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STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2016 TO 31 DECEMBER 2017

FOR

EUROKEY RECYCLING LIMITED

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

CONTENTS OF THE FINANCIAL STATEMENTS
for the period 1 October 2016 to 31 December 2017

COMPANY INFORMATION
for the period 1 October 2016 to 31 December 2017

DIRECTORS:	H S Dhillon B K Dhillon
REGISTERED OFFICE:	9 Merus Court Meridian Business Park Leicester Leicestershire LE19 1RJ
REGISTERED NUMBER:	03089592
AUDITORS:	Magma Audit LLP Chartered Accountants Statutory Auditor Magma House, 16 Davy Court Castle Mound Way Rugby CV23 0UZ

STRATEGIC REPORT
for the period 1 October 2016 to 31 December 2017

The directors present their strategic report for the period 1 October 2016 to 31 December 2017.

The principal activity of the company during the year was the recycling of waste materials.

REVIEW OF BUSINESS
The directors are pleased to report that the company has experienced another successful period and that the financial health of the company has continued to improve.

Eurokey Recycling Limited continues to develop its recycling processes in both the UK and Poland and prides itself on its forward thinking approach within the recycling industry. The company has continued to improve the operation in Poland, through further investment in plant & machinery, and improving the warehouse and its facilities. These improvements have allowed the company to provide a better quality of recycled products.

During the fifteen-month period ending 31st December 2017, turnover for the fifteen-month period was 35,034,406 remaining consistent with the turnover achieved in the prior nine-month period, pro-rated to £35,017,588. This was achieved through developing sales within the domestic markets to counteract the loss of sales within the export markets, specifically China, during the financial period. Throughout the financial period, the trading conditions have affected the overall profitability of the company, with gross profit margins reducing to 14.9% in 2017 from 26.1% in 2016.

Looking forward, the company is planning to further increase its production capabilities in Poland, and to further develop relationships within existing and new markets, with the overall aim to increase profitability.

PRINCIPAL RISKS AND UNCERTAINTIES
Within the financial period, the political risk has affected the company and the wider exporters of recycling. Government restrictions in some markets were introduced on the levels of contamination allowable within each shipment of recyclable material; this has lead to reduced trading with some of the company's usual export markets. As the company operates and trades in foreign territories, the company is at risk from the effects of changes in exchange rates.

KEY PERFORMANCE INDICATORS
The directors consider the main key performance indicators for the business to be turnover split between the geographical areas, gross profit and operating profit. The detailed financial performance of the company is set out in the financial statements.

The company continues to review its cost base together with its key performance indicators. The directors believe the company is strongly positioned to meet the demands and challenges of the industry now and in the future. The company's future strategy is to increase its turnover in Europe and to become less reliant on turnover from Asia.

ON BEHALF OF THE BOARD:

H S Dhillon - Director

10 October 2018

REPORT OF THE DIRECTORS
for the period 1 October 2016 to 31 December 2017

The directors present their report with the financial statements of the company for the period 1 October 2016 to 31 December 2017.

PRINCIPAL ACTIVITY
The principal activity of the company in the period under review was that of the recovery of sorted materials.

DIVIDENDS
Total interim dividends of £450,000 have been declared and paid for the period ended 31 December 2017.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 October 2016 to the date of this report.

H S Dhillon
B K Dhillon

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

H S Dhillon - Director

10 October 2018

Opinion
We have audited the financial statements of Eurokey Recycling Limited (the 'company') for the period ended 31 December 2017 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

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

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. This description forms part of our Report of the Auditors.

