Hillfoot Steel Limited

Annual report and financial statements
for the year ended 30 June 2022

Registered number: 00596351

Annual report and financial statements

Company Information

Directors
Sir D E Murray
C P James
B A D Martin
C J McDermid
P J Pittman

Auditors
Ernst & Young LLP
144 Morrison Street
Edinburgh
EH3 8EX

Registered Office
Herries Road
Sheffield
South Yorkshire
S6 1HP

Annual report and financial statements

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Strategic report

The directors present their strategic report on the affairs of the company, together with the directors' report, financial statements and auditor's report, for the year ended 30 June 2022.

Principal activities and business review

The principal activity of the company is metals stockholding, processing and distribution.

The business continued to see a strengthening demand for material post pandemic and this aligned to capacity constraints within the supply chain resulted in the perpetual increase in material prices which flowed through the market during the year. The healthy financial position of the business allowed it to strategically optimise stock levels enabling the generation of significantly improved margins.

The market position and the strategic approach to further develop customer long term agreements during this continued unprecedented economic period ensured the business was positioned strongly to capitalise on the economic recovery.

A summary of the trading results is given on page 12, which shows turnover for the year ended 30 June 2022 of £21,994,525 (2021: £15,049,338) and an operating profit of £3,492,524 (2021: £1,067,837). After interest charges of £215,945 (2021: £161,089) the pre-tax company result for the year ended 30 June 2022 was a profit of £3,276,579 (2021: £906,749).

The statement of financial position is given on page 13 of the financial statements, which show the company position at the 30 June 2022 with £4,851,821 of shareholder's funds (2021: £2,027,510).

The business strategy is to maximise net profit and this is managed through the daily monitoring of turnover and gross margin and monthly monitoring of net profit.

Financial risk management

Credit risk

The company is exposed to credit related losses in the event of non-performance by counterparties to financial instruments, but mitigates such risk, through its policy of selecting only counterparties with high credit ratings and ensuring credit insurance is obtained where required.

Liquidity risk

Operations are financed by a mixture of shareholder's funds and group bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company.

Cashflow risk

The company's policy is to arrange bank loans with a floating rate of interest plus an agreed margin. In order to operate within available bank loan facilities the company controls its working capital through target inventory turns, and managing creditor and debtor days.

Stock replacement cost risk

The company's trading margins are subject to movements in the replacement cost of material, particularly on commodity grades. The company mitigates the impact of replacement cost losses on its trading results by utilising its long term relationships with key suppliers to buy commodity grades on short lead times and target a quick stock turn.

Foreign currency risk

In order to mitigate against the company's exposure to exchange rate movements, the company at times enters into non speculative foreign currency hedging instruments based on likely future foreign currency cash flows.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the company can continue in operational existence for the foreseeable future; that is for at least 12 months from the date of signing of the financial statements. The period of management's going concern assessment is the period to 31 December 2023.

The company is funded by a combination of operating cash flows and bank loans. As disclosed in note 14 to the financial statements, loan facilities have been put in place until at least 3 July 2023, and will continue on a rolling basis thereafter, or upon receiving 6 months' notice. The company is already in receipt of a number of term sheets to refinance this debt, coupled with strong trading performance of the businesses, the Directors are confident that a refinancing will be concluded well in advance of the maturity date.

The company forecasts have been prepared for a period from the date of approval of the financial statements to 31 December 2023 reflecting continued organic growth. These show that the company will have adequate resources to continue in operational existence for the foreseeable future. The Company also has the support of the ultimate parent Murray Capital Holdings Limited and although it is not anticipated support is required, it gives the Directors further assurance that the Company is a Going Concern. A letter of support from Murray Capital Holdings Limited to the Company has been signed and covers the period to 31 December 2023, the full going concern assessment period. Murray Capital Holdings Limited has access to sufficient liquid funds that gives the Directors of Hillfoot Steel Limited confidence that if support is needed, Murray Capital Holdings Limited has the wherewithal to do so. The directors therefore consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board of Directors and signed on behalf of the Board:

C P James
Director
28 October 2022

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2022.

