

Registration number: 00989222

# Malcolm Clarke (Steel) Hollinwood Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2022



# **Malcolm Clarke (Steel) Hollinwood Limited**

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# **Malcolm Clarke (Steel) Hollinwood Limited**

## **Company Information**

### **Directors**

J Kershaw

R Lee

### **Company secretary**

I McDonald

### **Registered office**

Jubilee Works  
Clifton Street  
Miles Platting  
Manchester  
M40 8HN

### **Auditors**

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

## Malcolm Clarke (Steel) Hollinwood Limited

### Strategic Report for Year Ended 30 June 2022

The directors present their strategic report for the period ended 30 June 2022.

#### Principal activity

The principal activity of the company is the wholesale of steel plate, coil and sheet

#### Fair review of the business

The results of the company for the period set out on page 11 show a profit on ordinary activities before taxation of £1,062,210 (2021: £891,230). The shareholders' funds for the company increased to £3,000,435 from £2,489,299.

The company has continued to trade throughout the United Kingdom & Republic of Ireland as in previous periods, although sales to the Republic of Ireland are not material to the company's overall performance.

The UK Steel sector is suffering from a period of historically low demand. However there was also significant supply-side disruption in the year caused by the indefensible invasion of Ukraine by Russia. Manufacture of steel in Ukraine has been decimated by this war, and availability of steel of Russian origin has also been severely curtailed by sanctions or other state interventions in the market. This disruption caused both cancellation of some planned supplies to the company from Ukraine and a short-term spike in prices generally. The company has no exposure to Russian supply risks. The Directors monitor the sector closely in order to adapt to current market situations as quickly as possible.

These factors have resulted in turnover for the year of £12.61m from £13.3m for the 18-month period ended 30 June 2021. This was achieved however on reduced pro-rata volumes of material sold.

Cash on hand at the balance sheet date was £23,522 (2021: £30,080). The company is making use of its invoice discounting facility, although not to full capacity.

The company is financially well placed at the period end, with significant access to liquidity, a healthy debtor book and good relations with creditors who value the company's business. The directors believe that the company is in a strong financial position.

#### Key Performance Indicators

The company's key performance indicators are based on financial performance and are monitored on a regular basis.

The company's key financial and other performance indicators during the period were as follows:

	Unit	Year to 2022	18 month to 2021
Turnover	£m	12.61	13.33
Gross profit	£m	2.86	2.50
Gross profit %	%	22.67	18.75
Profit/-Loss before tax	£m	1.06	0.92
Net profit %	%	8.4	6.9
Net assets	£m	3.0	2.54
Current ratio	%	1.35	1.35
Debtor days		85	133

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Strategic Report for Year Ended 30 June 2022**

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

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent stockholders and product availability. To mitigate these risks the directors monitor the sector in which the company operates closely and are able to react by adapting purchase and sale strategies accordingly.

There is also the risk of a customer's businesses failing while owing the company money. This risk is mitigated by constant monitoring and by comprehensive credit insurance.

With regards to financial risks, the directors and management monitor liquid funds to ensure the company is able to meet its day to day obligations. Extensive reviews in accordance with a strict policy are carried out prior to the company accepting any discretionary expenditure, such as capital investment, or declaration and payment of dividends.

23/3/2023

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

*Robert E Lee*

.....

R Lee  
Director

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Directors' Report for the Year Ended 30 June 2022**

The directors present their report and the financial statements for the period ended 30 June 2022.

#### **Dividends**

Particulars of dividends paid are detailed in note 21 to the financial statements.

#### **Directors of the company**

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

J Kershaw

R Lee

#### **Financial instruments**

##### **Objectives and policies**

The company's principal financial instruments comprise of bank balances, trade debtors, trade creditors and an invoice discounting facility. The main purpose of the instruments is to raise funds for the company's operations.

The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

##### **Price risk, credit risk, liquidity risk and cash flow risk**

Due to the nature of the financial instruments mentioned above, there is no exposure to price risk.