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

Richard Lodder (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

10 October 2018

PROFIT AND LOSS ACCOUNT
for the period 1 October 2016 to 31 December 2017

	Notes	Period 1/10/16 to 31/12/17 £	Period 1/1/16 to 30/9/16 £
TURNOVER	3	**35,034,406**	21,010,553
Cost of sales		**(29,781,728)**	(15,535,237)
GROSS PROFIT		**5,252,678**	5,475,316
Administrative expenses		**(4,502,809)**	(3,581,170)
		749,869	1,894,146
Other operating income		**-**	10,792
OPERATING PROFIT	5	**749,869**	1,904,938
Interest receivable and similar income		**79,891**	53,047
		829,760	1,957,985
Interest payable and similar expenses	6	**(243,097)**	(181,255)
PROFIT BEFORE TAXATION		**586,663**	1,776,730
Tax on profit	7	**(73,997)**	(388,998)
PROFIT FOR THE FINANCIAL PERIOD		**512,666**	1,387,732
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**512,666**	1,387,732

The notes form part of these financial statements

BALANCE SHEET
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	**1,977,109**	2,094,073
Investments	10	**626,875**	626,875
		2,603,984	2,720,948
CURRENT ASSETS			
Stocks	11	**782,535**	1,728,766
Debtors	12	**6,211,266**	5,117,140
Cash at bank		**843,944**	111,852
		7,837,745	6,957,758
CREDITORS			
Amounts falling due within one year	13	**(6,705,979)**	(6,206,015)
NET CURRENT ASSETS		**1,131,766**	751,743
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,735,750**	3,472,691
CREDITORS			
Amounts falling due after more than one year	14	**(292,683)**	(16,712)
PROVISIONS FOR LIABILITIES	19	**(238,619)**	(314,197)
NET ASSETS		**3,204,448**	3,141,782
CAPITAL AND RESERVES			
Called up share capital	20	**50,000**	50,000
Retained earnings	21	**3,154,448**	3,091,782
SHAREHOLDERS' FUNDS		**3,204,448**	3,141,782

The financial statements were approved by the Board of Directors on 10 October 2018 and were signed on its behalf by:

H S Dhillon - Director

STATEMENT OF CHANGES IN EQUITY
for the period 1 October 2016 to 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	50,000	2,104,050	2,154,050
Changes in equity			
Dividends	-	(400,000)	(400,000)
Total comprehensive income	-	1,387,732	1,387,732
Balance at 30 September 2016	50,000	3,091,782	3,141,782
Changes in equity			
Dividends	-	(450,000)	(450,000)
Total comprehensive income	-	512,666	512,666
Balance at 31 December 2017	50,000	3,154,448	3,204,448

The notes form part of these financial statements

CASH FLOW STATEMENT
for the period 1 October 2016 to 31 December 2017

	Notes	Period 1/10/16 to 31/12/17 £	Period 1/1/16 to 30/9/16 £
Cash flows from operating activities			
Cash generated from operations	1	**2,149,121**	(379,469)
Interest paid		**(96,659)**	(78,810)
Interest element of hire purchase payments paid		**(47,196)**	(30,622)
Finance costs paid		**(99,242)**	(71,116)
Tax paid		**(457,191)**	(57,378)
Net cash from operating activities		**1,448,833**	(617,395)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(348,804)**	(327,800)
Sale of tangible fixed assets		**335,180**	148,240
Interest received		**4,058**	53,047
Net cash from investing activities		**(9,566)**	(126,513)
Cash flows from financing activities			
Capital repayments in year		**(98,347)**	(319,979)
Equity dividends paid		**(450,000)**	(400,000)
Net cash from financing activities		**(548,347)**	(719,979)
Increase/(decrease) in cash and cash equivalents		**890,920**	(1,463,887)
Cash and cash equivalents at beginning of period	2	**(911,412)**	552,475
Cash and cash equivalents at end of period	2	**(20,492)**	(911,412)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the period 1 October 2016 to 31 December 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Profit before taxation	**586,663**	1,776,730
Depreciation charges	**395,409**	254,485
(Profit)/loss on disposal of fixed assets	**(61,399)**	32,524
Finance costs	**243,097**	181,255
Finance income	**(79,891)**	(53,047)
	1,083,879	2,191,947
Decrease/(increase) in stocks	**946,231**	(373,516)
Increase in trade and other debtors	**(815,548)**	(473,805)
Increase/(decrease) in trade and other creditors	**934,559**	(1,724,095)
Cash generated from operations	**2,149,121**	(379,469)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2017

	31/12/17	**1/10/16**
	£	**£**
Cash and cash equivalents	**843,944**	**111,852**
Bank overdrafts	**(864,436)**	**(1,023,264)**
	(20,492)	**(911,412)**

Period ended 30 September 2016

	30/9/16	1/1/16
	£	£
Cash and cash equivalents	111,852	6,047,942
Bank overdrafts	(1,023,264)	(5,495,467)
	(911,412)	552,475

The notes form part of these financial statements

1. GENERAL INFORMATION

The company carries out the recycling of waste materials.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 9 Mercus Court, Meridian Business Park, Leicester, LE19 1RJ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes to the accounts.

