

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 July 2020
for
Steelco (UK) Limited**

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for the Year Ended 31 July 2020**

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Steelco (UK) Limited
Company Information
for the Year Ended 31 July 2020

DIRECTORS: A Fowle
N Fowle

SECRETARY: A Fowle

REGISTERED OFFICE: 36 Cambridge Road
Hastings
East Sussex
TN34 1DU

BUSINESS ADDRESS: Unit 12
Narrowboat Way
Dudley
West Midlands
DY2 0XQ

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 2020**

The directors present their strategic report for the year ended 31 July 2020.

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.

We consider that our key performance indicators are those which communicate the financial performance and strength of the company as a whole, these being turnover, gross margins and net profits.

Our sales were slightly down on last year because of lower steel prices but our operating profit of £351,971 was an improvement over last year's £303,199. The net profit of £233,078 (2019 - £150,504) was over 50% higher than the previous year.

Coronavirus

We are fortunate that the Covid 19 pandemic has only slightly affected business. In April our sales halved and we incurred a small loss for the month. Subsequently business rebounded sharply gathering pace in the period May to July with volumes and margins beginning to rise strongly.

These improved conditions have continued to the end of November in our new trading year. The high volumes and strong margins have combined giving significant operating profits.

Steel prices and tonnages

Steel prices are rising strongly and demand is in the same vein. Both are expected to continue into the first quarter of 2021 so we anticipate experiencing a good outcome from the first 8 months of the new trading year.

Looking ahead

With three coronavirus vaccines soon to become available and probably more to come there are reasons to look forward to the New Year. With both rising demand and steel prices, we expect steel will remain in short supply as it is in the USA at the moment.

ON BEHALF OF THE BOARD:

A Fowle - Director

10 December 2020

**Report of the Directors
for the Year Ended 31 July 2020**

The directors present their report with the financial statements of the company for the year ended 31 July 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a steel service and processing centre and trader in steel.

DIVIDENDS

The total distribution of dividends for the year ended 31 July 2020 was £180,000 (2019 - £180,000) in respect of A ordinary shares and nil (2019 - nil) in respect of B ordinary shares.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2019 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

10 December 2020

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

Opinion

We have audited the financial statements of Steelco (UK) Limited (the 'company') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

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

10 December 2020

Steelco (UK) Limited (Registered number: 02319502)

**Statement of Comprehensive Income
for the Year Ended 31 July 2020**

	Notes	2020 £	2019 £
TURNOVER		20,581,979	23,601,330
Cost of sales		<u>(18,301,093)</u>	<u>(21,209,134)</u>
GROSS PROFIT		2,280,886	2,392,196
Distribution costs		(689,102)	(720,651)
Administrative expenses		<u>(1,239,813)</u>	<u>(1,368,346)</u>
OPERATING PROFIT	4	351,971	303,199
Interest receivable & similar income		<u>5,126</u>	<u>-</u>
		357,097	303,199
Interest payable and similar expenses	5	<u>(124,019)</u>	<u>(152,695)</u>
PROFIT BEFORE TAXATION		233,078	150,504
Tax on profit	6	<u>(49,616)</u>	<u>(33,880)</u>
PROFIT FOR THE FINANCIAL YEAR		183,462	116,624
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>183,462</u>	<u>116,624</u>

The notes form part of these financial statements

Steelco (UK) Limited (Registered number: 02319502)

**Balance Sheet
31 July 2020**

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	8		2,781,889		2,874,209
CURRENT ASSETS					
Stocks	9	1,265,835		1,634,974	
Debtors	10	1,774,965		1,784,290	
Cash in hand		<u>259</u>		<u>519</u>	
		3,041,059		3,419,783	
CREDITORS					
Amounts falling due within one year	11	<u>3,421,040</u>		<u>3,794,566</u>	
NET CURRENT LIABILITIES			<u>(379,981)</u>		<u>(374,783)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,401,908		2,499,426
CREDITORS					
Amounts falling due after more than one year	12		(268,343)		(384,723)
PROVISIONS FOR LIABILITIES	15		<u>(157,000)</u>		<u>(141,600)</u>
NET ASSETS			<u>1,976,565</u>		<u>1,973,103</u>
CAPITAL & RESERVES					
Called up share capital	16		201,000		201,000
Revaluation reserve	17		395,111		401,276
Retained earnings	17		<u>1,380,454</u>		<u>1,370,827</u>
			<u>1,976,565</u>		<u>1,973,103</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 December 2020 and were signed on its behalf by:

A Fowle - Director

Steelco (UK) Limited (Registered number: 02319502)

**Statement of Changes in Equity
for the Year Ended 31 July 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 August 2018	201,000	1,429,038	406,441	2,036,479
Changes in equity				
Dividends	-	(180,000)	-	(180,000)
Total comprehensive income	-	121,789	(5,165)	116,624
Balance at 31 July 2019	<u>201,000</u>	<u>1,370,827</u>	<u>401,276</u>	<u>1,973,103</u>
Changes in equity				
Dividends	-	(180,000)	-	(180,000)
Total comprehensive income	-	189,627	(6,165)	183,462
Balance at 31 July 2020	<u>201,000</u>	<u>1,380,454</u>	<u>395,111</u>	<u>1,976,565</u>

The notes form part of these financial statements

Steelco (UK) Limited (Registered number: 02319502)

**Cash Flow Statement
for the Year Ended 31 July 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	536,974	565,551
Interest paid		(390)	-
Interest element of hire purchase payments paid		(11,823)	(16,624)
Finance costs paid		(111,806)	(136,071)
Tax paid		-	(77,456)
Net cash from operating activities		<u>412,955</u>	<u>335,400</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(103,796)	(17,103)
Sale of tangible fixed assets		3,500	-
Interest received		5,126	-
Net cash from investing activities		<u>(95,170)</u>	<u>(17,103)</u>
Cash flows from financing activities			
Capital repayments in year		(138,045)	(138,045)
Equity dividends paid		(180,000)	(180,000)
Net cash from financing activities		<u>(318,045)</u>	<u>(318,045)</u>
(Decrease)/increase in cash and cash equivalents		<u>(260)</u>	<u>252</u>
Cash and cash equivalents at beginning of year	2	519	267
Cash and cash equivalents at end of year	2	<u>259</u>	<u>519</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 July 2020

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

	2020	2019
	£	£
Profit before taxation	233,078	150,504
Depreciation charges	183,884	188,507
Loss on disposal of fixed assets	8,731	-
Finance costs	124,019	152,695
Finance income	(5,126)	-
	<u>544,586</u>	<u>491,706</u>
Decrease in stocks	369,139	27,995
Decrease in trade and other debtors	9,326	614,024
Decrease in trade and other creditors	(386,077)	(568,174)
Cash generated from operations	<u><u>536,974</u></u>	<u><u>565,551</u></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 2020

	31.7.20	1.8.19
	£	£
Cash and cash equivalents	<u>259</u>	<u>519</u>

Year ended 31 July 2019

	31.7.19	1.8.18
	£	£
Cash and cash equivalents	<u>519</u>	<u>267</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.19	Cash flow	At 31.7.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>519</u>	<u>(260)</u>	<u>259</u>
	<u>519</u>	<u>(260)</u>	<u>259</u>
Debt			
Finance leases	<u>(522,767)</u>	<u>138,045</u>	<u>(384,722)</u>
	<u>(522,767)</u>	<u>138,045</u>	<u>(384,722)</u>
Total	<u><u>(522,248)</u></u>	<u><u>137,785</u></u>	<u><u>(384,463)</u></u>

**Notes to the Financial Statements
for the Year Ended 31 July 2020**

1. STATUTORY INFORMATION

Steelco (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. 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 estimated selling price less costs to complete and sell. Finished goods which have been delivered to customers but not invoiced, are valued at the lower of cost, processing and delivery, and estimated selling price.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2020