In respect of bank balances, the liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the company's operations.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding.

The liquidity risk associated with trade creditors is managed by ensuring that sufficient funds are available to meet amounts due.

The company meets its day to day working capital through an invoice finance facility which is secured over the trade debtors and is repayable on demand. The trade debtors are insured and the company ensures it maintains sufficient headroom in the facility.

#### **Future developments**

The directors are confident that the company is well positioned and resourced to grow its market share going forward and to take advantage of consolidation in its sector. The directors continue to monitor the situation carefully and to act accordingly in the best interests of the company. The directors consider that 2022/2023 will be a stable year for the company.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Directors' Report for the Year Ended 30 June 2022**

#### **Research and development**

The company, in previous years, invested in the development of the added value services provided to customers through technological advancements in its plant & machinery. The directors regard this investment to be integral to the continuing success of the business and to ensuring that the company meets the needs of its customers.

However, no substantial development was undertaken in the 12 month period to 30 June 2022, and this will resume when considered appropriate by the Directors.

The company continues to operate its own fleet of vehicles to ensure that delivery targets are met and improved. The directors also regard this as integral to the success of the company in maintaining a high standard of service to customers regardless of location.

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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

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

23/3/2023

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

*Robert E Lee*

.....

R Lee  
Director

## Malcolm Clarke (Steel) Hollinwood Limited

### Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

23/3/2023

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

*Robert E Lee*

.....  
R Lee  
Director



## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Independent Auditor's Report to the Members of Malcolm Clarke (Steel) Hollinwood Limited**

#### **Opinion**

We have audited the financial statements of Malcolm Clarke (Steel) Hollinwood Limited (the 'company') for the period ended 30 June 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 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 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 director's 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 of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

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

We have nothing to report in this regard.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Independent Auditor's Report to the Members of Malcolm Clarke (Steel) Hollinwood Limited**

#### **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 Directors' Report for the financial period 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 our 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 and the Directors' Report.

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

- adequate accounting records have not been kept, 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 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.

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

- We obtained an understanding of the company's activities, controls and laws and regulations and assessed the susceptibility of the company's financial statements to material misstatement from irregularities, including fraud.
- We determined that the laws and regulations that are most significant to the company are Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 1A, the Companies Act 2006 and the relevant tax compliance regulations in which the company operates.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Independent Auditor's Report to the Members of Malcolm Clarke (Steel) Hollinwood Limited**

- Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries of management, including enquiring management as to any actual or potential litigations, claims, fraud or suspected fraud; journal entry testing; review of bank letters; review of Board minutes; review of transactions for any undisclosed related party transactions; reviewing financial statement disclosures and testing to supporting documentation to access compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Independent Auditor's Report to the Members of Malcolm Clarke (Steel) Hollinwood Limited**

#### **Use of our report**

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



.....  
Joseph Kinton (Senior Statutory Auditor)  
For and on behalf of Shipleys LLP, Statutory Auditor

10 Orange Street  
Haymarket  
London  
WC2H 7DQ

23/3/2023

Date: .....

## Malcolm Clarke (Steel) Hollinwood Limited

### Profit and Loss Account for the Year Ended 30 June 2022

		12 months to 30 June 2022	18 months to 30 June 2021
	Note	£	£
Turnover	3	12,611,640	13,327,522
Cost of sales		<u>(9,752,361)</u>	<u>(10,828,331)</u>
Gross profit		2,859,279	2,499,191
Distribution costs		(287,369)	(508,210)
Administrative expenses		(1,488,418)	(1,260,787)
Other operating income	4	<u>4,701</u>	<u>187,146</u>
Operating profit/(loss)	6	1,088,193	917,340
Interest payable and similar expenses	7	<u>(25,983)</u>	<u>(26,110)</u>
Profit/(loss) before tax		1,062,210	891,230
Taxation	11	<u>(211,075)</u>	<u>(182,814)</u>
Profit/(loss) for the financial period		<u>851,135</u>	<u>708,416</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

