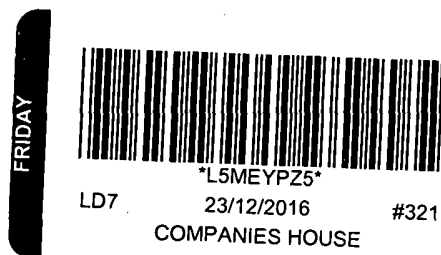


**SIMS MILLING SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# **SIMS MILLING SERVICES LIMITED**

## **COMPANY INFORMATION**

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<b>Director</b>	G A Sims
<b>Company number</b>	07053238
<b>Registered office</b>	Burrows Farm Brentwood Road Bulphan Essex RM14 3TL
<b>Auditor</b>	Berley Chartered Accountants, Statutory Auditors 76 New Cavendish Street London W1G 9TB

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# **SIMS MILLING SERVICES LIMITED**

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# **SIMS MILLING SERVICES LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The director presents the strategic report for the year ended 31 March 2016.

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

The company continues to monitor and nurture relationships with its major customers and increase its profile and reputation within the industry, which has subsequently led to a successful uplift in revenue of 12%. The resulted gross profit margin rose from 29% to 34%. This has allowed the company to continue to fund preparations for the future and further increase its capability to increase wealth for its shareholders.

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

The principal business risk faced by the company is the loss of customer-base and resulting income. This would occur as a result of a degradation of current business relationships in a competitive market. In response, the relationships continue to be nurtured and remain strong thereby reducing the risk of occurrence. The director has also sought a diverse portfolio of customers which serves to reduce the impact of a single failure. Additionally the director looks to identify new markets and customers to continue to reduce these risks further.

#### **Key performance indicators**

The Key financial highlights are as follows :

	Year ended 31 March 2016 £	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Turnover	14,176,743	12,623,569	15,279,885
Turnover growth	12.30%	23.92%	15.10%
Gross profit margin	33.58%	29.00%	37.55%
Profit before tax	1,694,770	708,747	1,774,270

On behalf of the board

G A Sims  
Director

22 December 2016



# **SIMS MILLING SERVICES LIMITED**

## **DIRECTOR'S REPORT**

**FOR THE YEAR ENDED 31 MARCH 2016**

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The director presents his annual report and financial statements for the year ended 31 March 2016.

### **Principal activities**

The principal activity of the company continued to be that of civil engineering including highway surface removal.

### **Director**

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

G A Sims

### **Results and dividends**

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

### **Financial instruments**

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, loans with related parties, trade debtors, hire purchase agreements and finance leases. The main purpose of these instruments is to raise funds and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

With respect to hire purchase agreements, these comprise hire purchase contracts with various financial institutions. These financing agreements provide funds to the company to purchase various elements of plant and are secured on those assets.

With respect to finance leasing agreements, these comprise finance lease contracts with various financial institutions. These financing agreements that provide the company with various elements of plant used in the business.

The loans from the related parties are interest free and repayable on demand. The director is aware of the company's required finances and has determined that these will only be repaid, in whole or in part, when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors and contractors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

### **Auditor**

The auditor, Berley Chartered Accountants, Statutory Auditors, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

# **SIMS MILLING SERVICES LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

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### **Statement of director's responsibilities**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

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

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

On behalf of the board

G A Sims  
Director

22 December 2016



# **SIMS MILLING SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SIMS MILLING SERVICES LIMITED**

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We have audited the financial statements of Sims Milling Services Limited for the year ended 31 March 2016 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of director and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Director's Report.

