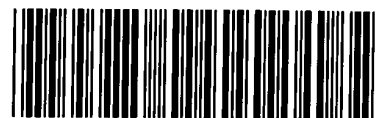


Flexdart Limited

**Annual report and consolidated
financial statements**

**Registered number 02052152
For the year ended 31 December 2017**

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Strategic report

Principal activities

The principal activities of the group are the recycling, refining and processing of ferrous and non-ferrous metals. The group has two main trading divisions.

Beaver Metals buys all types of scrap metal in both large and small quantities from individuals and companies locally, nationally and internationally. The scrap is processed, graded and supplied according to the end users requirements. Typical end users will be metal smelting and refining companies where the recycling process is completed. The company also trades in secondary or surplus ferrous and non-ferrous reusable materials including electrical steels.

Metallic Extractors operates as a specialist refiner of non-ferrous metal drosses and residues. It buys and refines or will process on a toll basis material which is produced as a by-product of the melting process. This material may be complex in its nature and is processed into a number of easily recyclable products. In most cases the process enables the residues to be completely recycled.

Beaver Metals has facilities for the dismantling, removal and processing of redundant machinery and oversize scrap with onsite lifting capability in excess of 55MT.

Risks and uncertainties

75% of the company's sales are exports which are transacted mainly in US Dollars or Euros. It is the company's policy to hedge these transactions to avoid losses on currency and protect margins.

Strategy

The company's strategy is to grow the business by the provision of a competitively priced, flexible and an efficient service for the buying, selling and recycling of scrap metal and residues using safe and environmentally acceptable processes.

Outlook

The directors remain optimistic about the future trading prospects of the company.

The company continues to investigate new opportunities as they become available.

Results and dividends

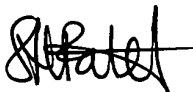
The directors consider turnover and operating profit to be the key performance indicators and both have increased in the year. The results of the group for the year are shown on page 6.

A dividend of £500,000 was paid during the year (2016: £500,000).

Going Concern

The company is the ultimate parent company of six subsidiaries, which are non-traders, which constitute a group. The company is the only company in the group to have a bank loan and overdraft facility which is used to meet the day to day working capital requirements and medium term funding requirements of the company and the group. The directors have prepared detailed group cash flow information to May 2019. On the basis of this cash flow information, the directors consider that the company and the group will be able to continue to operate within the facilities currently in place. The directors therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

By order of the Board



SH Patel
Secretary

29 March 2018

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Principal activities and results

The principal activities and results of Flexdart Limited has been disclosed in the Strategic report.

Directors

The directors who held office throughout the year were as follows:

MF Bevan
ND Bevan
SH Patel
RF Bevan

In accordance with the Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

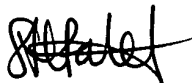
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the Board



SH Patel
Secretary

Marsh Lane
Water Orton
Birmingham
B46 1NS

29 March 2018

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 The financial reporting standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Flexdart Limited

Opinion

We have audited the financial statements of Flexdart Limited ("the company") for the year ended 31 December 2017 which comprise the consolidated profit and loss account, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The financial reporting standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Flexdart Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Stuart Wood (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

29 March 2018

Consolidated profit and loss account
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	42,856	35,281
Cost of sales		(37,109)	(31,211)
		<hr/>	<hr/>
Gross profit		5,747	4,070
Distribution costs		(1,205)	(1,112)
Administrative expenses		(2,212)	(1,652)
Other operating income	3	493	-
		<hr/>	<hr/>
Operating profit		2,823	1,306
Profit from sale of fixed assets		279	108
		<hr/>	<hr/>
Profit before interest		3,102	1,414
Interest payable and similar expenses	4	(153)	(243)
Income from fixed asset investments	5	183	174
		<hr/>	<hr/>
Profit before taxation	6	3,132	1,345
Tax on profit	9	(492)	(279)
		<hr/>	<hr/>
Profit after taxation		2,640	1,066
		<hr/> <hr/>	<hr/> <hr/>

All of the group's operations are classified as continuing.

There are no recognised gains or losses other than those included above and therefore no separate statement of other comprehensive income has been presented.

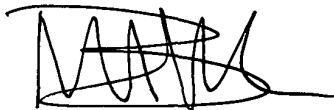
The notes on pages 12 to 28 form part of the financial statements.