**Malcolm Clarke (Steel) Hollinwood Limited**

**Statement of Comprehensive Income for the Year Ended 30 June 2022**

	<b>12 months to 30 June 2022</b>	<b>18 months to 30 June 2021</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the period	851,135	708,416
Total comprehensive income for the period	851,135	708,416

# Malcolm Clarke (Steel) Hollinwood Limited

(Registration number: 00989222)

## Balance Sheet as at 30 June 2022

	Note	30 June 2022 £	31 June 2021 £
<b>Fixed assets</b>			
Tangible assets	12	1,865,112	1,814,734
<b>Current assets</b>			
Stocks	13	2,067,496	1,725,868
Debtors	14	2,983,927	3,366,258
Cash at bank and in hand		23,522	30,080
		<u>5,074,945</u>	<u>5,122,206</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(3,761,934)</u>	<u>(3,842,205)</u>
<b>Net current assets</b>		<u>1,313,011</u>	<u>1,280,001</u>
<b>Total assets less current liabilities</b>		3,178,123	3,094,735
<b>Creditors: Amounts falling due after more than one year</b>	16	(22,560)	(450,308)
<b>Provisions for liabilities</b>	17	<u>(155,128)</u>	<u>(155,128)</u>
<b>Net assets</b>		<u>3,000,435</u>	<u>2,489,299</u>
<b>Capital and reserves</b>			
Called up share capital	19	140	140
Capital redemption reserve		400,002	400,002
Profit and loss account		<u>2,600,293</u>	<u>2,089,157</u>
<b>Total equity</b>		<u>3,000,435</u>	<u>2,489,299</u>

23/3/2023

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

*Robert E Lee*

.....  
R Lee  
Director

**Malcolm Clarke (Steel) Hollinwood Limited**

**Statement of Changes in Equity for the Year Ended 30 June 2022**

	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2021	140	400,002	2,089,158	2,489,300
Profit for the period	-	-	851,135	851,135
Total comprehensive income	-	-	851,135	851,135
Dividends	-	-	(340,000)	(340,000)
At 30 June 2022	140	400,002	2,600,293	3,000,435

  

	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	140	400,002	1,835,742	2,235,884
Profit for the period	-	-	708,416	708,416
Total comprehensive income	-	-	708,416	708,416
Dividends	-	-	(455,000)	(455,000)
At 30 June 2021	140	400,002	2,089,158	2,489,300



## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **1 General information**

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

The address of its registered office is:

Jubilee Works  
Clifton Street  
Miles Platting  
Manchester  
M40 8HN  
United Kingdom

The principal activity of the company during the period was that of steel stockholding from its trading base in Manchester.

#### **2 Accounting policies**

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

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The amounts in the financial statements are presented to the nearest £, unless otherwise stated.

##### **Comparatives**

The accounts cover the 12 month period from 1 July 2021 to 30 June 2022. The comparatives cover the 18 month period from 1 January 20 to 30 June 2021 and are therefore not entirely comparable.

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

The entity satisfies the criteria of being a qualifying entity as defined by FRS 102. Its financial statements are consolidated into the financial statements of Hollinwood Holdings Ltd as explained in note 23. As such, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' - Carrying Amounts.
- Section 33 'Related Party Disclosures - Key Management Personnel Compensation.

##### **Going concern**

In the opinion of the directors the company remains a going concern for a period of at least 12 months from the approval of the accounts. The company has a strong debtor book and no issues with collecting on it. There is significant headroom on the invoice discounting facility, allowing the company to easily meet all its obligations as they fall due. The directors do not anticipate that any new measures relating to COVID-19 could affect the company's status as a going concern.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **Judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

#### **Key sources of estimation uncertainty**

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

The useful economic life of fixed assets is estimated based on the knowledge and experience of senior members of staff but.

Provision is made for obsolete, slow-moving or defective items where appropriate. Provision is made on a line by line basis by comparing outsale price post year end to purchase cost. The stock provision for the year was £275,000 (2021: £nil).

