

REGISTERED NUMBER: 02319502 (England and Wales)

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 July 2018
for
Steelco (UK) Limited**

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for the Year Ended 31 July 2018**

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**Company Information
for the Year Ended 31 July 2018**

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 2018**

The directors present their strategic report for the year ended 31 July 2018.

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.

The financial statements show that the business had a good years trading in spite of a more difficult steel market with a net profit before taxation of £966,857. This includes a £289,707 uplift in the value of our factory, and the installation of our upgraded second decoiler. The decoiler is capable of producing sheet with a much improved blemish free surface and superb flatness that has helped the company generate new business .

We have an excellent sales team and they are supported by our conscientious staff in the works and it is their committed approach that has enabled us to retain and add to our customer base..

The steel market remains competitive but hopefully a satisfactory settlement of our negotiations with the EU will allow the market to go forward more strongly, removing uncertainties and allowing pent up capital investment to take place .

ON BEHALF OF THE BOARD:

A Fowle - Director

31 January 2019

**Report of the Directors
for the Year Ended 31 July 2018**

The directors present their report with the financial statements of the company for the year ended 31 July 2018.

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 2018 was £380,000 in respect of A ordinary shares and £300,000 in respect of B ordinary shares.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2017 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

31 January 2019

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 2018 which comprise the Statement of Income and Retained Earnings, Balance Sheet, 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 2018 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

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.

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

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.

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

31 January 2019

**Statement of Income and Retained Earnings
for the Year Ended 31 July 2018**

	Notes	2018 £	£	2017 £	£
TURNOVER			25,685,423		23,436,031
Cost of sales			<u>22,982,666</u>		<u>19,185,419</u>
GROSS PROFIT			2,702,757		4,250,612
Distribution costs		662,480		677,273	
Administrative expenses		<u>1,234,955</u>		<u>1,233,855</u>	
			<u>1,897,435</u>		<u>1,911,128</u>
			805,322		2,339,484
Other operating income			-		(1,131)
OPERATING PROFIT	4		<u>805,322</u>		<u>2,338,353</u>
Interest receivable & similar income			<u>45</u>		-
			805,367		2,338,353
Gain on revaluation of tangible fixed assets			<u>289,707</u>		-
			1,095,074		2,338,353
Interest payable and similar expenses	5		<u>128,217</u>		<u>91,452</u>
PROFIT BEFORE TAXATION			966,857		2,246,901
Tax on profit	6		<u>133,556</u>		<u>441,169</u>
PROFIT FOR THE FINANCIAL YEAR			833,301		1,805,732
Retained earnings at beginning of year			1,682,178		1,044,446
Dividends	7		(680,000)		(1,168,000)
RETAINED EARNINGS AT END OF YEAR			<u>1,835,479</u>		<u>1,682,178</u>

The notes form part of these financial statements

**Balance Sheet
31 July 2018**

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	8		3,045,613		2,074,245
CURRENT ASSETS					
Stocks	9	1,662,969		1,651,459	
Debtors	10	2,398,313		1,595,444	
Cash in hand		<u>267</u>		<u>876</u>	
		4,061,549		3,247,779	
CREDITORS					
Amounts falling due within one year	11	<u>4,411,516</u>		<u>3,189,225</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(349,967)</u>		<u>58,554</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,695,646		2,132,799
CREDITORS					
Amounts falling due after more than one year	12		(522,767)		(134,321)
PROVISIONS FOR LIABILITIES	15		<u>(136,400)</u>		<u>(115,300)</u>
NET ASSETS			<u>2,036,479</u>		<u>1,883,178</u>
CAPITAL & RESERVES					
Called up share capital	16		201,000		201,000
Retained earnings	17		<u>1,835,479</u>		<u>1,682,178</u>
			<u>2,036,479</u>		<u>1,883,178</u>

The financial statements were approved by the Board of Directors on 31 January 2019 and were signed on its behalf by:

A Fowle - Director

**Cash Flow Statement
for the Year Ended 31 July 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,620,366	1,615,650
Interest paid		(5,735)	(59)
Interest element of hire purchase payments paid		(9,897)	(5,382)
Finance costs paid		(112,585)	(86,011)
Tax paid		(479,495)	(197,513)
Net cash from operating activities		<u>1,012,654</u>	<u>1,326,685</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(902,279)	(103,770)
Sale of tangible fixed assets		94,475	2,000
Interest received		45	-
Net cash from investing activities		<u>(807,759)</u>	<u>(101,770)</u>
Cash flows from financing activities			
New HP in year		562,344	-
Capital repayments in year		(87,848)	(60,996)
Equity dividends paid		(680,000)	(1,168,000)
Net cash from financing activities		<u>(205,504)</u>	<u>(1,228,996)</u>
Decrease in cash and cash equivalents		<u>(609)</u>	<u>(4,081)</u>
Cash and cash equivalents at beginning of year	2	876	4,957
Cash and cash equivalents at end of year	2	<u>267</u>	<u>876</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 July 2018**