2. ACCOUNTING POLICIES - continued

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 and an employees personal defined contribution pension scheme are charged to the profit and loss account in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	1,144,254	1,181,179
Social security costs	124,954	126,074
Other pension costs	52,137	132,866
	<u>1,321,345</u>	<u>1,440,119</u>

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

	2020	2019
Office and management	6	6
Production	13	12
Sales and distribution	12	13
	<u>31</u>	<u>31</u>

	2020 £	2019 £
Directors' remuneration	-	-
Directors' pension contributions to money purchase schemes	-	60,000

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

Money purchase schemes	<u>2</u>	<u>2</u>
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4. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £	2019 £
Other operating leases	1,150	1,174
Depreciation - owned assets	78,799	82,015
Depreciation - assets on hire purchase contracts	105,086	106,493
Loss on disposal of fixed assets	8,731	-
Auditors' remuneration	7,200	7,200
Foreign exchange differences	<u>375</u>	<u>1,756</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2020

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Other interest	390	-
Hire purchase	11,823	16,624
Factoring interest	111,806	136,071
	<u>124,019</u>	<u>152,695</u>

6. **TAXATION**

Analysis of the tax charge

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	34,216	28,680
Deferred tax	15,400	5,200
Tax on profit	<u>49,616</u>	<u>33,880</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:

	2020	2019
	£	£
Profit before tax	<u>233,078</u>	<u>150,504</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	44,285	28,596
Effects of:		
Expenses not deductible for tax purposes	5,391	5,264
Rounding	(60)	20
Total tax charge	<u>49,616</u>	<u>33,880</u>

7. **DIVIDENDS**

Dividends of £180,000 (2019 - £180,000) were paid on the A ordinary shares. and nil (2019 - 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 2020

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £
COST OR VALUATION			
At 1 August 2019	1,344,143	1,689,234	131,382
Additions	-	3,146	2,844
Disposals	-	(13,950)	-
At 31 July 2020	<u>1,344,143</u>	<u>1,678,430</u>	<u>134,226</u>
DEPRECIATION			
At 1 August 2019	25,028	618,158	92,959
Charge for year	25,035	62,019	5,869
Eliminated on disposal	-	(12,469)	-
At 31 July 2020	<u>50,063</u>	<u>667,708</u>	<u>98,828</u>
NET BOOK VALUE			
At 31 July 2020	<u>1,294,080</u>	<u>1,010,722</u>	<u>35,398</u>
At 31 July 2019	<u>1,319,115</u>	<u>1,071,076</u>	<u>38,423</u>
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 August 2019	673,926	35,459	3,874,144
Additions	97,806	-	103,796
Disposals	(43,000)	-	(56,950)
At 31 July 2020	<u>728,732</u>	<u>35,459</u>	<u>3,920,990</u>
DEPRECIATION			
At 1 August 2019	231,131	32,659	999,935
Charge for year	88,808	2,154	183,885
Eliminated on disposal	(32,250)	-	(44,719)
At 31 July 2020	<u>287,689</u>	<u>34,813</u>	<u>1,139,101</u>
NET BOOK VALUE			
At 31 July 2020	<u>441,043</u>	<u>646</u>	<u>2,781,889</u>
At 31 July 2019	<u>442,795</u>	<u>2,800</u>	<u>2,874,209</u>

Included in cost or valuation of land and buildings is freehold land of £ 76,000 (2019 - £ 76,000) which is not depreciated.

Cost or valuation at 31 July 2020 is represented by:

	Freehold property £	Plant & machinery £	Fixtures & fittings £
Valuation in 2006	(34,142)	-	-
Valuation in 2015	156,670	-	-
Valuation in 2018	228,105	-	-
Cost	<u>993,510</u>	<u>1,678,430</u>	<u>134,226</u>
	<u>1,344,143</u>	<u>1,678,430</u>	<u>134,226</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2020

8. **TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2006	-	-	(34,142)
Valuation in 2015	-	-	156,670
Valuation in 2018	-	-	228,105
Cost	<u>728,732</u>	<u>35,459</u>	<u>3,570,357</u>
	<u>728,732</u>	<u>35,459</u>	<u>3,920,990</u>

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

	2020 £	2019 £
Cost	<u>993,510</u>	<u>989,367</u>
Aggregate depreciation	<u>249,768</u>	<u>212,090</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 2018 by Brunton Knowles .