#### **Revenue recognition**

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

The company recognises revenue when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on dispatch of the goods.
  - the amount of revenue can be measured reliably.
  - it is probable that the economic benefits will flow to the entity.
- and, the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### **Tax**

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### Tangible assets

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

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

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purpose of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or group of assets.

#### Depreciation

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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

Asset class	Depreciation method and rate
Motor Vehicles	25% written down value
Plant and Machinery	25 year straight line, and, 15% on written down value
Fixtures and Fittings	15% on written down value, and, 3 year straight line

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade debtors

Trade debtors are amounts due from customers for goods sold in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion, an appropriate proportion of fixed and variable overheads and other costs incurred in bringing the stock to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Notes to the Financial Statements for the Period Ended 30 June 2022**

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

#### **Share capital**

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

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Period Ended 30 June 2022

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### Financial instruments

##### Classification

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.

##### Recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

##### Impairment

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3 Revenue

The turnover and profit before taxation for the period is attributable to the principal activity of the company which is steel stockholding. The turnover includes exports, which are all made by the company to other E.U. countries, of £115,350 (2021 - £654,313).

The analysis of the company's revenue for the period from continuing operations is as follows:

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Sale of goods	12,611,640	13,327,522

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Grants received under CJRS	-	145,394
Miscellaneous other operating income	4,701	41,752
	<u>4,701</u>	<u>187,146</u>

#### 5 Other gains and losses

The analysis of the company's other gains and losses for the period is as follows:

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Gain (loss) on disposal of property, plant and equipment	-	48,119

#### 6 Operating loss

Arrived at after charging/(crediting)

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Depreciation expense included in:		
Administrative expenses	41,780	51,717
Distribution costs	33,081	65,020
(Profit)/loss on disposal of property, plant and equipment	-	(48,119)

#### 7 Interest payable and similar expenses

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Interest on bank overdrafts and borrowings	23,378	22,203
Interest on obligations under finance leases and hire purchase contracts	2,605	3,907
	<u>25,983</u>	<u>26,110</u>

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 8 Staff Costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	12 months to 30 June 2022	18 months to 30 June 2021
	£	£
Wages and salaries	536,452	701,657
Social security costs	58,956	68,139
Pension costs, defined contribution scheme	527,798	30,056
	<u>1,123,206</u>	<u>799,852</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	12 months to 30 June 2022	18 months to 30 June 2021
	No.	No.
Production	7	10
Other Departments	12	9
	<u>19</u>	<u>19</u>

#### 9 Directors' remuneration

The directors' remuneration for the period was as follows:

	12 months to 30 June 2022	18 months to 30 June 2021
	£	£
Remuneration	93,186	89,493
Pension contributions	508,544	-
	<u>601,730</u>	<u>89,493</u>

In respect of the highest paid director:

	12 months to 30 June 2022	18 months to 30 June 2021
	£	£
Remuneration	47,617	67,432
Pension contributions	184,469	-
	<u>232,086</u>	<u>67,432</u>

# Malcolm Clarke (Steel) Hollinwood Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022

### 10 Auditors' remuneration

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Audit of the financial statements	9,908	11,682

### 11 Taxation

Tax charged/(credited) in the income statement

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
<b>Current taxation</b>		
UK corporation tax	211,075	182,814
UK corporation tax adjustment to prior periods	-	-
	<u>211,075</u>	<u>182,814</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	-	-
Arising from changes in tax rates and laws	-	-
Total deferred taxation	-	-
Tax expense in the income statement	<u>211,075</u>	<u>182,814</u>

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 – 19%).