Directors

The directors who served during the year and to the date of this report are as follows:

Sir D E Murray
C P James
B A D Martin
C J McDermid
P J Pittman

Dividends

The directors do not recommend the payment of a dividend (2021: nil).

Future developments

The Company will continue to be involved in metals stockholding, processing and distribution. The directors aim to improve the profitability going forward through daily monitoring of turnover and gross margin and monthly monitoring of net profit.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' 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 laws). 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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.

Directors' report (continued)

Auditor

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

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all steps that they ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

A resolution to re-appoint Ernst & Young LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

C P James
Director
28 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLFOOT STEEL LIMITED

Opinion

We have audited the financial statements of Hillfoot Steel Limited for the year ended 30 June 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and relevant direct and indirect tax compliance regulations in the jurisdictions in which the company operates. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We verified our enquiries through our review of board minutes. Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: journal entry testing focussed on specific risk criteria; management enquiries and focused testing over legal expenses incurred.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by identifying the accounting treatment of areas that are technically complex or require significant judgement.
- Where the risk of fraud was considered to be higher, we performed audit procedures, including challenging and auditing management estimates for appropriateness, considered the effectiveness of management controls to address fraud and performing audit procedures in relation to significant non-recurring transactions in the year.
- We incorporated unpredictability into our testing through the selection of journal entries.

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

Use of our report

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

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh, United Kingdom
28 October 2022

Profit and Loss Account

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022	Year ended 30 June 2021
		£	£
Turnover	2	21,994,525	15,049,338
Cost of sales		(15,793,525)	(12,276,147)
Gross profit		6,201,000	2,773,191
Other operating expenses	3	(2,708,476)	(2,087,367)
Other income	4	-	382,014
Operating profit		3,492,524	1,067,838
Interest payable and similar charges	5	(215,945)	(161,089)
Profit on ordinary activities before taxation	6	3,276,579	906,749
Tax on profit on ordinary activities	8	147,732	-
Profit for the year / period		3,424,311	906,749
Total comprehensive income for the year / period		3,424,311	906,749

The results are derived from continuing operations.

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position
As at 30 June 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	9	980,152	288,523
Current assets			
Stocks	10	7,843,390	3,870,908
Debtors	11	6,692,401	5,344,697
Cash at bank and in hand		98,599	199,567
		14,634,390	9,415,172
Creditors: Amounts falling due within one year	12	(10,561,561)	(4,722,815)
Net current assets		4,072,829	4,692,357
Total assets less current liabilities		5,052,981	4,980,880
Creditors: Amounts falling due after more than one year	13	(201,160)	(2,953,370)
Net assets		4,851,821	2,027,510
Capital and reserves			
Called-up share capital	15	512,500	1,112,500
Share premium account	16	34,932	34,932
Capital redemption reserve	16	10.013	10,013
Profit and loss account		4,294,376	870,065
Shareholder's funds		4,851,821	2,027,510

The accompanying notes form an integral part of the financial statements.

The financial statements were approved and authorised by the Board of Directors on 28 October 2022 and signed on its behalf by:

C P James
Director

Hillfoot Steel Limited
Company no: 00596351

Statement of Changes in Equity
For the year ended 30 June 2022

	Share capital	Share premium	Capital redemption	Profit and loss account	Total
	£	£	£	£	£
At 1 July 2020	500,000	34,932	10,013	(36,684)	508,261
Profit for the period	-	-	-	906,749	906,749
New Shares Issued	612,500	-	-	-	612,500
Total comprehensive income for the period	612,500	-	-	906,749	1,519,249
At 1 July 2021	1,112,500	34,932	10,013	870,065	2,027,510
Shares Redeemed	(600,000)	-	-	-	(600,000)
Profit for the year	-	-	-	3,424,311	3,424,311
Total comprehensive income for the year	(600,000)	-	-	3,424,311	2,824,311
At 30 June 2022	512,500	34,932	10,013	4,294,376	4,851,821

1 Accounting policies

The principal accounting policies are summarised below.

Statement of compliance

Hillfoot Steel Limited is a limited liability company incorporated in England. The Registered Office is Herries Road, Sheffield, South Yorkshire, S6 1HP.

