

**Strategic Report, Report of the Directors and  
Audited Financial Statements for the Year Ended 31 July 2016  
for  
Steelco (UK) Limited**

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for the Year Ended 31 July 2016**

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**Company Information  
for the Year Ended 31 July 2016**

**DIRECTORS:**

A Fowle  
N Fowle

**SECRETARY:**

A Fowle

**REGISTERED OFFICE:**

36 Cambridge Road  
Hastings  
East Sussex  
TN34 1DU

**REGISTERED NUMBER:**

02319502 (England and Wales)

**AUDITORS:**

Deeks Evans Audit Services Limited  
Statutory Auditor  
36 Cambridge Road  
Hastings  
East Sussex  
TN34 1DU

**Strategic Report  
for the Year Ended 31 July 2016**

The directors present their strategic report for the year ended 31 July 2016.

**REVIEW OF BUSINESS**

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is in the context of the risks and uncertainties we face.

The company's principle trade is as steel processors, stockists and traders.

The accounts for the year show that the business has had a successful years trading with net profits prior to taxation rising to £1,106,263, an increase of 208.7% compared with the previous year.

The new financial year has started well with continued rise in sales and profits. We therefore look forward with confidence to another satisfactory years trading.

**ON BEHALF OF THE BOARD:**

A Fowle - Director

17 January 2017

**Report of the Directors  
for the Year Ended 31 July 2016**

The directors present their report with the financial statements of the company for the year ended 31 July 2016.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 July 2016 was £757,350; in respect of A ordinary shares £517,350 and in respect of B ordinary shares £240,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2015 to the date of this report.

A Fowle

N Fowle

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 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 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Deeks Evans Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A Fowle - Director

17 January 2017

## **Report of the Independent Auditors to the Members of Steelco (UK) Limited**

We have audited the financial statements of Steelco (UK) Limited for the year ended 31 July 2016 on pages five to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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.

Paul Garside (Senior Statutory Auditor)  
for and on behalf of Deeks Evans Audit Services Limited  
Statutory Auditor  
36 Cambridge Road  
Hastings  
East Sussex  
TN34 1DU

17 January 2017

**Statement of Comprehensive Income  
for the Year Ended 31 July 2016**

	Notes	2016 £	£	2015 £	£
<b>TURNOVER</b>	2		18,343,840		21,255,610
Cost of sales			<u>15,419,808</u>		<u>18,696,888</u>
<b>GROSS PROFIT</b>			2,924,032		2,558,722
Distribution costs		744,210		920,880	
Administrative expenses		<u>993,733</u>		<u>1,222,915</u>	
			<u>1,737,943</u>		<u>2,143,795</u>
			1,186,089		414,927
Other operating income			<u>395</u>		<u>34,143</u>
<b>OPERATING PROFIT</b>	4		1,186,484		449,070
Interest payable & similar charges	5		<u>80,221</u>		<u>90,729</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			1,106,263		358,341
Tax on profit on ordinary activities	6		<u>223,513</u>		<u>61,462</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			882,750		296,879
<b>OTHER COMPREHENSIVE INCOME</b>			-		272,375
Income tax relating to other comprehensive income			<u>-</u>		<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>			<u>-</u>		<u>272,375</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u>882,750</u>		<u>569,254</u>

**Balance Sheet  
31 July 2016**

	Notes	2016 £	£	2015 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		2,111,854		1,718,206
<b>CURRENT ASSETS</b>					
Stocks	9	1,092,786		1,156,339	
Debtors	10	1,568,136		1,961,367	
Cash at bank and in hand		<u>4,957</u>		<u>1,064</u>	
		2,665,879		3,118,770	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>3,227,070</u>		<u>3,615,030</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(561,191)</u>		<u>(496,260)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,550,663		1,221,946
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		(186,317)		(9,000)
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>(118,900)</u>		<u>(92,900)</u>
<b>NET ASSETS</b>			<u>1,245,446</u>		<u>1,120,046</u>
<b>CAPITAL &amp; RESERVES</b>					
Called up share capital	17		201,000		201,000
Retained earnings	18		<u>1,044,446</u>		<u>919,046</u>
			<u>1,245,446</u>		<u>1,120,046</u>