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

	Plant & machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 August 2019 and 31 July 2020	<u>577,919</u>	<u>626,561</u>	<u>1,204,480</u>
DEPRECIATION			
At 1 August 2019	42,618	199,852	242,470
Charge for year	<u>26,765</u>	<u>78,321</u>	<u>105,086</u>
At 31 July 2020	<u>69,383</u>	<u>278,173</u>	<u>347,556</u>
NET BOOK VALUE			
At 31 July 2020	<u>508,536</u>	<u>348,388</u>	<u>856,924</u>
At 31 July 2019	<u>535,301</u>	<u>426,709</u>	<u>962,010</u>

9. **STOCKS**

	2020 £	2019 £
Raw materials	1,005,086	1,297,982
Finished goods	<u>260,749</u>	<u>336,992</u>
	<u>1,265,835</u>	<u>1,634,974</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2020

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

	2020	2019
	£	£
Trade debtors	1,699,690	1,690,951
Other debtors	-	13,249
Prepayments	75,275	80,090
	<u>1,774,965</u>	<u>1,784,290</u>

Included in trade debtors are factored debts amounting to £1,698,422 (2019 - £1,689,780) made up as below. These debts are factored without recourse to the company for losses.

	2020	2019
	£	£
Debtors factored without recourse		
Gross debt	5,509,251	6,606,342
Non returnable proceeds	<u>(3,810,829)</u>	<u>(4,916,562)</u>
	<u>1,698,422</u>	<u>1,689,780</u>

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

	2020	2019
	£	£
Hire purchase contracts (see note 13)	116,379	138,044
Trade creditors	2,996,925	3,561,615
Corporation tax	62,896	28,680
Social security & other taxes	207,337	32,753
Other creditors	690	668
Accruals & deferred income	36,813	32,806
	<u>3,421,040</u>	<u>3,794,566</u>

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

	2020	2019
	£	£
Hire purchase contracts (see note 13)	<u>268,343</u>	<u>384,723</u>

13. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	116,379	138,044
Between one and five years	268,343	346,194
In more than five years	-	38,529
	<u>384,722</u>	<u>522,767</u>

Steelco (UK) Limited (Registered number: 02319502)

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

13. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	1,116	1,174
Between one and five years	<u>1,673</u>	<u>587</u>
	<u>2,789</u>	<u>1,761</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	<u>384,722</u>	<u>522,767</u>

The hire purchase agreements are secured on the relevant assets and interest is charged at 2% above the base rate.

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.

15. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	<u>157,000</u>	<u>141,600</u>
		Deferred tax
		£
Balance at 1 August 2019		141,600
Accelerated capital allowances		<u>15,400</u>
Balance at 31 July 2020		<u>157,000</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.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2015	2014
Number:	Class:	Nominal value	£	£
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.

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**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

17. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 August 2019	1,370,827	401,276	1,772,103
Profit for the year	183,462		183,462
Dividends	(180,000)		(180,000)
Transfer between revaluation reserve and retained profits	6,165	(6,165)	-
At 31 July 2020	<u>1,380,454</u>	<u>395,111</u>	<u>1,775,565</u>

18. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2020 £	2019 £
Sales	147,378	135,511
Purchases	17,055,941	20,220,264
Transport income	1,909	4,789
Management charge expense	378,000	378,000
Diesel and lorry rental expense	170,955	105,522
Dividends paid	-	180,000
Amount due to related party	<u>2,884,991</u>	<u>3,460,818</u>

Purchases of materials have been charged to Steelco (UK) Limited at the cost at which the related party bought the materials originally.

The related parties are controlled by the same directors.

19. ULTIMATE CONTROLLING PARTY

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

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