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

The company's functional and presentational currency is pound Sterling (£).

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e)when the specific criteria relating to the each of company's sales channels have been met.

Tangible fixed assets
Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Costs include original purchase price, costs directly attributable to bringing the asset into its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised

Depreciation and residual values
Depreciation is provided at the following rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Improvements to property	-	10 % on cost
Plant and machinery	-	15% on reducing balance
Fixtures and fittings	-	20% on reducing balance
Motor vehicles	-	25% on reducing balance

Impairment of fixed assets
Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses.

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2. **ACCOUNTING POLICIES - continued**

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing inventory to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Investments in subsidiaries and joint ventures
Investments in subsidiary and joint venture undertakings are recognised at cost.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Foreign currencies
At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss accounts within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within administrative expenses or other income as appropriate.

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2. **ACCOUNTING POLICIES - continued**

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

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

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

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments are initially recognised 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies 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.

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. Trade creditors 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.

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 the profit or loss in finance costs or income appropriately.

Share capital
Ordinary shares are classified as equity.

Pension costs and other post-retirement benefits
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

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2. **ACCOUNTING POLICIES - continued**

Critical accounting estimates and assumptions
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Stock provisioning
The company recycles materials and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

(iii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

3. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
United Kingdom	**15,328,828**	8,309,488
Europe	**4,773,670**	2,718,330
Rest of world	**14,931,908**	9,982,735
	35,034,406	21,010,553

4. **EMPLOYEES AND DIRECTORS**

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Wages and salaries	**1,255,956**	653,175
Social security costs	**185,935**	49,452
Other pension costs	**9,527**	6,644
	1,451,418	709,271

continued...

4. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the period was as follows:

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
Production staff	**20**	30
Distribution staff	**-**	3
Administrative staff	**29**	29
Management staff	**3**	2
	52	64

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Directors' remuneration	**98,600**	94,465
Directors' pension contributions to money purchase schemes	**528**	140

Key Management Compensation
The directors consider the key management of the company to be the directors.

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Hire of plant and machinery	**81,725**	102,860
Other operating leases	**575,481**	248,757
Depreciation - owned assets	**259,590**	146,981
Depreciation - assets on hire purchase contracts	**135,819**	107,504
(Profit)/loss on disposal of fixed assets	**(61,399)**	32,524
Auditors' remuneration	**17,000**	16,250
Foreign exchange differences	**18,069**	(10,792)

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Bank loan interest	**80,741**	79,517
Other interest	**15,918**	-
Hire purchase	**47,196**	30,622
Bank charges	**99,242**	71,116
	243,097	181,255

continued...

7. **TAXATION**

Analysis of the tax charge
The tax charge on the profit for the period was as follows:

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Current tax:		
UK corporation tax	**123,455**	364,165
Adjustment to prior years	**26,120**	-
Total current tax	**149,575**	364,165
Deferred tax	**(75,578)**	24,833
Tax on profit	**73,997**	388,998

Reconciliation of total tax charge included in profit and loss
The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Profit before tax	**586,663**	1,776,730
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	**111,466**	355,346
Effects of:		
Expenses not deductible for tax purposes	**-**	12,903
Income not taxable for tax purposes	**(4,302)**	(24,004)
Depreciation in excess of capital allowances	**16,291**	19,921
Adjustments to tax charge in respect of previous periods	**26,120**	-
Deferred tax	**(75,578)**	24,832
Total tax charge	**73,997**	388,998

8. **DIVIDENDS**

	Period 1/10/16 to 31/12/17	Period 1/1/16 to 30/9/16
	£	£
Ordinary shares of £1 each		
Interim	**450,000**	400,000

continued...