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

	2018	2017
	£	£
Profit before taxation	966,857	2,246,901
Depreciation charges	168,210	140,847
Profit on disposal of fixed assets	(42,068)	(1,467)
Gain on revaluation of fixed assets	(289,707)	-
Finance costs	128,217	91,452
Finance income	(45)	-
	<u>931,464</u>	<u>2,477,733</u>
Increase in stocks	(11,510)	(558,673)
Increase in trade and other debtors	(802,868)	(27,309)
Increase/(decrease) in trade and other creditors	<u>1,503,280</u>	<u>(276,101)</u>
Cash generated from operations	<u>1,620,366</u>	<u>1,615,650</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 2018

	31.7.18	1.8.17
	£	£
Cash and cash equivalents	<u>267</u>	<u>876</u>

Year ended 31 July 2017

	31.7.17	1.8.16
	£	£
Cash and cash equivalents	<u>876</u>	<u>4,957</u>

**Notes to the Financial Statements
for the Year Ended 31 July 2018**

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 2018**

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

	2018 £	2017 £
Wages and salaries	1,260,362	1,416,564
Social security costs	138,817	158,238
Other pension costs	<u>136,117</u>	<u>79,562</u>
	<u>1,535,296</u>	<u>1,654,364</u>

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

	2018	2017
Office and management	6	6
Production	13	13
Sales and distribution	<u>12</u>	<u>12</u>
	<u>31</u>	<u>31</u>

	2018 £	2017 £
Directors' remuneration	<u>-</u>	<u>180,000</u>

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/(crediting):

	2018 £	2017 £
Other operating leases	1,252	1,174
Depreciation - owned assets	89,778	100,225
Depreciation - assets on hire purchase contracts	78,433	40,621
Profit on disposal of fixed assets	(42,068)	(1,467)
Auditors' remuneration	7,200	7,200
Foreign exchange differences	<u>1,023</u>	<u>1,131</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2018

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£	£
Interest on late paid tax	5,735	59
Hire purchase	9,897	5,382
Factoring interest	112,585	86,011
	<u>128,217</u>	<u>91,452</u>

6. **TAXATION**

Analysis of the tax charge

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	112,456	444,769
Deferred tax	21,100	(3,600)
Tax on profit	<u>133,556</u>	<u>441,169</u>

Reconciliation of total tax charge included in profit and loss

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

	2018	2017
	£	£
Profit before tax	<u>966,857</u>	<u>2,246,901</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.666%)	183,703	441,876
Effects of:		
Expenses not deductible for tax purposes	4,938	5,233
Income not taxable for tax purposes	(55,044)	-
Change in rate of taxation	-	(5,948)
Rounding	(41)	8
Total tax charge	<u>133,556</u>	<u>441,169</u>

7. **DIVIDENDS**

Dividends of £380,000 (2017 - £728,000) were paid on the A ordinary shares. and £300,000 (2017 - £440,000) 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 2018

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £
COST OR VALUATION			
At 1 August 2017	1,104,050	1,127,229	121,305
Additions	7,844	584,481	3,999
Disposals	-	(28,614)	-
Revaluations	228,106	-	-
At 31 July 2018	<u>1,340,000</u>	<u>1,683,096</u>	<u>125,304</u>
DEPRECIATION			
At 1 August 2017	41,000	520,898	79,716
Charge for year	20,601	51,804	6,738
Eliminated on disposal	-	(21,651)	-
Revaluation adjustments	(61,601)	-	-
At 31 July 2018	<u>-</u>	<u>551,051</u>	<u>86,454</u>
NET BOOK VALUE			
At 31 July 2018	<u>1,340,000</u>	<u>1,132,045</u>	<u>38,850</u>
At 31 July 2017	<u>1,063,050</u>	<u>606,331</u>	<u>41,589</u>
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 August 2017	566,271	34,714	2,953,569
Additions	305,955	-	902,279
Disposals	(198,300)	-	(226,914)
Revaluations	-	-	228,106
At 31 July 2018	<u>673,926</u>	<u>34,714</u>	<u>3,857,040</u>
DEPRECIATION			
At 1 August 2017	217,718	19,992	879,324
Charge for year	82,029	7,039	168,211
Eliminated on disposal	(152,856)	-	(174,507)
Revaluation adjustments	-	-	(61,601)
At 31 July 2018	<u>146,891</u>	<u>27,031</u>	<u>811,427</u>
NET BOOK VALUE			
At 31 July 2018	<u>527,035</u>	<u>7,683</u>	<u>3,045,613</u>
At 31 July 2017	<u>348,553</u>	<u>14,722</u>	<u>2,074,245</u>

Included in cost or valuation of land and buildings is freehold land of £ 76,000 (2017 - £ 76,000) which is not depreciated.