The financial statements were approved by the Board of Directors on 17 January 2017 and were signed on its behalf by:

A Fowle - Director

**Statement of Changes in Equity  
for the Year Ended 31 July 2016**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 August 2014</b>	201,000	529,792	730,792
<b>Changes in equity</b>			
Dividends	-	(180,000)	(180,000)
Total comprehensive income	-	569,254	569,254
<b>Balance at 31 July 2015</b>	<u>201,000</u>	<u>919,046</u>	<u>1,120,046</u>
<b>Changes in equity</b>			
Dividends	-	(757,350)	(757,350)
Total comprehensive income	-	882,750	882,750
<b>Balance at 31 July 2016</b>	<u>201,000</u>	<u>1,044,446</u>	<u>1,245,446</u>

**Cash Flow Statement  
for the Year Ended 31 July 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,208,355	391,919
Interest element of hire purchase payments paid		(3,390)	(1,165)
Finance costs paid		(76,831)	(89,564)
Tax paid		(64,736)	(25,402)
Net cash from operating activities		<u>1,063,398</u>	<u>275,788</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(526,270)	(75,395)
Sale of tangible fixed assets		<u>10,500</u>	-
Net cash from investing activities		<u>(515,770)</u>	<u>(75,395)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		216,712	(21,600)
Equity dividends paid		<u>(757,350)</u>	<u>(180,000)</u>
Net cash from financing activities		<u>(540,638)</u>	<u>(201,600)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>6,990</u>	<u>(1,207)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(2,033)	(826)
<b>Cash and cash equivalents at end of year</b>	2	<u>4,957</u>	<u>(2,033)</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement  
for the Year Ended 31 July 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2016	2015
	£	£
Profit before taxation	1,106,263	358,341
Depreciation charges	118,445	82,500
Loss on disposal of fixed assets	3,678	8,948
Impairment reversal	-	(34,144)
Finance costs	80,221	90,729
	<u>1,308,607</u>	<u>506,374</u>
Decrease/(increase) in stocks	63,553	(48,717)
Decrease in trade and other debtors	393,230	470,959
Decrease in trade and other creditors	(557,035)	(536,697)
<b>Cash generated from operations</b>	<u><b>1,208,355</b></u>	<u><b>391,919</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 July 2016**

	31.7.16	1.8.15
	£	£
Cash and cash equivalents	4,957	1,064
Bank overdrafts	-	(3,097)
	<u>4,957</u>	<u>(2,033)</u>

**Year ended 31 July 2015**

	31.7.15	1.8.14
	£	£
Cash and cash equivalents	1,064	1,064
Bank overdrafts	(3,097)	(1,890)
	<u>(2,033)</u>	<u>(826)</u>

**Notes to the Financial Statements  
for the Year Ended 31 July 2016**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Turnover is recognised when the significant risks and rewards have been transferred to the buyer, which is when they have accepted physical delivery and control of the goods. No revenue is recognised if there are significant uncertainties regarding the recovery of the amount due.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on valuation
Plant & machinery	- 5% and 20% reducing balance
Fixtures & fittings	- 15% on reducing balance
Motor vehicles	- 12.5% on cost
Computer equipment	- 25% on cost

**Stocks**

Raw materials and consumables are valued at the lower of cost and net realisable value. Finished goods which have been delivered to customers but not invoiced, are valued at the lower of cost, processing and delivery, and net realisable value.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016**

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 31 July 2015 is given below:

	£
United Kingdom	21,085,997
Europe	169,613
	<u>21,255,610</u>

This analysis is not considered to be applicable to the year ended 31 July 2016.