9. TANGIBLE FIXED ASSETS

	Improvements to property	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST					
At 1 October 2016	504,671	2,947,512	135,472	204,783	3,792,438
Additions	168,237	207,131	52,870	123,988	552,226
Disposals	(382,801)	(179,172)	(58,162)	(27,374)	(647,509)
At 31 December 2017	290,107	2,975,471	130,180	301,397	3,697,155
DEPRECIATION					
At 1 October 2016	193,644	1,284,912	81,344	138,465	1,698,365
Charge for period	18,718	307,661	36,985	32,045	395,409
Eliminated on disposal	(195,441)	(120,989)	(33,934)	(23,364)	(373,728)
At 31 December 2017	16,921	1,471,584	84,395	147,146	1,720,046
NET BOOK VALUE					
At 31 December 2017	273,186	1,503,887	45,785	154,251	1,977,109
At 30 September 2016	311,027	1,662,600	54,128	66,318	2,094,073

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery
	£
COST	
At 1 October 2016	1,500,795
Additions	203,422
Transfer to ownership	(1,329,543)
Reclassification/transfer	441,592
At 31 December 2017	816,266
DEPRECIATION	
At 1 October 2016	663,080
Charge for period	135,819
Transfer to ownership	(702,736)
Reclassification/transfer	3,680
At 31 December 2017	99,843
NET BOOK VALUE	
At 31 December 2017	716,423
At 30 September 2016	837,715

continued...

10. FIXED ASSET INVESTMENTS

	Interest in joint venture £
COST	
At 1 October 2016	
and 31 December 2017	**626,875**
NET BOOK VALUE	
At 31 December 2017	**626,875**
At 30 September 2016	626,875

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Joint venture

Envirokey Limited
Registered office: United Kingdom
Nature of business: Holding company

Class of shares:	% holding
Ordinary	50.00

	31.12.17 £	31.12.16 £
Aggregate capital and reserves	**494,871**	397,332
Profit for the year	**377,539**	261,888

11. STOCKS

	2017 £	2016 £
Stocks	**782,535**	1,728,766

Stock recognised in cost of sales during the year as an expense was £23,160,198 (2016: £11,130,257).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	**1,958,352**	1,709,827
Other debtors	**3,040,442**	2,397,818
Directors' current accounts	**857,132**	533,102
VAT	**322,101**	390,489
Prepayments and accrued income	**33,239**	85,904
	6,211,266	5,117,140

continued...

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 15)	864,436	1,023,264
Hire purchase contracts (see note 16)	92,227	263,123
Trade creditors	4,600,504	3,277,273
Tax	314,029	343,067
Social security and other taxes	89,063	50,702
Other creditors	392,823	1,090,650
Accruals and deferred income	352,897	157,936
	6,705,979	6,206,015

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Hire purchase contracts (see note 16)	292,683	16,712

15. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	864,436	1,023,264

16. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	92,227	263,123
Between one and five years	292,683	16,712
	384,910	279,835

continued...

16. **LEASING AGREEMENTS - continued**

The future minimum hire purchase lease payments are as follows:

	Period 1.10.16 to 31.12.17	Period 1.1.16 to 30.9.16
£ £		
Not later than one year	**145,685**	287,104
Later than one year and not later than five years	**407,916**	21,458
Total gross payments	**553,601**	308,562
Less: finance charges	**(168,691)**	(28,727)
Carrying amount of liability	**384,910**	279,835

The future minimum operating lease payments are as follows:

	Period 1.10.16 to 31.12.17	Period 1.1.16 to 30.9.16
£ £		
Not later than one year	**66,100**	66,100
Later than one year and not later than five years	**192,792**	258,892
Total gross payments	**258,892**	324,992
Less: finance charges	**-**	-
Carrying amount of liability	**258,892**	324,992

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdrafts	**864,436**	1,023,264
Hire purchase contracts	**384,910**	279,835
	1,249,346	1,303,099

The bank loans are secured by a fixed and floating charge over the assets of the company.