The differences are reconciled below:

	12 months to 30 June 2022 £	18 months to 30 June 2021 £
Profit/(loss) before tax	<u>1,062,210</u>	<u>891,230</u>
Corporation tax at standard rate	201,820	169,334
Effect of expenses not deductible in determining taxable profit/ (taxable loss)	23,393	33,491
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(14,138)</u>	<u>(20,011)</u>
Total tax charge	<u>211,075</u>	<u>182,814</u>



**Malcolm Clarke (Steel) Hollinwood Limited**

**Notes to the Financial Statements for the Period Ended 30 June 2022**

**11 Tangible assets**

	<b>Land and buildings £</b>	<b>Furniture, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Plant &amp; Machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 July 2021	1,016,889	266,059	359,044	1,357,290	2,999,282
Additions	24,472	-	66,883	33,884	125,239
At 30 June 2022	<u>1,041,361</u>	<u>266,059</u>	<u>425,927</u>	<u>1,391,174</u>	<u>3,124,521</u>
<b>Depreciation</b>					
At 1 July 2021	1,566	225,773	204,755	752,454	1,184,548
Charge for the period	907	9,286	33,081	31,587	74,861
At 30 June 2022	<u>2,473</u>	<u>235,059</u>	<u>237,836</u>	<u>784,041</u>	<u>1,259,409</u>
<b>Carrying amount</b>					
At 30 June 2022	<u>1,038,888</u>	<u>31,000</u>	<u>188,091</u>	<u>607,133</u>	<u>1,865,112</u>
At 30 June 2021	<u>1,015,323</u>	<u>40,286</u>	<u>154,289</u>	<u>604,836</u>	<u>1,814,734</u>

Included within the net book value of land and buildings above is £1,012,518 (2021 - £1,012,518) in respect of freehold land and buildings.

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	30 June 2022	30 June 2021
	£	£
Motor Vehicles	40,661	54,208

#### 13 Stocks

	30 June 2022	30 June 2021
	£	£
Goods for resale	2,067,496	1,725,868

#### 14 Debtors

	30 June 2022	30 June 2021
	£	£
Trade debtors	2,936,289	3,242,532
Other debtors	8,383	4,533
Prepayments	39,255	119,193
Total current trade and other debtors	2,983,927	3,366,258

#### 15 Cash and cash equivalents

	30 June 2022	30 June 2021
	£	£
Cash on hand	85	11,328
Cash at bank	23,437	18,752
	23,522	30,080
Bank overdrafts	(1,792,754)	(595,103)
Cash and cash equivalents in statement of cash flows	(1,769,232)	(565,023)

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 16 Creditors

	Note	30 June 2022 £	30 June 2021 £
<b>Due within one year</b>			
Loans and borrowings	20	1,812,126	706,142
Trade creditors		1,116,853	2,391,148
Amounts due to related parties	23	306,467	346,275
Social security and other taxes		176,328	117,071
Accrued expenses		139,759	98,755
Income tax liability	11	210,401	182,814
		<u>3,761,934</u>	<u>3,842,205</u>
<b>Due after one year</b>			
Loans and borrowings	20	<u>22,560</u>	<u>450,308</u>

#### 17 Provisions for liabilities

	Deferred tax £	Total £
At 1 July 2021	<u>155,128</u>	<u>155,128</u>
At 30 June 2022	<u>155,128</u>	<u>155,128</u>

Deferred tax, noted above, arises on accelerated capital allowances.

#### 18 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme for its staff. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £19,254 (2021 - £30,056).

##### Small self-administered pension scheme

The company operates a small self-administered scheme for the directors and key employees. The pension cost charge for the period represents contributions paid by the company to the scheme and amounted to £508,544 (2021 - £nil).

# Malcolm Clarke (Steel) Hollinwood Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022

### 19 Share capital

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

	30 June 2022		30 June 2021	
	£		£	
	No.	£	No.	£
Ordinary Shares of £1 each	140	140	140	140

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets. Share capital represents the nominal value of shares that have been issued.