**3. STAFF COSTS**

	2016 £	2015 £
Wages and salaries	1,203,173	1,116,239
Social security costs	127,936	121,723
Other pension costs	109,796	100,996
	<u>1,440,905</u>	<u>1,338,958</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Office and management	6	6
Production	13	12
Sales and distribution	11	11
	<u>30</u>	<u>29</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Other operating leases	1,174	1,165
Depreciation - owned assets	76,730	57,711
Depreciation - assets on hire purchase contracts	41,714	24,788
Loss on disposal of fixed assets	3,678	8,948
Auditors' remuneration	7,200	7,200
Foreign exchange differences	<u>(395)</u>	<u>608</u>
Directors' remuneration	45,000	-
Directors' pension contributions to money purchase schemes	<u>40,000</u>	<u>36,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2016	2015
Money purchase schemes	<u>2</u>	<u>2</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016

5. **INTEREST PAYABLE & SIMILAR CHARGES**

	2016	2015
	£	£
Hire purchase	3,390	1,165
Factoring interest	<u>76,831</u>	<u>89,564</u>
	<u>80,221</u>	<u>90,729</u>

6. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	197,513	69,904
Corporation tax for prior year	-	(5,442)
Total current tax	<u>197,513</u>	<u>64,462</u>
Deferred tax	<u>26,000</u>	<u>(3,000)</u>
Tax on profit on ordinary activities	<u>223,513</u>	<u>61,462</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>1,106,263</u>	<u>358,341</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	221,253	71,668
Effects of:		
Expenses not deductible for tax purposes	5,764	4,997
Capital allowances in excess of depreciation	-	(6,829)
Adjustments to tax charge in respect of previous periods	(3,507)	(10,063)
Tax at marginal rate	-	1,593
Rounding	3	96
Total tax charge	<u>223,513</u>	<u>61,462</u>

**Tax effects relating to effects of other comprehensive income**

	Gross	2015 Tax	Net
	£	£	£
Revaluation of freehold property	<u>272,375</u>	-	<u>272,375</u>
	<u>272,375</u>	-	<u>272,375</u>

7. **DIVIDENDS**

Dividends of £517,350 (2015 - £180,000) were paid on the A ordinary shares, and £240,000 (2015 - nil) on the B ordinary shares.

The dividend in respect of the 8.75% preference shares has been waived, as in the previous year.

Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £
<b>COST OR VALUATION</b>			
At 1 August 2015	1,100,000	910,938	90,819
Additions	-	181,519	13,112
Disposals	-	(42,450)	-
At 31 July 2016	<u>1,100,000</u>	<u>1,050,007</u>	<u>103,931</u>
<b>DEPRECIATION</b>			
At 1 August 2015	-	472,421	69,903
Charge for year	20,480	39,717	4,448
Eliminated on disposal	-	(28,272)	-
At 31 July 2016	<u>20,480</u>	<u>483,866</u>	<u>74,351</u>
<b>NET BOOK VALUE</b>			
At 31 July 2016	<u>1,079,520</u>	<u>566,141</u>	<u>29,580</u>
At 31 July 2015	<u>1,100,000</u>	<u>438,517</u>	<u>20,916</u>

  

	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>			
At 1 August 2015	241,300	25,172	2,368,229
Additions	324,971	6,668	526,270
Disposals	-	-	(42,450)
At 31 July 2016	<u>566,271</u>	<u>31,840</u>	<u>2,852,049</u>
<b>DEPRECIATION</b>			
At 1 August 2015	99,846	7,853	650,023
Charge for year	47,088	6,711	118,444
Eliminated on disposal	-	-	(28,272)
At 31 July 2016	<u>146,934</u>	<u>14,564</u>	<u>740,195</u>
<b>NET BOOK VALUE</b>			
At 31 July 2016	<u>419,337</u>	<u>17,276</u>	<u>2,111,854</u>
At 31 July 2015	<u>141,454</u>	<u>17,319</u>	<u>1,718,206</u>

Included in cost or valuation of land and buildings is freehold land of £ 76,000 (2015 - £ 60,000 ) which is not depreciated.

Cost or valuation at 31 July 2016 is represented by:

	Freehold property £	Plant & machinery £	Fixtures & fittings £
Valuation in 2006	(34,142)	-	-
Valuation in 2015	156,670	-	-
Cost	<u>977,472</u>	<u>1,050,007</u>	<u>103,931</u>
	<u>1,100,000</u>	<u>1,050,007</u>	<u>103,931</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016

8. **TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2006	-	-	(34,142)
Valuation in 2015	-	-	156,670
Cost	<u>566,271</u>	<u>31,840</u>	<u>2,729,521</u>
	<u>566,271</u>	<u>31,840</u>	<u>2,852,049</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2016 £	2015 £
Cost	<u>983,723</u>	<u>976,247</u>
Aggregate depreciation	<u>161,001</u>	<u>155,865</u>
Value of land in freehold land and buildings	<u>50,000</u>	<u>50,000</u>

Freehold land and buildings were valued on an open market basis on 31 July 2015 by Brunton Knowles .

