Registration number: 00989222

Malcolm Clarke (Steel) Hollinwood Limited

Annual Report and Financial Statements

for the 18 Month Period Ended 30 June 2021

Malcolm Clarke (Steel) Hollinwood Limited

Contents

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 the Period Ended 30 June 2021

The directors present their strategic report for the period ended 30 June 2021.

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 £891,230 (2019: loss of £66,005). The shareholders' funds for the company increased to £2,489,299 from £2,235,884.

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 started to show signs of recovery in the first quarter of 2020. However this was cut short by the COVID-19 pandemic which had a significant detrimental impact on the company's performance in the second and third quarters of 2020. A significant recovery in steel prices took place in the fourth quarter of 2020 and accelerated in the first and second quarters of 2021. The Directors monitor the sector closely to adapt to current markets situation as quickly as possible. The impact of Brexit on the company has been negligible, with some minor delays on shipments to Northern Ireland and/or the Republic of Ireland being experienced, with no material effect on operations.

The directors decided to change the company's accounting reference date to 30 June due to concerns over COVID-19 safety measures around the stocktake which was scheduled for December 2020. Accordingly a period to 18 months is reported here.

Rising steel prices in the first half of 2020 have resulted in turnover in the 18 month period of £13.3m from £12.4m for the year to December 2019.

Cash on hand at the balance sheet date was £30,080 (2019: £3,859). 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	18 months to 2021	Year to 2019
Turnover	£m	13.33	12.40
Gross profit	£m	2.50	1.30
Gross profit %	%	18.75	10.32
Profit/-Loss before tax	£m	0.92	(.06)
Net profit %	%	6.9	(.55)
Net assets	£m	2.54	2.20
Current ratio	%	1.35	1.15
Debtor days		133.00	71.00

Malcolm Clarke (Steel) Hollinwood Limited

Strategic Report for the Period Ended 30 June 2021

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.

Post balance sheet event

We have considered the impact of the War in Ukraine on the group. We do not consider it to have a material impact on the group in the next 12 months, although it has caused some disruption to supply. There are alternative supply options available and we have participated in discussions with the UK government, directly and via our trade association, to highlight concerns within our industry.

Approved by the Board on 21 March, 2022 and signed on its behalf by:

Robert Lee

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R Lee
Director

Malcolm Clarke (Steel) Hollinwood Limited

Directors' Report for the Period Ended 30 June 2021

The directors present their report and the financial statements for the period ended 30 June 2021.

Dividends
Particulars of dividends paid are detailed in note 22 to the financial statements.
A final dividend of £1,428.5714 per share was declared after the balance sheet date in respect of the financial period ended 30 June 2021.

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 principle 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 2021/2022 will be a stable year for the company.

Malcolm Clarke (Steel) Hollinwood Limited

Directors' Report for the Period Ended 30 June 2021

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 18 month period to 30 June 2021, 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.

Approved by the Board on 21 March, 2022 and signed on its behalf by:

Robert Lee

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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.

Approved by the Board on 21 March, 2022 and signed on its behalf by:

Robert Lee

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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 2021, 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 2021 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.

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.

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.

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

10 Orange Street
Haymarket
London
WC2H 7DQ

Date: 21/3/2022

Malcolm Clarke (Steel) Hollinwood Limited

Profit and Loss Account for the Period Ended 30 June 2021

	Note	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Turnover	3	13,327,522	12,402,250
Cost of sales		(10,828,331)	(11,122,372)
Gross profit		2,499,191	1,279,878
Distribution costs		(508,210)	(500,439)
Administrative expenses		(1,260,787)	(899,552)
Other operating income	4	187,146	92,609
Operating profit/(loss)	6	917,340	(27,504)
Interest payable and similar expenses	7	(26,110)	(38,501)
Profit/(loss) before tax		891,230	(66,005)
Taxation	11	(182,814)	(1,535)
Profit/(loss) for the financial period		708,416	(67,540)

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 Period Ended 30 June 2021

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Profit/(loss) for the period	708,416	(67,540)
Total comprehensive income for the period	708,416	(67,540)

The notes on pages 15 to 28 form an integral part of these financial statements.