Consolidated balance sheet
at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Fixed assets			
Tangible assets	10	3,531	2,806
Investment properties	11	2,569	2,076
		<hr/>	<hr/>
		6,100	4,882
Current assets			
Stocks	13	10,114	11,827
Debtors	14	3,481	3,216
Cash at bank and in hand	15	2,412	509
		<hr/>	<hr/>
		16,007	15,552
Creditors: Amounts falling due within one year	16	(7,287)	(8,090)
		<hr/>	<hr/>
Net current assets		8,720	7,462
		<hr/>	<hr/>
Total assets less current liabilities		14,820	12,344
Creditors: Amounts falling due after more than one year	17	(1,379)	(1,059)
Provisions for liabilities	20	(150)	(134)
		<hr/>	<hr/>
Net assets		13,291	11,151
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	-	-
Share premium account		50	50
Capital redemption reserve	22	-	-
Revaluation reserve		2,234	1,741
Profit and loss account		11,007	9,360
		<hr/>	<hr/>
Shareholders' funds		13,291	11,151
		<hr/>	<hr/>

The notes on pages 12 to 28 form part of the financial statements.

These financial statements were approved by the board of directors on 29 March 2018 and were signed on its behalf by:



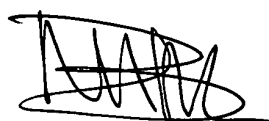
MF Bevan
Director
Company number: 02052152

Company balance sheet
at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000	£000
Fixed assets				
Tangible assets	10	3,531	2,806	
Investment properties	11	2,569	2,076	
Fixed asset investments	12	53	53	
			6,153	4,935
Current assets				
Stocks	13	10,114	11,827	
Debtors	14	13,855	11,324	
Cash at bank and in hand	15	2,412	5,460	
		26,381	28,611	
Creditors: Amounts falling due within one year	16	(17,785)	(21,273)	
Net current assets			8,596	7,338
Total assets less current liabilities			14,749	12,273
Creditors: Amounts falling due after more than one year	17	(1,532)	(1,212)	
Provisions for liabilities	20	(150)	(134)	
Net assets			13,067	10,927
Capital and reserves				
Called up share capital	21	-	-	
Share premium account		50	50	
Capital redemption reserve	22	-	-	
Revaluation reserve		2,234	1,741	
Profit and loss account		10,783	9,136	
Shareholders' funds			13,067	10,927

The notes on pages 12 to 28 form part of the financial statements.

These financial statements were approved by the board of directors on 29 March 2018 and were signed on its behalf by:



MF Bevan
Director

Company number: 02052152

Consolidated statement of changes in equity

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance 1 January 2016	-	50	-	1,741	8,794	10,585
Total comprehensive income for the year						
Profit	-	-	-	-	1,066	1,066
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	-	1,066	1,066
Dividends paid	-	-	-	-	(500)	(500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	-	50	-	1,741	9,360	11,151
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance 1 January 2017	-	50	-	1,741	9,360	11,151
Total comprehensive income for the year						
Profit	-	-	-	-	2,640	2,640
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	-	2,640	2,640
Dividends paid	-	-	-	-	(500)	(500)
Transfer to revaluation reserve on gain on investment property	-	-	-	493	(493)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	-	50	-	2,234	11,007	13,291
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 28 form part of the financial statements.

Company statement of changes in equity

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance 1 January 2016	-	50	-	1,741	8,570	10,361
Total comprehensive income for the year						
Profit	-	-	-	-	1,066	1,066
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	-	1,066	1,066
Dividends paid	-	-	-	-	(500)	(500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	-	50	-	1,741	9,136	10,927
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance 1 January 2017	-	50	-	1,741	9,136	10,927
Total comprehensive income for the year						
Profit	-	-	-	-	2,640	2,640
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	-	2,640	2,640
Dividends paid	-	-	-	-	(500)	(500)
Transfer to revaluation reserve on gain on investment property	-	-	-	493	(493)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	-	50	-	2,234	10,783	13,067
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 28 form part of the financial statements.