### 20 Loans and borrowings

	30 June 2022	30 June 2021
	£	£
<b>Non-current loans and borrowings</b>		
HP and finance lease liabilities	22,560	41,974
CBILS	-	408,334
	<u>22,560</u>	<u>450,308</u>

	30 June 2022	30 June 2021
	£	£
<b>Current loans and borrowings</b>		
Bank overdrafts	1,792,754	595,103
HP and finance lease liabilities	19,372	19,372
CBILS	-	91,667
	<u>1,812,126</u>	<u>706,142</u>

#### Bank borrowings

The company meets its day to day working capital requirements through an invoice finance facility (secured over the trade debtors of the company) which is repayable on demand. The company expects to operate within the facility which is currently agreed and which it expects to agree into the future.

## Malcolm Clarke (Steel) Hollinwood Limited

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 21 Obligations under leases and hire purchase contracts

##### Finance leases

The total of future minimum lease payments is as follows:

	30 June 2022	30 June 2021
	£	£
Not later than one year	19,372	19,372
Later than one year and not later than five years	22,560	41,974
	<u>41,932</u>	<u>61,346</u>

#### 22 Dividends

##### Interim dividends paid

	12 month period to 30 June 2022	18 month period to 30 June 2021
	£	£
Interim dividend	340,000	455,000

#### 22 Reserves

The profit and loss account records retained earnings and accumulated losses.

The capital redemption reserve records the nominal value of shares repurchased by the company.

#### 23 Related party transactions

##### Transactions with directors

At the balance sheet date, the company owed one of the directors £145,747 (2021: £252,917). The amounts owed by the company are unsecured, repayable on demand and interest free. During the period, a director received advances of £nil (2021: £728,544) and the director made repayments of £nil (2021: £728,544). No interest was charged on these advances (2021: £5,387)..

At the year end, the company owed another director £65,001 (2021: £53,570). The amounts owed by the company are unsecured, repayable on demand and interest free. During the period, the director received advances of £nil (2021: £78,900) and the director made repayments of £nil (2021: £78,900). No interest was charged on these advances.

A director entered into a transaction personally on behalf of the company as the company also had a business interest in the matter. The company incurred a share of the costs of £53,324 (2021: £175,868).

During the year, the company entered into a business transaction with a company in which a close family member of a director has a controlling interest. The company paid £12,000 to the related party (2021: £nil).

##### Other related parties

At the balance sheet date the company owed a member of key management, £10,424 (2021: £3,801). This loan is interest free, unsecured and repayable on demand. During the period, this member of key management received advances of £nil (2021: £16,699) and made repayments of £nil (2021: £16,699). No interest was charged on these advances.

## **Malcolm Clarke (Steel) Hollinwood Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **Summary of transactions with entities with joint control or significant interest**

Relco Services Ltd, of which Mr R Lee is sole director, is under common control.

At the balance sheet date the company owed Relco Services Ltd £85,295 (2021: £35,987). The amounts owed are repayable on demand and are interest free.

During the period Relco Services Ltd invoiced a total of £42,000 (2021: £17,500) to the company for the provision of director services.

#### **The Hollinwood Holdings Pension Scheme**

The directors are each member trustees of the Hollinwood Holdings Pension Scheme, a small self-administered scheme. During the year the company paid contributions to the scheme of £508,544 (2021 - £nil).

The Hollinwood Holdings Pension Scheme also owns a portion of the premises from which the company operates. The company (as tenant) has entered into a lease regarding this land with the scheme (as landlord). The annual rent payable is £20,000, of which £36,000 was due by the company to the scheme at the balance sheet date. This amount has been paid after the balance sheet date. The lease term expires in 2032. The company has the right to terminate the lease on provision of 6 months' notice to the scheme. The lease was not executed until after the year end.

#### **24 Parent and ultimate parent undertaking**

The company's immediate parent is Hollinwood Holdings Ltd, incorporated in England & Wales.

The most senior parent entity producing publicly available consolidated financial statements is Hollinwood Holdings Ltd. These financial statements are available upon request from Jubilee works, Clifton Street, Miles Platting, Manchester, M40 8HN.

The ultimate controlling party is Mr R Lee.