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST OR VALUATION</b>	
At 1 August 2015	198,300
Additions	<u>324,971</u>
At 31 July 2016	<u>523,271</u>
<b>DEPRECIATION</b>	
At 1 August 2015	90,889
Charge for year	<u>41,714</u>
At 31 July 2016	<u>132,603</u>
<b>NET BOOK VALUE</b>	
At 31 July 2016	<u>390,668</u>
At 31 July 2015	<u>107,411</u>

9. **STOCKS**

	2016 £	2015 £
Raw materials	844,973	875,360
Finished goods	<u>247,813</u>	<u>280,979</u>
	<u>1,092,786</u>	<u>1,156,339</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Trade debtors	1,500,943	1,892,044
Other debtors	1,000	-
Prepayments	66,193	69,323
	<u>1,568,136</u>	<u>1,961,367</u>

Included in trade debtors are factored debts amounting to £1,494,125 (2015 - £1,886,525) made up as below.  
These debts are factored without recourse to the company for losses.

	2016	2015
£	£	
Debtors factored without recourse		
Gross debt	4,985,125	5,044,946
Non returnable proceeds	<u>(3,491,000)</u>	<u>(3,158,421)</u>
	<u>1,494,125</u>	<u>1,886,525</u>

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Bank loans & overdrafts (see note 13)	-	3,097
Hire purchase contracts (see note 14)	60,995	21,600
Trade creditors	2,769,400	3,435,535
Corporation tax	197,239	64,462
Social security & other taxes	156,483	54,680
Other creditors	11,855	11,309
Accruals & deferred income	31,098	24,347
	<u>3,227,070</u>	<u>3,615,030</u>

12. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Hire purchase contracts (see note 14)	<u>186,317</u>	<u>9,000</u>

13. **LOANS**

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>3,097</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016**

**14. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016	2015
	£	£
Net obligations repayable:		
Within one year	60,995	21,600
Between one and five years	<u>186,317</u>	<u>9,000</u>
	<u>247,312</u>	<u>30,600</u>
	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	1,174	-
Between one and five years	<u>4,110</u>	<u>-</u>
	<u>5,284</u>	<u>-</u>

**15. SECURED DEBTS**

The following secured debts are included within creditors:

	2016	2015
	£	£
Hire purchase contracts	<u>247,312</u>	<u>30,600</u>

There is a legal charge over the freehold property in support of loans made to Fowle & Co Limited by the Fowle Executive Pension Scheme. Fowle & Co Limited has a participating interest in Steelco (UK) Limited and is controlled by the same directors.

**16. PROVISIONS FOR LIABILITIES**

	2016	2015
	£	£
Deferred tax	<u>118,900</u>	<u>92,900</u>
		Deferred tax
		£
Balance at 1 August 2015		92,900
Accelerated capital allowances		<u>26,000</u>
Balance at 31 July 2016		<u>118,900</u>

No deferred tax provision has been made in respect of the revaluation of freehold property as no unrecognised gain for tax purposes arose on the valuation after indexation has been applied.

**Notes to the Financial Statements - continued  
for the Year Ended 31 July 2016**

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid		Nominal value	2015 £	2014 £
Number:	Class:			
600	A ordinary	£1	600	600
400	B ordinary	£1	400	400
200,000	8.75% preference shares	£1	<u>200,000</u>	<u>200,000</u>
			<u>201,000</u>	<u>201,000</u>

Voting rights and rights on winding up are the same for both A ordinary and B ordinary shares.

**18. RESERVES**

	Retained earnings £
At 1 August 2015	919,046
Profit for the year	882,750
Dividends	<u>(757,350)</u>
At 31 July 2016	<u>1,044,446</u>

**19. CONTROLLING PARTY**

The company is controlled by the directors A Fowle and N Fowle.