Consolidated cash flow statement
for year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		2,640	1,066
<i>Adjustments for:</i>			
Depreciation	10	542	587
Interest payable and similar charges	4	153	243
Income from fixed asset investments	5	(183)	(174)
Gain on sale of tangible fixed assets		(279)	(108)
Taxation	9	492	279
Gain on revalued investment property	3	(493)	-
		<hr/> 2,872	<hr/> 1,893
(Increase)/decrease in trade and other debtors		(265)	718
Decrease in stocks		1,713	1,281
Increase in trade and other creditors		537	1,224
		<hr/> 4,857	<hr/> 5,116
Dividends paid		(500)	(500)
Interest paid		(125)	(211)
Tax paid		(299)	(217)
		<hr/>	<hr/>
Net cash from operating activities		3,933	4,188
		<hr/>	<hr/>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		308	333
Interest element of finance lease contracts		(28)	(32)
Income from fixed asset investments		183	174
Acquisition of tangible fixed assets		(452)	(97)
		<hr/>	<hr/>
Net cash from investing activities		11	378
		<hr/>	<hr/>
Cash flows from financing activities			
Payment of finance lease liabilities		(656)	(662)
Proceeds from new loans		1,650	-
Repayment of borrowings		(3,035)	(4,246)
		<hr/>	<hr/>
Net cash from financing activities		(2,041)	(4,908)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1,903	(342)
Cash and cash equivalents at 1 January		509	851
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	15	2,412	509
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 28 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Flexdart Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in the UK. The registered number is 02052152 and the registered address is Marsh Lane, Water Orton, Birmingham, B46 1NS.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The following exemptions have been taken in these financial statements:

- Separate financial instruments – carrying amount of the Company’s cost of investment in subsidiaries is its deemed cost at 1 January 2014.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions have been applied:

- No separate parent company Cash Flow Statement with related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss, investment property and tangible fixed assets.

1.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the parent company will continue to trade.

The company is the ultimate parent company of six subsidiaries, which are non-traders, which constitute a group. The company is the only company in the group to have a bank loan and overdraft facility which is used to meet the day to day working capital requirements and medium term funding requirements of the company and the group. The directors have prepared detailed group cash flow information for up to the period to May 2019. On the basis of this cash flow information, the directors consider that the company and the group will be able to continue to operate within the facilities currently in place. The directors therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtor/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

1.7 Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.15 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|---|------------|
| • buildings | 50 years |
| • plant and equipment | 2 -5 years |
| • fixtures, fittings, tools and equipment | 5 years |
| • motor vehicles | 4 years |

Assets under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Revaluation

Investment properties are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in equity/revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.9 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.11 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.11 Impairment excluding stocks, investment properties and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employees benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.14 Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the principal activities of the group and are to customers outside the group.

Notes (continued)

1 Accounting policies (continued)

1.15 Expenses

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

The turnover and result for the year are attributable to the principal activity of the group. A geographical analysis of turnover is given below:

	2017 £000	2016 £000
UK	9,721	6,357
Europe	14,902	15,913
Asia	13,121	10,608
Rest of world	5,112	2,403
	<u>42,856</u>	<u>35,281</u>

3 Other operating income

	2017 £000	2016 £000
Gain on revaluation of investment property	493	-
	<u>493</u>	<u>-</u>

4 Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable on bank loans and overdrafts	125	211
Finance charges in respect of finance lease contracts	28	32
	<u>153</u>	<u>243</u>

5 Income from fixed asset investments

	2017 £000	2016 £000
Rental income	183	174
	<u>183</u>	<u>174</u>

Notes (continued)

6 Expenses and auditor's remuneration

	2017 £000	2016 £000
<i>Profit before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets:		
Owned	90	112
Finance lease	452	475
	<u> </u>	<u> </u>
<i>Auditor's remuneration</i>		
Audit of these financial statements	19	17
Amounts receivable by the auditor and their associates in respect of:		
Other services related to taxation	3	3
	<u> </u>	<u> </u>

7 Remuneration of directors

	2017 £000	2016 £000
Directors' emoluments	1,500	915
Company contributions to money purchase pension schemes	19	17
	<u> </u>	<u> </u>
	1,519	932
	<u> </u>	<u> </u>
Highest paid director:		
Total remuneration excluding pension contributions	480	321
	<u> </u>	<u> </u>
	Number of directors	
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4
	<u> </u>	<u> </u>

The key management personnel are deemed to be equivalent to the Directors.