Basis of preparation

The financial statements of Hillfoot Steel Limited were authorised for issue by the Board of Directors on 28October 2022. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

The company has taken advantage of the following disclosure exemptions under FRS 102:

(a) The requirements of Section 4 *Statement of Financial Position* paragraph 4.12 (a)(iv)
(b) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17 (d)
(c) the requirement of Section 33 *Related Party Disclosures* paragraph 33.7.

Going concern

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The company is funded by a combination of operating cash flows and bank loans. As disclosed in note 14 to the financial statements, loan facilities have been put in place until at least 3 July 2023, and will continue on a rolling basis thereafter, or upon receiving 6 months' notice. The company is already in receipt of a number of term sheets to refinance this debt, coupled with strong trading performance of the businesses, the Directors are confident that a refinancing will be concluded well in advance of the maturity date

The company forecasts have been prepared for a period from the date of approval of the financial statements to 31 December 2023 reflecting continued organic growth. These show that the company will have adequate resources to continue in operational existence for the foreseeable future. The Company also has the support of the ultimate parent Murray Capital Holdings Limited and although it is not anticipated support is required, it gives the Directors further assurance that the Company is a Going Concern. A letter of support from Murray Capital Holdings Limited to the Company has been signed and covers the period to 31 December 2023, the full going concern assessment period. Murray Capital Holdings Limited has access to sufficient liquid funds that gives the Directors of Hillfoot Steel Limited confidence that if support is needed, Murray Capital Holdings Limited has the wherewithal to do so. The directors therefore consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

1 Accounting policies (continued)

Deferred Tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Significant accounting policies

Tangible fixed assets

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery	10%	per annum straight line
Fixtures and fittings	10 - 20%	per annum straight line
Motor vehicles:	20%	per annum reducing balance

Residual value is calculated on prices prevailing at the date of acquisition. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. *The following criteria must also be met before turnover is recognised:*

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods; the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on purchase cost including transport. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1 Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The costs of providing pensions for employees are charged in the profit and loss account as they become payable.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

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 of three months or less.

2 Turnover

Turnover, which is stated net of value added tax, represents the amount derived from the company's principal activity.

	2022	2021
	£	£
Sale of goods	21,994,525	15,049,338

An analysis of turnover by destination is given below.

	2022	2021
	£	£
United Kingdom	20,862,466	14,526,729
Europe	1,055,082	492,341
Rest of the world	26,977	30,268
	21,994,525	15,049,338

3 Other operating expenses

	2022	2021
	£	£
Selling and distribution costs	1,103,182	997,744
Administrative expenses	1,605,294	1,089,624
	2,708,476	2,087,368

4 Other operating income

	2022	2021
	£	£
Other income	-	382,014

The other income during 2021 related to insurance receipts as part of a Business Interruption Claim made as a result of the COVID 19 pandemic.

5 Interest payable and similar charges

	2022	2021
	£	£
Bank loans and overdrafts	194,293	136,909
Hire Purchase Interest	11,461	5,995
Other interest	10,191	18,185
	215,945	161,089

6 Profit on ordinary activities before taxation

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

	2022 £	2021 £
Depreciation		
- owned	80,325	66,283
- held under finance leases	34,334	22,649
Inventory recognised as an expense in the period/year	13,624,068	10,351,582
Operating lease rentals		
- property	288,929	279,008
- plant and machinery	46,675	36,308
Foreign exchange (gain)	(42,963)	(7,108)
Auditor's remuneration for the audit of the company	25,500	22,000

7 Staff costs and directors' remuneration

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Sales	13	10
Warehousing and processing	23	20
Administration	17	18
	53	48

The aggregate remuneration comprised:	2022 £	2021 £
Wages and salaries	2,184,351	1,581,970
Social security costs	173,705	147,077
Other pension costs (note 17)	77,396	69,851
	2,435,452	1,798,898

7 Staff costs and directors' remuneration (continued)

In prior years, directors remuneration was borne by other Group undertakings and not recharged to the company and therefore reporting prior year costs of nil. Following the restructure in period ended 30 June 2020, the remuneration for the directors in borne directly by the company as detailed below:

Directors' emoluments for the company comprised:

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Emoluments for qualifying services	603,942	283,476
Pension contributions	42,700	28,683
	646,642	312,159
Highest paid director:		
Emoluments for qualifying services	344,350	150,878
Pension contributions	30,800	25,458
	375,150	176,336

Two directors were members of the defined contribution pension schemes (period ended 30 June 2021: 2).