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2018**

8. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 July 2018 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>989,367</u>	<u>1,683,096</u>	<u>125,304</u>
	<u>1,340,000</u>	<u>1,683,096</u>	<u>125,304</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2006	-	-	(34,142)
Valuation in 2015	-	-	156,670
Valuation in 2018	-	-	228,105
Cost	<u>673,926</u>	<u>34,714</u>	<u>3,506,407</u>
	<u>673,926</u>	<u>34,714</u>	<u>3,857,040</u>

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

	2018 £	2017 £
Cost	<u>989,367</u>	<u>981,523</u>
Aggregate depreciation	<u>212,090</u>	<u>179,518</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 2017	-	324,971	324,971
Additions	<u>520,127</u>	<u>301,590</u>	<u>821,717</u>
At 31 July 2018	<u>520,127</u>	<u>626,561</u>	<u>1,146,688</u>
DEPRECIATION			
At 1 August 2017	-	57,544	57,544
Charge for year	<u>14,444</u>	<u>63,989</u>	<u>78,433</u>
At 31 July 2018	<u>14,444</u>	<u>121,533</u>	<u>135,977</u>
NET BOOK VALUE			
At 31 July 2018	<u>505,683</u>	<u>505,028</u>	<u>1,010,711</u>
At 31 July 2017	-	<u>267,427</u>	<u>267,427</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2018

9. **STOCKS**

	2018	2017
	£	£
Raw materials	1,377,883	1,247,132
Finished goods	285,086	404,327
	<u>1,662,969</u>	<u>1,651,459</u>

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

	2018	2017
	£	£
Trade debtors	2,322,094	1,324,771
Prepayments	76,219	270,673
	<u>2,398,313</u>	<u>1,595,444</u>

Included in trade debtors are factored debts amounting to £2,321,192 (2017 - £1,321,235) made up as below.
These debts are factored without recourse to the company for losses.

	2018	2017
	£	£
Debtors factored without recourse		
Gross debt	7,338,672	6,406,561
Non returnable proceeds	(5,017,480)	(5,085,326)
	<u>2,321,192</u>	<u>1,321,235</u>

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

	2018	2017
	£	£
Hire purchase contracts (see note 13)	138,045	51,995
Trade creditors	4,010,977	2,412,649
Corporation tax	77,456	444,495
Social security & other taxes	152,604	248,431
Other creditors	450	12,169
Accruals & deferred income	31,984	19,486
	<u>4,411,516</u>	<u>3,189,225</u>

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

	2018	2017
	£	£
Hire purchase contracts (see note 13)	<u>522,767</u>	<u>134,321</u>

13. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	138,045	51,995
Between one and five years	418,189	134,321
In more than five years	104,578	-
	<u>660,812</u>	<u>186,316</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2018

13. **LEASING AGREEMENTS - continued**

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	1,174	1,174
Between one and five years	<u>1,761</u>	<u>2,935</u>
	<u>2,935</u>	<u>4,109</u>

14. **SECURED DEBTS**

The following secured debts are included within creditors:

	2018	2017
	£	£
Hire purchase contracts	<u>660,812</u>	<u>186,316</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**

	2018	2017
	£	£
Deferred tax	<u>136,400</u>	<u>115,300</u>
		Deferred tax
		£
Balance at 1 August 2017		115,300
Accelerated capital allowances		<u>21,100</u>
Balance at 31 July 2018		<u>136,400</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.

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2018**

17. RESERVES

	Retained earnings £
At 1 August 2017	1,682,178
Profit for the year	833,301
Dividends	<u>(680,000)</u>
At 31 July 2018	<u>1,835,479</u>

18. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>318,801</u>

19. RELATED PARTY DISCLOSURES

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

	2018 £	2017 £
Sales	2,344,565	2,188,261
Purchases	21,852,269	18,785,185
Management charge expense	148,000	48,000
Dividends paid	300,000	440,000
Amount due to related party	<u>3,866,175</u>	<u>2,279,119</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.

20. ULTIMATE CONTROLLING PARTY

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

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