The hire purchase contracts are secured over the assets to which they relate.

continued...

18. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

		Period 1.10.16 to 31.12.17		Period 1.1.16 to 30.9.16
	£		£	
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	**1,958,352**		1,709,827	
- Other debtors	**3,040,442**		2,397,818	
- Directors' current accounts	**857,132**		533,102	
		5,855,926		4,640,747
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	**25,831**		1,023,264	
- Hire purchase contracts	**384,910**		279,835	
- Trade creditors	**4,600,504**		3,277,273	
- Other creditors	**392,823**		1,090,650	
		5,404,068		5,671,022

19. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	**238,619**	314,197

	Deferred tax
	£
Balance at 1 October 2016	**314,197**
Credit to Profit and Loss Account during period	**(75,578)**
Balance at 31 December 2017	**238,619**

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
50,000	Ordinary	£1	**50,000**	50,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

continued...

21. RESERVES

	Retained earnings £
At 1 October 2016	**3,091,782**
Profit for the period	**512,666**
Dividends	**(450,000)**
At 31 December 2017	**3,154,448**

22. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The following advances and credits to directors subsisted during the periods ended 31 December 2017 and 30 September 2016:

	2017 £	2016 £
H S Dhillon and B K Dhillon		
Balance outstanding at start of period	**533,102**	132,089
Amounts advanced	**1,549,030**	801,013
Amounts repaid	**(1,225,000)**	(400,000)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of period	**857,132**	533,102

The loan was interest free and carries no fixed repayment terms. The maximum amount outstanding during the year was £857,132 (2016: £533,102).

23. RELATED PARTY DISCLOSURES

During the period, total dividends of £450,000 were declared and paid to the directors.

Envirokey Limited
A joint venture of Eurokey Recycling Limited.

During the period the company made sales to Envirokey Limited amounting to £250,000 (2016: £nil).

The balance due to this company at the balance sheet date was £50,000 (2016: £300,000).

Envirovert Limited
A wholly owned subsidiary of Envirokey Limited.

During the period the company made purchases from Envirovert Limited amounting to £272,430 (2016: £2,206,273).

The balance due from this company at the balance sheet date was £163,750 (2016: £nil).

continued...

Smart Comply Limited
A wholly owned subsidiary of Envirokey Limited.

There were no sales or purchases in the period.

The balance due from this company at the balance sheet date was £19,560 (2016: £35,123 due to).

JHJ Racing Team Limited
A company controlled by H Dhillon and B Dhillon.

During the period the company made purchases from JHJ Racing Team Limited amounting to £217,408 (2016: £102,500).

The balance due to this company at the balance sheet date was £24,000 (2016: £50,908 due from).

Eurokey Recycling (APAC) Pty
A company controlled by H Dhillon and B Dhillon.

During the period the company made purchases from Eurokey Recycling (APAC) Pty amounting to £nil (2016: £20,126).

The balance due from this company at the balance sheet date was £nil (2016: £nil).

Global Reward Inc. Ltd.
A company controlled by H Dhillon.

During the period the company made sales to Global Reward Inc. Ltd. amounting to £114,636 (2016: £309,558).

During the period the company made purchases from Global Reward Inc. Ltd. amounting to £8,389 (2016: £229,427).

The balance due from this company at the balance sheet date was £142,158 (2016: £196,264).

Recoverypak Limited
A company controlled by H Dhillon and B Dhillon.

The balance due from this company at the balance sheet date was £37,840 (2016: £37,840).

HD Property Developments Limited
A company controlled by H Dhillon and B Dhillon.

During the period the company made purchases from H D Property Developments Limited amounting to £67,722 (2016: £291,410).

During the period, loan interest of £75,833 (2016: £52,500) was receivable from this company.

The balance due from this company at the balance sheet date was £2,475,425 (2016: £2,062,336).

24. ULTIMATE CONTROLLING PARTY

H S Dhillon and B K Dhillon are considered the ultimate controlling party by virtue of shareholding for the current and preceding period.