# **SIMS MILLING SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

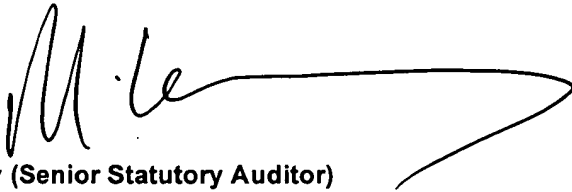
### **TO THE MEMBERS OF SIMS MILLING SERVICES LIMITED**

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

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

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



**Mark Levy (Senior Statutory Auditor)**  
**76 New Cavendish Street, London, W1G 9TB**

**For and on behalf of**  
**Berley Chartered Accountants, Statutory Auditors**  
**Statutory Auditor**

22 December 2016



# **SIMS MILLING SERVICES LIMITED**

## **STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	2015 £
Turnover	3	14,176,743	12,623,569
Cost of sales		(9,416,017)	(8,962,231)
<b>Gross profit</b>		<b>4,760,726</b>	<b>3,661,338</b>
Administrative expenses		(2,756,215)	(2,675,967)
<b>Operating profit</b>	4	<b>2,004,511</b>	<b>985,371</b>
Interest receivable and similar income	6	666	1,554
Interest payable and similar charges	7	(310,407)	(278,178)
<b>Profit before taxation</b>		<b>1,694,770</b>	<b>708,747</b>
Taxation	8	(141,334)	(105,008)
<b>Profit for the financial year</b>		<b>1,553,436</b>	<b>603,739</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,553,436</b>	<b>603,739</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# **SIMS MILLING SERVICES LIMITED**

## **STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	9	6,978,832		6,590,325	
<b>Current assets</b>					
Debtors	11	6,523,021		5,027,718	
Cash at bank and in hand		368,797		2,123	
		<u>6,891,818</u>		<u>5,029,841</u>	
Creditors: amounts falling due within one year	12	(5,760,167)		(4,682,414)	
<b>Net current assets</b>		<u>1,131,651</u>		<u>347,427</u>	
<b>Total assets less current liabilities</b>		<u>8,110,483</u>		<u>6,937,752</u>	
Creditors: amounts falling due after more than one year	13	(3,552,283)		(3,893,264)	
Provisions for liabilities	16	-		(39,724)	
<b>Net assets</b>		<u>4,558,200</u>		<u>3,004,764</u>	
<b>Capital and reserves</b>					
Called up share capital	18	1		1	
Profit and loss reserves		4,558,199		3,004,763	
<b>Total equity</b>		<u>4,558,200</u>		<u>3,004,764</u>	

The financial statements were approved and signed by the director and authorised for issue on 22 December 2016

G A Sims  
Director



Company Registration No. 07053238

# SIMS MILLING SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2014</b>		1	2,401,024	2,401,025
<b>Year ended 31 March 2015:</b>				
Profit and total comprehensive income for the year		-	603,739	603,739
<b>Balance at 31 March 2015</b>		1	3,004,763	3,004,764
<b>Year ended 31 March 2016:</b>				
Profit and total comprehensive income for the year		-	1,553,436	1,553,436
<b>Balance at 31 March 2016</b>		1	4,558,199	4,558,200

# SIMS MILLING SERVICES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	3,299,379	1,759,139
Interest paid		(310,407)	(278,178)
Income taxes paid		(65,284)	(481,269)
<b>Net cash inflow from operating activities</b>		<b>2,923,688</b>	<b>999,692</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(3,010,288)	(6,713,573)
Proceeds on disposal of tangible fixed assets		808,477	2,419,622
Interest received		666	1,554
<b>Net cash used in investing activities</b>		<b>(2,201,145)</b>	<b>(4,292,397)</b>
<b>Financing activities</b>			
Payment of finance leases obligations		(131,449)	2,592,550
<b>Net cash (used in)/generated from financing activities</b>		<b>(131,449)</b>	<b>2,592,550</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>591,094</b>	<b>(700,155)</b>
Cash and cash equivalents at beginning of year		(222,297)	477,858
<b>Cash and cash equivalents at end of year</b>		<b>368,797</b>	<b>(222,297)</b>
<b>Relating to:</b>			
Cash at bank and in hand		368,797	2,123
Bank overdrafts included in creditors payable within one year		-	(224,420)
		<b>368,797</b>	<b>(222,297)</b>

# **SIMS MILLING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

---

### **1 Accounting policies**

#### **Company information**

Sims Milling Services Limited is a company limited by shares incorporated in England and Wales. The registered office is Burrows Farm, Brentwood Road, Bulphan, Essex, RM14 3TL. The principal activity of the company is noted in the Directors' Report.

#### **1.1 Accounting convention**

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

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

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.