8 Tax on profit on ordinary activities

The tax charge comprises:

	2022	2021
	£	£
Current tax		
UK corporation tax	27,674	-
Total current tax		
Deferred tax		
Origination and reversal of timing differences	(134,889)	-
Impact of tax rate change	-	-
Adjustments in respect of prior periods	(40,517)	-
Total deferred tax (note 10)	(175,406)	-
Total tax on profit on ordinary activities	(147,732)	

8 Tax on profit on ordinary activities (continued)

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

	2022	2021
	£	£
Profit on ordinary activities before taxation	3,276,579	906,749
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%)	622,550	172,282
Effects of:		
Expenses not deductible for tax purposes	4,743	24,408
Fixed asset differences	(38,278)	684
Change in tax rates	186,004	(353,168)
Transfer pricing adjustments	-	-
Utilised tax losses	-	-
Movement in Deferred tax not recognised	(909,908)	232,997
Adjustments to tax charge in respect of previous periods – Deferred Tax	(40,517)	(77,203)
Adjustments to tax charge in respect of previous periods – Corporation Tax	27,674	-
Total tax credit for the period/year	(147,732)	-

Future tax

At 30 June 2022, the company had tax losses of £3,346,918 (2021: £5,470,653) available to carry forward and offset against future taxable profits.

Factors that may affect future current and total tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This change was substantively enacted on 17 March 2020.

The 2021 budget proposal, substantively enacted into law in the Finance Act 2021 on 24 May 2021, increased the corporation tax rate to 25% from 1 April 2023.

8 Tax on profit on ordinary activities (continued)

Deferred taxation

	2022	2021
	£	£
Included in debtors (note 11)	737,032	561,626

	2022	2021
	£	£
Beginning of period/year	561,626	561,626
Credit to profit and loss account	175,406	-
	737,032	561,626

Deferred tax is provided as follows:

	2022	2021
	£	£
Fixed asset timing differences	(101,371)	117,503
Other short-term timing differences	1,673	3,439
Losses carried forward	836,730	440,684
	737,032	561,626

The unrecognised deferred tax asset comprises:

	2022	2021
	£	£
Tax losses carried forward	-	477,798
	-	477,798

Recognition of the deferred tax asset is based on an assessment by management of the ability of the company to generate future taxable profits.

9 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
Cost	£	£	£	£
At 1 July 2021	2,253,225	972,198	33,845	3,259,268
Additions	587,310	140,345	83,445	811,100
Disposals	(167,834)			(167,834)
At 30 June 2022	2,672,701	1,112,543	117,290	3,902,534
Depreciation				
At 1 July 2021	2,001,247	936,591	32,907	2,970,745
Charge for the year	86,867	22,038	5,754	114,659
Disposals	(163,022)			(163,022)
At 30 June 2022	1,925,092	958,629	38,661	2,922,382
Net book value				
At 30 June 2022	747,609	153,914	78,629	980,152
At 30 June 2021	251,978	35,607	938	288,523

Leased assets included above

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
Net book value				
At 30 June 2022	486,366	-	-	486,366
At 30 June 2021	174,654	-	-	174,654

10 Stocks

	2022	2021
	£	£
Goods for resale	7,843,390	3,870,908

There is no material difference between the balance sheet value of stocks and their replacement costs.