**20. RELATED PARTY DISCLOSURES**

During the year, total dividends of £517,350 (2015 - £180,000) were paid to the directors .

**Fowle & Co Limited**

A company in which A Fowle and N Fowle have an interest.

Sales of £1,505,163 (2015 - £1,765,621).

Purchases of £14,339,862 (2015 - £17,628,599).

Distribution charges by Fowle & Co Limited of £121,487 (2015 - £169,471).

Distribution charges to Fowle & Co Limited of £8,996 (2015 - £8,241).

Management charges payable of £48,000 (2015 - £348,000),

Dividends of £240,000 (2015 - nil) were paid to Fowle & Co Limited.

Trade creditors includes £2,641,374 (2015 - £3,200,221).

There is a legal charge over the freehold property of Steelco (UK) Limited in support of a loan made to Fowle & Co Limited by the Fowle Executive Pension Scheme..

**21. ULTIMATE CONTROLLING PARTY**

The company is controlled by the directors A Fowle and N Fowle.

**Reconciliation of Equity**  
**1 August 2014**  
**(Date of Transition to FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets	8	<u>1,427,742</u>	-	<u>1,427,742</u>
<b>CURRENT ASSETS</b>				
Stocks	9	1,107,622	-	1,107,622
Debtors	10	2,432,324	-	2,432,324
Cash in hand		<u>1,064</u>	-	<u>1,064</u>
		<u>3,541,010</u>	-	<u>3,541,010</u>
<b>CREDITORS</b>				
Amounts falling due within one year	11	<u>(4,111,460)</u>	-	<u>(4,111,460)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(570,450)</u>	-	<u>(570,450)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		857,292	-	857,292
<b>CREDITORS</b>				
Amounts falling due after more than one year	16	(30,600)	-	(30,600)
<b>PROVISIONS FOR LIABILITIES</b>		<u>(95,900)</u>	-	<u>(95,900)</u>
<b>NET ASSETS</b>		<u>730,792</u>	-	<u>730,792</u>
<b>CAPITAL &amp; RESERVES</b>				
Called up share capital	17	201,000	-	201,000
Retained earnings	18	<u>529,792</u>	-	<u>529,792</u>
		<u>730,792</u>	-	<u>730,792</u>

Reconciliation of Equity - continued  
31 July 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets	8	1,718,206	-	1,718,206
<b>CURRENT ASSETS</b>				
Stocks	9	1,156,339	-	1,156,339
Debtors	10	1,961,367	-	1,961,367
Cash in hand		1,064	-	1,064
		<u>3,118,770</u>	<u>-</u>	<u>3,118,770</u>
<b>CREDITORS</b>				
Amounts falling due within one year	11	(3,615,030)	-	(3,615,030)
<b>NET CURRENT LIABILITIES</b>		<u>(496,260)</u>	<u>-</u>	<u>(496,260)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,221,946	-	1,221,946
<b>CREDITORS</b>				
Amounts falling due after more than one year	16	(9,000)	-	(9,000)
<b>PROVISIONS FOR LIABILITIES</b>		<u>(92,900)</u>	<u>-</u>	<u>(92,900)</u>
<b>NET ASSETS</b>		<u>1,120,046</u>	<u>-</u>	<u>1,120,046</u>
<b>CAPITAL &amp; RESERVES</b>				
Called up share capital	17	201,000	-	201,000
Revaluation reserve		122,528	(122,528)	-
Retained earnings	18	796,518	122,528	919,046
		<u>1,120,046</u>	<u>-</u>	<u>1,120,046</u>

**Reconciliation of Profit  
for the Year Ended 31 July 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>TURNOVER</b>	2	21,255,610	-	21,255,610
Cost of sales		(18,696,888)	-	(18,696,888)
<b>GROSS PROFIT</b>		2,558,722	-	2,558,722
Distribution costs		(920,880)	-	(920,880)
Administrative expenses		(1,222,915)	-	(1,222,915)
Other operating income		34,143	-	34,143
<b>OPERATING PROFIT</b>		449,070	-	449,070
Interest payable & similar charges	5	(90,729)	-	(90,729)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		358,341	-	358,341
Tax on profit on ordinary activities	6	(61,462)	-	(61,462)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		296,879	-	296,879

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