8 Staff costs

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees 2017	2016
Management	5	5
Administration	14	14
Works	36	36
	<u> </u>	<u> </u>
Total employees	55	55
	<u> </u>	<u> </u>

Notes (continued)

8 Staff costs (continued)

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	2,566	2,090
Social security costs	304	235
Other pension costs	26	24
	<u>2,896</u>	<u>2,349</u>

9 Taxation

Total tax expense charged in the profit and loss account, other comprehensive income and equity

	2017 £000	£000	2016 £000	£000
<i>Current tax</i>				
Current tax on income for the year	476		296	
Adjustments in respect of prior year	-		4	
	<u>476</u>		<u>300</u>	
Total current tax		476		300
<i>Deferred tax (see note 20)</i>				
Reversal/(origination) of timing differences	16		(12)	
Effect of tax rate change on opening balance	-		(9)	
	<u>16</u>		<u>(21)</u>	
Total deferred tax		16		(21)
Tax on profit		<u>492</u>		<u>279</u>

All of the above tax charges/(credits) have been recognised in the profit and loss account.

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

The tax charge for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £000	2016 £000
Profit for the year	2,640	1,066
Total tax expense	492	279
Profit excluding taxation	<u>3,132</u>	<u>1,345</u>
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	603	269
Effects of:		
Expenses not qualifying for tax purposes	9	13
Adjustment in respect of prior year	-	4
Effect of difference in tax rate between current and deferred tax	(2)	2
Effect of tax rate change on opening balance	-	(9)
Effect of property revaluation	<u>(118)</u>	
Total current tax charge (see above)	<u>492</u>	<u>279</u>

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

Notes (continued)

10 Tangible fixed assets

Group and company

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Under Construction £000	Total £000
Cost or valuation						
At beginning of year	1,707	3,886	87	681	50	6,411
Additions	-	416	23	456	401	1,296
Disposals	-	(449)	(23)	(419)	-	(891)
At end of year	1,707	3,853	87	718	451	6,816
Comprising:						
Cost	304	3,853	87	718	451	5,413
Valuation 1991	1,403	-	-	-	-	1,403
	1,707	3,853	87	718	451	6,816
Accumulated depreciation						
At beginning of year	43	2,917	71	574	-	3,605
Charge for the year	4	368	9	161	-	542
Eliminated on disposals	-	(422)	(21)	(419)	-	(862)
At end of year	47	2,863	59	316	-	3,285
Net book value						
At 31 December 2017	1,660	990	28	402	451	3,531
At 31 December 2016	1,664	969	16	107	50	2,806

Tangible fixed assets held under finance lease

At 31 December 2017, the net carrying amount of plant and machinery and motor vehicles of the group and company, leased under finance leases was £1,223,504 (2016: £956,000).

Freehold land and buildings were revalued in September 1991 by external qualified chartered surveyors on the basis of the open market value for existing use.

Notes (continued)

11 Investment properties

Group and company

	£000
Valuation at beginning of year	2,076
Revaluation	493
	<hr/>
Valuation at end of year	2,569
	<hr/>

Investment properties are stated at valuation by Grimley GVA, Chartered Surveyors, on the basis of open market value as at 30 November 2017. The directors have reviewed the valuation at year end and no further adjustment is considered necessary. The historical cost of investment properties included at valuation is as follows:

	£000
Cost	1,412
	<hr/>

12 Fixed asset investments

Company

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	450
	<hr/>
<i>Provisions for diminution in value</i>	
At beginning and end of year	397
	<hr/>
<i>Net book value</i>	
At 31 December 2017	53
	<hr/>
At 31 December 2016	53
	<hr/>

At 31 December 2017, the Company had the following subsidiary undertakings:

Name	Country of incorporation	Nature of trade	Net assets/ (liabilities) £000	Class of shares held	Percentage holding
Beaver Metals Pty Limited	Australia	Dormant	(108)	Ordinary	100
Beaver Metals (London) Limited	UK	Dormant	(139)	Ordinary	100
Ryknild Trading Limited	UK	Dormant	100	Ordinary	100
Metallic Extractors (Non-Ferrous) Limited	UK	Dormant	53	Ordinary	100
John Philips Metals Limited	UK	Dormant	(589)	Ordinary	100
Heart of England Compounding Limited	UK	Dormant	(580)	Ordinary	100

All companies have the registered address: Marsh Lane, Water Orton, Birmingham, B46 1NS.

Notes (continued)

13 Stocks

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Raw materials and consumables	10,114	11,827	10,114	11,827

Raw materials and consumables recognised as cost of sales in the year amounted to £36,541,330 (2016: £30,816,790). There were no write-downs of stock or reversals of write-downs in 2017 or 2016.