11 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	5,524,478	4,223,049
Amounts owed by group undertakings	59,004	19,787
Other debtors and prepayments	371,887	540,235
Deferred tax		-
	5,955,369	4,783,071
Amounts falling due after one year:		
Deferred tax	737,032	561,626
	6,692,401	5,344,697

12 Creditors: Amounts falling due within one year

	2022	2021
	£	£
Obligations under finance leases and hire purchase contracts	148,982	46,549
Trade creditors	5,522,740	3,309,424
Bank Loans	3,325,599	-
Amounts owed to group undertakings	6,925	352,309
Other taxation and social security	849,870	699,084
Corporation tax	-	3,119
Accruals and deferred income	707,445	312,330
	10,561,561	4,722,815

Amounts owed to group undertakings are non-interest bearing.

13 Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Obligations under finance leases and hire purchase contracts	201,160	68,436
Bank loans	-	2,884,934
	201,160	2,953,370

14 Loans

Loans repayable, included within creditors, are analysed as follows:

	2022	2021
	£	£
Within one year	3,325,599	-
Between two and five years	-	2,884,934

Bank loans relate to asset-based finance and bear an interest rate of 2.25% above base rate. The loan facilities are in place until 3 July 2023, and will continue on a rolling basis thereafter, or upon receiving six months' notice. Security for these loans consists of cross guarantees, fixed charges and floating charges over the assets and undertakings of the company, its immediate parent and fellow subsidiary undertakings.

The company is already in receipt of a number of term sheets to refinance this debt, coupled with strong trading performance of the businesses, the Directors are confident that a refinancing will be concluded well in advance of the maturity date.

15 Called-up share capital

	2022	2021
	£	£
Allotted, called-up and fully paid		
500,000 (2021: 500,000) ordinary A shares of £1 each (note 16)	500,000	500,000
125,000 (2021: 125,000) Ordinary B shares of £0.10 each	12,500	12,500
	512,500	512,500
- (2021: 600,000) Preference shares of £1 each	-	600,000
	512,500	1,112,500

16 Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

16 Guarantees

The company has guaranteed bank borrowings of its intermediate parent undertaking, and certain other fellow subsidiary undertakings. The total contingency as at 30 June 2022 amounts to £4,498,879 (2021: £3,619,448). Security for the bank facilities consists of cross guarantees and fixed and floating charge over the assets of the company.

The company has also guaranteed loan notes of £1,020,867 (2021: £1,020,867) issued by Murray Metals Limited, its immediate parent undertaking. This guarantee consists of a floating charge over the assets and undertakings of the company.

17 Pension commitments

The company operates defined contribution pension schemes whose assets are held separately from those of the company in independent trustee administered funds. The pension cost charge represents contributions payable and paid by the company and amounts to £77,396 (2021: £69,851). Within accruals and deferred income is a pension balance owing of £15,830 (2021: £13,441).

18 Obligations under leases and hire purchase contracts

The company uses finance leases and hire purchase contracts to acquire plant and machinery and office equipment. Future minimum lease payments due under finance leases and hire purchase contracts are as follows:

	2022	2021
	£	£
Within one year	148,982	54,763
In two to five years	201,160	80,521
	350,142	135,284
Less: finance charges allocated to future periods	(36,259)	(20,299)
	313,883	114,985

Future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than one year	529,864	503,651
Later than one year and not later than five years	2,041,596	1,923,723
Greater than 5 years	839,775	1,296,075

19 Related party transactions

	Profit and loss account charge / (credit) year ended 30 June 2022	Amounts owed by / (to) related parties as at 30 June 2022	Profit and loss account charge / (credit) year ended 30 June 2021	Amounts owed by / (to) related parties as at 30 June 2021
	£	£	£	£
Murray Capital Holdings Limited	67,175	(6,925)	-	-
Murray Capital Group Limited	-	-	44,935	(352,309)
Murray Metals Limited	-	-	126,408	-
Murray Plate Group Limited	(241,196)	58,104	(163,363)	19,787

Notes to the financial statements

For the year ended 30 June 2022

20 Ultimate controlling party

The immediate parent company is Murray Metals Limited and the ultimate parent company is Murray Capital Holdings Limited. The smallest group for which consolidated financial statements are drawn up is Murray Capital Holdings Limited. Copies of the consolidated financial statements of Murray Capital Holdings Limited are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The ultimate controlling party is Murray Capital Holdings Limited; that company controlled by David D Murray and Keith A Murray.