement of Retained Earnings for the year ended 30 December 2019

	2019	2018
	£	£
Turnover	9,447,840	9,736,969
Cost of sales	<u>(8,428,486)</u>	<u>(8,675,189)</u>
Gross profit	1,019,354	1,061,780
Operating costs	(1,432,292)	(1,168,797)
Exceptional items	<u>(10,344)</u>	<u>(84,105)</u>
Operating loss	(423,282)	(191,122)
Interest payable and similar charges	<u>(75,372)</u>	<u>(56,912)</u>
Loss before tax	<u>(498,654)</u>	<u>(248,034)</u>
Loss for the financial year	(498,654)	(248,034)
Retained earnings brought forward	<u>(824,205)</u>	<u>(576,171)</u>
Retained earnings carried forward	<u>(1,322,859)</u>	<u>(824,205)</u>

All amounts relates to continuing operations



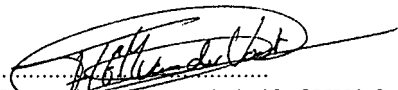
**HKS Dagenham Limited**  
**(Registration number: 05307518)**  
**Balance Sheet as at 30 December 2019**

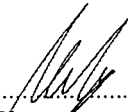
	Note	2019	2018
		£	£
<b>Fixed assets</b>			
Intangible assets	6	1,422,676	1,487,344
Tangible assets	7	<u>643,455</u>	<u>304,399</u>
		2,066,131	1,791,743
<b>Current assets</b>			
Stocks	8	279,476	440,824
Debtors	9	204,935	163,925
Cash at bank and in hand		<u>288,963</u>	<u>535,642</u>
		773,374	1,140,391
<b>Creditors</b>	10	<u>(4,162,264)</u>	<u>(3,756,239)</u>
<b>Net current liabilities</b>		<u>(3,388,890)</u>	<u>(2,615,848)</u>
<b>Net liabilities</b>		<u>(1,322,759)</u>	<u>(824,105)</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account		<u>(1,322,859)</u>	<u>(824,205)</u>
<b>Shareholders' fund</b>		<u>(1,322,759)</u>	<u>(824,105)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the provisions of FRS 102 Section 1A - small entities.

17-12-2020

Approved and authorised by the Board on ..... and signed on its behalf by:

  
.....  
F. van der Voort on behalf of HKS Scrap Metals B.V.  
Director

  
.....  
W C Kusters  
Director

The notes on pages 8 to 14 form an integral part of these financial statements.

# **HKS Dagenham Limited**

## **Notes to the financial statements for the year ended 30 December 2019**

### **1 General information**

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

The address of its registered office is:

Dagenham Docks  
Perry Road  
Dagenham  
Essex  
RM9 6QD

### **2 Accounting policies**

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

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

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 including the disclosure and presentation requirements of Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value, and in accordance with the small companies regime under the Companies Act 2006.

The company's functional and presentation currency is pound sterling.

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

The company has taken advantage of the exemption under Section 33 Related Party disclosures from disclosing transactions and balances with fellow group undertakings that are wholly owned.

#### **Name of parent of group**

RETHMANN SE & Co. KG at Selm (Germany) is the ultimate parent company of the group of which HKS Dagenham Limited is a member. The financial statements of HKS Dagenham Limited are included within the consolidated financial statements of Remondis SE & Co.KG, which are filed and publicly available at the Chamber of Commerce of Dortmund, Germany.

#### **Going concern**

The company's immediate parent is HKS Dordrecht B.V., incorporated in the Netherlands and is a subsidiary of TSR which is part of the Rethmann Group in Germany.

The COVID-19 outbreak and resulting measures, taken by various governments to contain the virus, have negatively affected our business in Q2 2020. As explained in "subsequent events", measures taken by various governments to contain the virus (lockdown in Europe) had a negative impact on our shipments and as such resulted in lower Sales and Gross margin.

Due to these developments and uncertain market situation going forward, HKS anticipated tougher conditions and decided to:

- Reduce capital expenditure only to what is necessary to maintain operations
- Align our operations and shipments with our customer forecasts and expectations
- Initiate additional cost reductions
- Utilize government support programs to manage the expected short-term disruption

# **HKS Dagenham Limited**

## **Notes to the financial statements for the year ended 30 December 2019**

Whilst uncertain, we do not believe, however, that the impact of COVID-19 - together with the intentions of the Dutch holding company, HKS Dordrecht BV - would have a material adverse effect on our financial condition or liquidity.

HKS Dordrecht B.V., has confirmed that it is not their intention to call in (within 12 months of the signing of the balance sheet), in part or in full, the loan and or any intercompany funding to HKS Dagenham Limited. HKS Scrap Metals B.V. has provided letter support to HKS Dagenham to allow the company to meet its liabilities as and when they fall due

The directors of HKS Dagenham Limited consider that the results for the financial period ended 30 December 2019 reflect the returns generated from an operation which is focused on expansion of volumes and operational improvement. Although a restricted loss was generated in 2019, steps have been taken to further ensure expansion of volumes and further operational improvement. Support from the HKS-Group on commercial and technical aspects will be ongoing.