14 Debtors

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Trade debtors	2,916	2,621	2,916	2,621
Amounts due from subsidiary undertakings	-	-	11,967	9,701
Less: Provision against amounts due from subsidiary undertakings	-	-	(1,593)	(1,593)
Other debtors	448	471	448	471
Prepayments	117	124	117	124
	<u>3,481</u>	<u>3,216</u>	<u>13,855</u>	<u>11,324</u>

15 Cash and cash equivalents

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Cash at bank and in hand	2,446	5,460	2,446	5,460
Bank overdrafts	(34)	(4,951)	(34)	-
Cash and cash equivalents per the cash flow statement	<u>2,412</u>	<u>509</u>	<u>2,412</u>	<u>5,460</u>

Notes (continued)

16 Creditors: Amounts falling due within one year

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Bank loans and overdraft (secured)	1,037	2,628	1,037	7,581
Amounts due under finance lease contracts (secured)	505	431	505	431
Amounts due to subsidiary undertakings	-	-	10,509	8,244
Trade creditors	4,306	3,774	4,306	3,774
Corporation tax	477	300	477	300
Other taxation and social security	416	291	416	291
Other creditors	82	-	82	-
Accruals and deferred income	464	666	453	652
	<u>7,287</u>	<u>8,090</u>	<u>17,785</u>	<u>21,273</u>

The amounts due under finance lease contracts are secured on the assets to which they relate.

Bank loans and overdrafts are secured on the assets of the group.

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Amounts due under finance lease contracts (secured – see note 18)	729	613	729	613
Amounts due to subsidiary undertakings	-	-	153	153
Bank loans (secured – see note 18)	650	446	650	446
	<u>1,379</u>	<u>1,059</u>	<u>1,532</u>	<u>1,212</u>

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest bearing loans and borrowings which are measured at amortised cost.

	Group and Company	
	2017 £000	2016 £000
Creditors falling due more than one year:		
Secured bank loans	650	446
Finance lease liabilities	729	613
	<u>1,379</u>	<u>1,059</u>

Notes (continued)

18 Interest-bearing loans and borrowings (continued)

Creditors falling due within less than one year

	2017 £000	Group 2016 £000
Secured bank loans	1,037	2,628
Finance lease liabilities	505	431
	<u>1,542</u>	<u>3,059</u>

Terms and debt repayment

All loans are to be repaid in monthly instalments between 2018 and 2019. Interest is charged at LIBOR plus a range of 1.75% - 2.25%.

19 Other interest-bearing loans and borrowings

Finance liabilities

Group and company

	Minimum lease payments 2017 £000	Minimum lease payments 2016 £000
Less than one year	505	431
Between one and five years	434	271
More than five years	295	342
	<u>1,234</u>	<u>1,044</u>

20 Deferred taxation

		Group and company £000
Liability at beginning of year		134
Charge to the profit and loss account (see note 9)		16
		<hr/>
Liability at end of year		150
		<hr/> <hr/>
The elements of deferred tax are as follows:		
	2017 £000	2016 £000
Arising on fixed assets	(150)	(134)

Notes (continued)

21 Share capital

	Group and company	
	2017	2016
	£	£
<i>Allotted, called up and fully paid:</i>		
180 ordinary shares of £1 each	180	180

22 Capital redemption reserve

	Group and company	
	2017	2016
	£	£
At beginning and end of year	80	80

The cumulative amount of positive goodwill resulting from acquisitions in earlier financial years which has been written off is £417,373 (2016: £417,373).

23 Pensions

The group operates two defined contribution pension schemes. The assets of each scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the group to the funds and amounted to £26,000 (2016: £24,000).

24 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017	2016
	£000	£000
Assets measured at amortised cost	3,516	3,216
Liabilities measured at amortised cost	(6,250)	(4,365)
Loan commitments at cost less amortisation	(1,687)	(3,074)
	(4,421)	(4,223)

25 Capital commitments

The company had capital commitments at 31 December 2017 of £1,094,000 (2016: £Nil).

26 Ultimate controlling party

The Board do not consider there to be one controlling party.

Notes *(continued)*

27 Accounting estimates and judgements

Key sources of estimation uncertainty

Inventories

There is an element of estimation uncertainty with regards to the valuation of stock at year-end. This is due to the nature of the stock and the variability in the quality and grades of metals that could exist, and also due to the varying metal prices which continually affect the value of the stock.

Investment property

Whilst the value of the properties is assessed by the Directors every year, the properties are sensitive to a range of varying factors. The last external valuation was performed in November 2017 from which the directors do not believe the value of the investment properties has changed.