Malcolm Clarke (Steel) Hollinwood Limited

(Registration number: 00989222)
Balance Sheet as at 30 June 2021

	Note	30 June 2021 £	31 December 2019 £
Fixed assets			
Tangible assets	12	1,814,734	1,898,638
Current assets			
Stocks	13	1,725,868	1,875,517
Debtors	14	3,366,258	2,462,380
Cash at bank and in hand		30,080	3,859
		5,122,206	4,341,756
Creditors: Amounts falling due within one year	16	(3,842,205)	(3,778,291)
Net current assets		1,280,001	563,465
Total assets less current liabilities		3,094,735	2,462,103
Creditors: Amounts falling due after more than one year	16	(450,308)	(71,091)
Provisions for liabilities	17	(155,128)	(155,128)
Net assets		2,489,299	2,235,884
Capital and reserves			
Called up share capital	19	140	140
Capital redemption reserve		400,002	400,002
Profit and loss account		2,089,157	1,835,742
Total equity		2,489,299	2,235,884

Approved and authorised by the Board on 21 March, 2022 and signed on its behalf by:

Robert Lee

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R Lee
Director

The notes on pages 15 to 28 form an integral part of these financial statements.

Malcolm Clarke (Steel) Hollinwood Limited

Statement of Changes in Equity for the Period Ended 30 June 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
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

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	140	400,002	2,203,282	2,603,424
Profit for the period	-	-	(67,540)	(67,540)
Total comprehensive income	-	-	(67,540)	(67,540)
Dividends	-	-	(300,000)	(300,000)
At 31 December 2019	140	400,002	1,835,742	2,235,884

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 18 month period from 1 January 2020 to 30 June 2021. The comparatives cover the 12 month period from 1 January to 31 December 2019 and are therefore not entirely comparable.

The directors decided to change the company's accounting reference date to 30 June due to concerns over COVID-19 safety measures around the stocktake which was scheduled for December 2020.

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 25. 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.

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 remains the only material area of estimation uncertainty.

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.

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.

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.

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 principle 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 £654,313 (2019 - £1,048,297).

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

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Sale of goods	13,327,522	12,402,250

Malcolm Clarke (Steel) Hollinwood Limited

Notes to the Financial Statements for the Period Ended 30 June 2021

4 Other operating income

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

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Coronavirus Job Retention Scheme	145,394	-
Miscellaneous other operating income	41,752	92,609
	187,146	92,609

5 Other gains and losses

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

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Gain (loss) on disposal of property, plant and equipment	48,119	3,954

6 Operating loss

Arrived at after charging/(crediting)

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Depreciation expense included in:		
Administrative expenses	51,717	34,654
Distribution costs	65,020	64,711
(Profit)/loss on disposal of property, plant and equipment	(48,119)	(3,954)

7 Interest payable and similar expenses

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Interest on bank overdrafts and borrowings	22,203	34,793
Interest on obligations under finance leases and hire purchase contracts	3,907	3,708
Interest expense on other finance liabilities	-	-
	26,110	38,501

Malcolm Clarke (Steel) Hollinwood Limited

Notes to the Financial Statements for the Period Ended 30 June 2021

8 Staff Costs

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

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Wages and salaries	701,657	559,710
Social security costs	68,139	76,108
Pension costs, defined contribution scheme	30,056	23,212
	799,852	659,030

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

	18 months to 30 June 2021 No.	12 months to 31 December 2019 No.
Production	10	14
Other Departments	9	9
	19	23

9 Directors' remuneration

The directors' remuneration for the period was as follows:

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Remuneration	89,493	102,942
Contributions paid to money purchase schemes	-	443
	89,493	103,385

In respect of the highest paid director:

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Remuneration	67,432	60,941
Company contributions to money purchase pension schemes	-	444

10 Auditors' remuneration

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Audit of the financial statements	11,682	6,500

11 Taxation

Tax charged/(credited) in the income statement

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Current taxation		
UK corporation tax	182,814	1,535
UK corporation tax adjustment to prior periods	-	-
	182,814	1,535
Deferred taxation		
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	182,814	1,535

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 – 19%).

The differences are reconciled below:

	18 months to 30 June 2021 £	12 months to 31 December 2019 £
Profit/(loss) before tax	891,230	(66,005)
Corporation tax at standard rate	169,334	(12,541)
Effect of expenses not deductible in determining taxable profit/ (taxable loss)	33,491	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	(20,011)	14,076
Total tax charge	182,814	1,535

Malcolm Clarke (Steel) Hollinwood Limited

Notes to the Financial Statements for the Period Ended 30 June 2021

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 January 2020	1,080,343	261,746	515,439	1,293,890	3,151,418
Additions	-	4,313	60,000	63,400	127,713
Disposals	(63,454)	-	(216,395)	-	(279,849)
At 30 June 2021	1,016,889	266,059	359,044	1,357,290	2,999,282
Depreciation					
At 1 January 2020	910	207,200	324,704	719,966	1,252,780
Charge for the period	656	18,573	65,020	32,488	116,737
Eliminated on disposal	-	-	(184,969)	-	(184,969)
At 30 June 2021	1,566	225,773	204,755	752,454	1,184,548
Carrying amount					
At 30 June 2021	1,015,323	40,286	154,289	604,836	1,814,734
At 31 December 2019	1,079,433	54,546	190,735	573,924	1,898,638

Included within the net book value of land and buildings above is £1,012,518 (2019 - £1,079,973) in respect of freehold land and buildings.