The steps which have been taken and the fact that the intercompany funding is not to be called in, the directors have prepared a 12 month cashflow forecast from the date of signing these accounts and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax.

The company recognises revenue when the significant risks and rewards of ownership have been transferred to the buyer; the company retains no continuing involvement or control over the goods; the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

### **Exceptional items**

The company classifies certain one-off charges or credits that have an impact on the financial statements as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

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

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognized on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or credits in the company.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

# HKS Dagenham Limited

## Notes to the financial statements for the year ended 30 December 2019

### Tangible assets

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

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

### Depreciation

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

Asset class	Depreciation method and rate
Motor vehicles	4 years straight line
Plant and machinery	3 to 15 years straight line

### Intangible assets

Intangible assets relate to the lease premium paid for the company's premises. This was recognized as an asset at cost on acquisition and subsequently measured at cost less accumulated amortization and accumulated impairment losses.

### Amortisation

Amortization is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Lease premium	evenly over the lease term of 30 years

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### Share capital

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

### Financial instruments

#### Financial assets

Basic financial assets, including trade and other receivables, are initially recognized at transaction price, 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 for a similar asset. Such assets are subsequently carried at amortized cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 and any subsequent reversal is recognised in profit or loss.

## **HKS Dagenham Limited**

### **Notes to the financial statements for the year ended 30 December 2019**

#### **Financial instruments (continued)**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### **Financial liabilities**

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest for a similar debt instrument.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **3 Exceptional items**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Exceptional items	<u>10,345</u>	<u>84,105</u>

During the current year £10,345 has been expensed in relation to the legal and professional fees incurred during the change of ownership.

#### **4 Staff numbers**

The number of persons employed during the year was 16 (2018 - 14).

#### **5 Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>21,888</u>	<u>19,050</u>

# HKS Dagenham Limited

## Notes to the financial statements for the year ended 30 December 2019

### 6 Intangible assets

	<b>Lease Premium £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 30 December 2018	<u>1,810,684</u>	<u>1,810,684</u>
At 30 December 2019	<u>1,810,684</u>	<u>1,810,684</u>
<b>Amortisation</b>		
At 30 December 2018	323,340	323,340
Amortisation charge	<u>64,668</u>	<u>64,668</u>
At 30 December 2019	<u>388,008</u>	<u>388,008</u>
<b>Carrying amount</b>		
At 30 December 2018	<u>1,487,344</u>	<u>1,487,344</u>
At 30 December 2019	<u>1,422,676</u>	<u>1,422,676</u>

# HKS Dagenham Limited

## Notes to the financial statements for the year ended 30 December 2019

### 7 Tangible assets

	Motor vehicles £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 30 December 2018	81,201	542,814	624,015
Additions	14,995	416,314	431,309
Disposals	(3,333)	-	(3,333)
At 30 December 2019	92,863	959,128	1,051,991
<b>Depreciation</b>			
At 30 December 2018	18,271	301,345	319,616
Charge for the year	16,893	72,361	89,254
Eliminated on disposal	(334)	-	(334)
At 30 December 2019	34,830	373,706	408,536
<b>Carrying amount</b>			
At 30 December 2018	62,930	241,469	304,399
At 30 December 2019	58,033	585,422	643,455

### 8 Stocks

	2019 £	2018 £
Stock	279,476	440,824

There is no material difference between the replacement cost of stocks and the amounts stated above. A provision of £ 2,650 is taken into account

### 9 Debtors

	2019 £	2018 £
Trade debtors	10,233	363
Other debtors	110,458	106,282
Prepayments	84,244	57,280
	204,935	163,925

# HKS Dagenham Limited

## Notes to the financial statements for the year ended 30 December 2019

### 10 Creditors

	2019	2018
	£	£
Trade creditors	243,948	405,997
Amounts due to related parties	3,851,084	3,172,087
Other current financial liabilities	4,638	5,413
Social security and other taxes	14,375	33,722
Accruals and deferred income	48,219	139,020
	<u>4,162,264</u>	<u>3,756,239</u>

The amount due to related parties are payable on demand.

### 11 Share capital

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

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 12 Financial commitments, guarantees and contingencies

#### Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £ 9,213,457 (2018 £9,564,593). This financial commitment is in respect of operating leases.

### 13 Parent and ultimate parent undertaking

The company's immediate parent is HKS Dordrecht B.V., incorporated in the Netherlands. The former immediate parent Van Dalen International UK Limited is liquidated in September 2019.

Furthermore there is an intention to merge the business of HKS Dordrecht B.V. with HKS Scrap Metals B.V.

RETHMANN SE & Co. KG at Selm (Germany) is the ultimate parent company of the group of which HKS Dagenham Limited is a member. The financial statements of HKS Dagenham Limited are included within the consolidated financial statements of Remondis SE & Co.KG, which are filed and publicly available at the Chamber of Commerce of Dortmund, Germany.

### 14 Subsequent events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity.

We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home) and securing the supply of materials that are essential to our production process.

We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people