

Company Registration No. 01985443 (England and Wales)

**SPECIAL QUALITY ALLOYS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2017**  
**PAGES FOR FILING WITH REGISTRAR**

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# **SPECIAL QUALITY ALLOYS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	A K Beardshaw S G S Marshall B J Beardshaw A C Beardshaw R Wood D M Pryce D J Matthews J Miller	(Appointed 7 March 2017)
<b>Secretary</b>	A C Beardshaw	
<b>Company number</b>	01985443	
<b>Registered office</b>	Bacon Lane Sheffield S9 3NH	
<b>Auditor</b>	BHP LLP 2 Rutland Park Sheffield S10 2PD	
<b>Bankers</b>	National Westminster Bank plc 42 High Street Sheffield S1 2GE	

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# **SPECIAL QUALITY ALLOYS LIMITED**

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# **SPECIAL QUALITY ALLOYS LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MAY 2017**

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The directors present the strategic report for the year ended 31 May 2017.

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

The principal activities of the company continue to be the stockholding and distribution of bar stock, open die forging and ring rolling, primarily in nickel based superalloys and special steels.

The prime markets for these alloys include oil & gas, chemical processing, marine, power generation & general engineering.

Special Quality Alloys had a stronger year than expected and significantly exceeded its original forecast. Whilst demand from key markets remained well behind historical levels, the company made excellent progress in gaining market share at targeted accounts and participating in what oil & gas project work was available to it. Stock levels and costs were well controlled and the market has reacted favourably to the company bringing hot work operations in house. The company is well positioned to continue its growth into the next financial year.

The Board believes the historical decline in the oil & gas market has now stabilised and the Group is correctly positioned to operate in the currently more challenging conditions. The Board has acted on its previously identified plans for strategic capital investment and expects to see a steadily improving financial performance, despite the lack of any significant increase in market demand in the short term.

Results and dividends - The results for the year are set out on page 6.

On behalf of the board



A K Beardshaw

**Director**

5 December 2017

# SPECIAL QUALITY ALLOYS LIMITED

## BALANCE SHEET

AS AT 31 MAY 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	4	2,327,686		2,144,722	
Investments	5	492,919		492,919	
		<u>2,820,605</u>		<u>2,637,641</u>	
<b>Current assets</b>					
Stocks	7	11,841,385		10,045,453	
Debtors	8	12,444,384		7,897,496	
Cash at bank and in hand		3,210,173		5,336,765	
		<u>27,495,942</u>		<u>23,279,714</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(9,058,198)</u>		<u>(5,468,827)</u>	
<b>Net current assets</b>		<u>18,437,744</u>		<u>17,810,887</u>	
<b>Total assets less current liabilities</b>		<u>21,258,349</u>		<u>20,448,528</u>	
<b>Provisions for liabilities</b>	10	<u>(947,227)</u>		<u>(1,028,825)</u>	
<b>Net assets</b>		<u><u>20,311,122</u></u>		<u><u>19,419,703</u></u>	
<b>Capital and reserves</b>					
Called up share capital	11	100,000		100,000	
Profit and loss reserves		20,211,122		19,319,703	
<b>Total equity</b>		<u><u>20,311,122</u></u>		<u><u>19,419,703</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 5 December 2017 and are signed on its behalf by:



A K Beardshaw  
Director

Company Registration No. 01985443

# **SPECIAL QUALITY ALLOYS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2017**

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### **1 Accounting policies**

#### **Company information**

Special Quality Alloys Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bacon Lane, Sheffield, S9 3NH.

#### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

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

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

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

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

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

Land and buildings Leasehold	Over term of lease
Plant and machinery	10% or 20% straight line
Fixtures, fittings & equipment	20% straight line
Computer equipment	20% straight line
Motor vehicles	25% straight line

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

#### **1.5 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# **SPECIAL QUALITY ALLOYS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MAY 2017**

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#### **1 Accounting policies**

**(Continued)**

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

##### **1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### **1.8 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **1.9 Financial instruments**

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

# SPECIAL QUALITY ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

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#### 1 Accounting policies

(Continued)

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

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

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

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

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### 1.10 Equity instruments

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

#### 1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.12 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method.



# SPECIAL QUALITY ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 1 Accounting policies

(Continued)

#### 1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Employees

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

	2017 Number	2016 Number
Production	74	77
Selling and distribution	18	19
Administration	4	4
	<u>96</u>	<u>100</u>

# SPECIAL QUALITY ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

### 2 Employees

(Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,030,877	2,899,146
Social security costs	316,071	272,052
Pension costs	104,002	148,102
	<u>3,450,950</u>	<u>3,319,300</u>

### 3 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	367,729	369,381
Company pension contributions to defined contribution schemes	36,988	82,495
	<u>404,717</u>	<u>451,876</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2016 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	<u>121,300</u>	<u>129,002</u>

# SPECIAL QUALITY ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 4 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 June 2016	989,915	2,429,565	273,809	264,993	286,803	4,245,085
Additions	-	421,827	1,349	29,901	107,602	560,679
Disposals	-	-	-	-	(79,778)	(79,778)
At 31 May 2017	989,915	2,851,392	275,158	294,894	314,627	4,725,986
<b>Depreciation and impairment</b>						
At 1 June 2016	202,142	1,284,140	187,079	214,866	212,137	2,100,364
Depreciation charged in the year	98,992	168,495	34,731	17,600	57,896	377,714
Eliminated in respect of disposals	-	-	-	-	(79,778)	(79,778)
At 31 May 2017	301,134	1,452,635	221,810	232,466	190,255	2,398,300
<b>Carrying amount</b>						
At 31 May 2017	688,781	1,398,757	53,348	62,428	124,372	2,327,686
At 31 May 2016	787,774	1,145,424	86,730	50,129	74,665	2,144,722

### 5 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	6	492,919	492,919

### 6 Subsidiaries

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Special Quality Alloys Inc	United States of America	Stockholding special quality alloys	Ordinary	95.00

### 7 Stocks

	2017 £	2016 £
Finished goods and goods for resale	11,841,385	10,045,453

# SPECIAL QUALITY ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 8 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	7,118,567	5,111,363
Amounts due from group undertakings	5,221,582	2,751,749
Prepayments and accrued income	104,235	34,384
	<u>12,444,384</u>	<u>7,897,496</u>

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

	2017	2016
	£	£
Trade creditors	5,988,664	3,227,054
Consignment stock creditors	907,530	351,503
Amounts due to group undertakings	979,873	755,171
Corporation tax	533,460	175,168
Other taxation and social security	199,859	279,690
Accruals and deferred income	448,812	680,241
	<u>9,058,198</u>	<u>5,468,827</u>

### 10 Provisions for liabilities

	2017	2016
	£	£
Other liabilities	809,227	886,325
Deferred tax liabilities	138,000	142,500
	<u>947,227</u>	<u>1,028,825</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Other liabilities
	£
At 1 June 2016	886,325
Utilisation of provision	(77,098)
At 31 May 2017	<u>809,227</u>

# SPECIAL QUALITY ALLOYS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

### 11 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

### 12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.  
The senior statutory auditor was John Warner.  
The auditor was BHP LLP.

### 13 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	63,500	-
	<u>63,500</u>	<u>-</u>