These financial statements for the year ended 31 March 2016 are the first financial statements of Sims Milling Services Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### **1.2 Going concern**

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

#### **1.3 Turnover**

Turnover represents the amounts earned from the provision of services to external customers during the reporting period - the time of provision of services being the point at which the amount of the revenue can be measured reliably and when it is probable that the economic benefits will flow to the company. Turnover is stated at invoiced amounts less value added tax, plus revenue earned but unbilled which is included as accrued income in debtors.

#### **1.4 Tangible fixed assets**

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

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

Plant and machinery	25% straightline
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

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

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

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

#### 1.6 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.

#### 1.7 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

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

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

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

---

### 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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

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

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

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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. Financial liabilities classified as payable within one year are not amortised.

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

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

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

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

### 1.8 Equity instruments

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

### 1.9 Taxation

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

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

(Continued)

#### **Current tax**

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

#### **Deferred tax**

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

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

#### **1.10 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.

#### **1.11 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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.



# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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 company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Contract sale	13,777,599	12,623,569
Other	399,144	-
	<u>14,176,743</u>	<u>12,623,569</u>

#### Other significant revenue

Interest income	<u>666</u>	<u>1,554</u>
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#### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	<u>14,176,743</u>	<u>12,623,569</u>

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	14,400	7,000
Depreciation of owned tangible fixed assets	151,896	628,582
Depreciation of tangible fixed assets held under finance leases	2,056,713	1,592,486
Profit on disposal of tangible fixed assets	<u>(395,305)</u>	<u>(401,914)</u>

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 5 Employees

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

	2016 Number	2015 Number
Directors	1	1
Administration	4	3
Skilled/Semi-skilled	45	45
	<u>50</u>	<u>49</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,390,703	1,332,233
Social security costs	126,170	133,365
	<u>1,516,873</u>	<u>1,465,598</u>

### 6 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	452	1,554
Other interest income	214	-
	<u>666</u>	<u>1,554</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>452</u>	<u>1,554</u>
--	------------	--------------

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 7 Interest payable and similar charges

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	22	118
Interest on finance leases and hire purchase contracts	310,187	278,060
	<u>310,209</u>	<u>278,178</u>
<b>Other finance costs:</b>		
Other interest	198	-
	<u>310,407</u>	<u>278,178</u>

### 8 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	278,934	65,284
Adjustments in respect of prior periods	388	-
	<u>279,322</u>	<u>65,284</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(137,988)	39,724
	<u>(137,988)</u>	<u>39,724</u>
<b>Total tax charge</b>	<u>141,334</u>	<u>105,008</u>

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

	2016 £	2015 £
Profit before taxation	<u>1,694,770</u>	<u>708,747</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	338,954	148,837
Tax effect of expenses that are not deductible in determining taxable profit	411	4,021
Deferred tax	(137,988)	39,724
Depreciation	329,431	294,692
Chargeable disposals	(83,669)	(84,402)
Capital allowances	(306,193)	(297,705)
Other tax adjustments	388	(159)
<b>Tax expense for the year</b>	<u>141,334</u>	<u>105,008</u>

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 9 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 April 2015	9,332,815
Additions	3,010,288
Disposals	(1,539,000)
	<u>At 31 March 2016</u>
	10,804,103
<b>Depreciation and impairment</b>	
At 1 April 2015	2,742,490
Depreciation charged in the year	2,208,609
Eliminated in respect of disposals	(1,125,828)
	<u>At 31 March 2016</u>
	3,825,271
<b>Carrying amount</b>	
At 31 March 2016	<u>6,978,832</u>
At 31 March 2015	<u>6,590,325</u>

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

	2016 £	2015 £
Plant and machinery	<u>5,961,125</u>	<u>6,094,789</u>
Depreciation charge for the year in respect of leased assets	<u>2,056,713</u>	<u>1,592,486</u>

### 10 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>6,424,757</u>	<u>4,656,354</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>8,499,730</u>	<u>8,085,164</u>

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 11 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,946,000	3,086,256
Other debtors	2,478,757	1,941,462
	<u>6,424,757</u>	<u>5,027,718</u>
Deferred tax asset (note 17)	98,264	-
	<u>6,523,021</u>	<u>5,027,718</u>