Malcolm Clarke (Steel) Hollinwood Limited

Notes to the Financial Statements for the Period Ended 30 June 2021

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 2021	31 December 2019
	£	£
Motor Vehicles	54,208	86,735

13 Stocks

	30 June 2021	31 December 2019
	£	£
Goods for resale	1,725,868	1,875,517

14 Debtors

	30 June 2021	31 December 2019
	£	£
Trade debtors	3,242,532	2,397,259
Other debtors	4,533	1,268
Prepayments	119,193	63,853
Total current trade and other debtors	3,366,258	2,462,380

15 Cash and cash equivalents

	30 June 2021	31 December 2019
	£	£
Cash on hand	11,328	1,159
Cash at bank	18,752	2,700
	30,080	3,859
Bank overdrafts	(595,103)	(1,550,183)
Cash and cash equivalents in statement of cash flows	(565,023)	(1,546,324)

16 Creditors

	Note	30 June 2021 £	31 December 2019 £
Due within one year			
Loans and borrowings	20	706,142	1,569,555
Trade creditors		2,391,148	1,905,660
Amounts due to related parties	23	346,275	71,452
Social security and other taxes		117,071	222,459
Accrued expenses		98,755	7,629
Income tax liability	11	182,814	1,536
		3,842,205	3,778,291
Due after one year			
Loans and borrowings	20	450,308	71,091

17 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2020	155,128	155,128
At 30 June 2021	155,128	155,128

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. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £30,056 (2019 - £23,213).

19 Share capital

Allotted, called up and fully paid shares

	30 June 2021 £		31 December 2019 £	
	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 2021 £	31 December 2019 £
Non-current loans and borrowings		
HP and finance lease liabilities	41,974	71,091
CBILS	408,334	-
	450,308	71,091

	30 June 2021 £	31 December 2019 £
Current loans and borrowings		
Bank overdrafts	595,103	1,550,183
HP and finance lease liabilities	19,372	19,372
CBILS	91,667	-
	706,142	1,569,555

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.

The CBILS loan in the amount of £500,000 was advanced to the company under the Coronavirus Business Interruption Loan Scheme on 7 August 2020. No repayments were payable in the first twelve months of the loan and then the loan was due in instalments over five years However, the loan was repaid in full on or about the first anniversary of drawdown. Security was provided in the form of a debenture over the company's assets and the personal guarantee of Mr Lee. The security was discharged on repayment of the loan. Interest was payable at an interest rate of 3.99% per annum. The UK government's Business Interruption Payment covered interest payments for the first year which were immaterial to the company. Therefore, no interest was paid or payable on the loan.

21 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	30 June 2021	31 December 2019
	£	£
Not later than one year	19,372	19,371
Later than one year and not later than five years	41,974	71,091
	61,346	90,462

22 Dividends

Interim dividends paid

	18 month period to 30 June 2021	12 month period *to* 31 December 2019
	£	£
Interim dividend of £1 per each Ordinary Shares	455,000	300,000

23 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.

24 Related party transactions

Transactions with directors

At the balance sheet date, the company owed one of the directors £252,917 (2019: £287). The amounts owed by the company are unsecured, repayable on demand and interest free. During the period, a director received advances of £728,544 (2019: £368,936) and the director made repayments of £728,544 (2019: £362,622). The balance was repaid in full before the period end. Interest of £5,387 was charged to the director on these advances (2019: £nil).

At the year end, the company owed another director £53,570 (2019: £63,413). The amounts owed by the company are unsecured, repayable on demand and interest free. During the period, the director received advances of £78,900 (2019: £nil) and the director made repayments of £78,900 (2019: £nil). 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 £175,868.

Other related parties

At the balance sheet date the company owed a member of key management, £3,801 (2019: £1). This loan is interest free, unsecured and repayable on demand. During the period, this member of key management received advances of £16,699 (2019: £7,351) and made repayments of £16,699 (2019: £7,351). No interest was charged on these advances.

Summary of transactions with entities with joint control or significant interest
Relco Services Ltd, of which Mr R Lee is a director, is under common control.

At the balance sheet date the company owed Relco Services Ltd £35,987 (2019: £7,751). The amounts owed are repayable on demand and are interest free.

During the period Relco Services Ltd invoiced a total of £17,500 (2019: £42,000) to the company for the provision of director services.

25 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.