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

	Notes	2016 £	2015 £
Bank loans and overdrafts	14	-	224,420
Obligations under finance leases	15	1,950,453	1,740,921
Trade creditors		599,281	1,139,318
Corporation tax		278,934	64,896
Other taxation and social security		523,586	419,618
Other creditors		2,397,713	1,087,241
Accruals and deferred income		10,200	6,000
		<u>5,760,167</u>	<u>4,682,414</u>

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

	Notes	2016 £	2015 £
Obligations under finance leases	15	3,552,283	3,893,264
		<u>3,552,283</u>	<u>3,893,264</u>

### 14 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	-	224,420
	<u>-</u>	<u>224,420</u>
Payable within one year	-	224,420
	<u>-</u>	<u>224,420</u>

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 15 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	1,950,453	1,740,921
In two to five years	3,552,283	3,893,264
	<u>5,502,736</u>	<u>5,634,185</u>

Finance lease payments represent rentals payable by the company 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 four years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 16 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	17	-	39,724
		<u>-</u>	<u>39,724</u>

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
<b>Balances:</b>				
Accelerated capital allowances	-	39,724	98,264	-
	<u>-</u>	<u>39,724</u>	<u>98,264</u>	<u>-</u>
<b>Movements in the year:</b>				2016 £
Liability at 1 April 2015				39,724
Credit to profit or loss				(137,988)
Liability/(Asset) at 31 March 2016				<u>(98,264)</u>

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 18 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

### 19 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	114,849	115,448
	<u>114,849</u>	<u>115,448</u>

#### Other Transactions

During the year the company transferred funds of £346,000 (2015: £2,592) to and received funds of £183,233 (2015: £nil) from Sims Environmental & Recycling Services Ltd, a company in which Mr G A Sims is a director and shareholder. The balance due as at the balance sheet date was £42,412 (2015: - £120,355), included in other debtors. During the year Sims Environmental & Recycling Services Ltd paid expenses of £nil (2015: £124,400) on behalf of the company.

The company raised no invoices during the year (2015: £223,000) to Sims Environmental & Recycling Services Ltd. The balance due as at the balance sheet date was £nil (2015: £33,600).

The company received an interest free loan from Sims Group Ltd, a company in which Mr G A Sims is a director and shareholder. The balance due as at the balance sheet date was £763,062 (2015: £763,062), included in other creditors.

During the year the company paid expenses of £nil (2015: £12,862) on behalf of Sims Property Holdings Ltd, a company in which Mr G A Sims is a director and shareholder. The company received an interest free loan of £1,000,000 (2015: £nil) from Sims Property Holdings Ltd. The balance due as at the balance sheet date was £987,138 (2015: £nil), included in other creditors.

During the year the company paid expenses of £11,530 (2015: £30,000) on behalf Sims Property (Ashford) Ltd, a company in which Mr G A Sims is a director and shareholder. The company also issued a loan of £425,000 (2015: £nil) to Sims Property (Ashford) Ltd. The balance due as at the balance sheet date was £466,530 (2015: £30,000), included in other debtors.

# SIMS MILLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 20 Directors' transactions

Transactions in relation to the loan with the director during the year are outlined in the table below:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
G A Sims - Loan	-	(150,343)	(1,570,650)	-	1,553,217	(167,776)
		<u>(150,343)</u>	<u>(1,570,650)</u>	<u>-</u>	<u>1,553,217</u>	<u>(167,776)</u>

### 21 Controlling party

The company is controlled by G A Sims.

### 22 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	1,553,436	603,739
<b>Adjustments for:</b>		
Taxation charged	141,334	105,008
Finance costs	310,407	278,178
Investment income	(666)	(1,554)
Gain on disposal of tangible fixed assets	(395,305)	(401,914)
Depreciation and impairment of tangible fixed assets	2,208,609	2,221,068
<b>Movements in working capital:</b>		
(Increase) in debtors	(1,397,039)	(922,180)
Increase/(decrease) in creditors	878,603	(123,206)
<b>Cash generated from operations</b>	<u>3,299,379</u>	<u>1,759,139</u>