

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 July 2021
for
Steelco (UK) Limited**

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for the Year Ended 31 July 2021**

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Steelco (UK) Limited
Company Information
for the Year Ended 31 July 2021

DIRECTORS: A Fowle
N Fowle

SECRETARY: A Fowle

REGISTERED OFFICE: Tremlon House
Menzies Road
Hastings
East Sussex
TN38 9BQ

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 2021**

The directors present their strategic report for the year ended 31 July 2021.

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 have experienced a very successful years trading following the temporary uncertainties caused by Covid 19.

Business resumed at a gallop starting in September 2020 as the market's pent up steel demand led to us supplying record tonnages in the period to the end of March 2021. Over the same period of time the price of steel more than doubled as steel became in very short supply. This was the result of the sudden demand increase, the supplying steel mills having cut back production capacity and being slow to bring on the lines they had closed anticipating more prolonged weak demand .

As a result our sales were up from £20 million in 2020 (partly affected by weak demand in April to July 2020 because of Covid 19) to £30.8 million in 2021. Our net profit before interest and taxation was £8.3 million compared to £351,971 in the previous year.

The new financial year in the first three months has continued in the same vein with strong net profits being recorded .Previously in our steel business a boom in prices has been followed by a bust but at the moment this does not seem to be the likely outcome but the market can surprise the most careful observer.

Of course the risks and uncertainties in our business relate primarily to the volatility in steel prices , business is risk, we are constantly monitoring the market, subscribing to a number of market guides, talking to our suppliers and closely following economic trends in order to gauge which way future demand and steel prices are heading.

Currently there are many reasons to believe steel prices will remain firm with the higher energy costs, magnesium shortages, and transport difficulties.

Key performance indicators

	2021	2020
	£	£
Turnover	30,779,365	20,581,979
Net profit before interest and taxation	8,311,170	351,971

As I have said before Steelco, with its excellent staff, continue to provide a superior service to its customers so I am confident in its future prospects and look forward to the new year with our company now in a much stronger financial position with net assets now up from £1.9 million in 2020 to £7.3 million at the end of July 2021 in addition all bank borrowings have been eliminated .

ON BEHALF OF THE BOARD:

A Fowle - Director

8 November 2021

**Report of the Directors
for the Year Ended 31 July 2021**

The directors present their report with the financial statements of the company for the year ended 31 July 2021.

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 2021 was £2,180,000 (2020 - £180,000) in respect of A ordinary shares and nil (2020 - nil) in respect of B ordinary shares.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2020 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

8 November 2021

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 2021 which comprise the Income Statement, Other 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our understanding of the company and its industry, through verbal and written communications with the directors and other management and through inspection of the company's regulatory and legal correspondence.

We discussed with directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to the audit team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

The potential affect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including the company's constitution, relevant reporting standards, company law, tax legislation and distributable profits legislation. We have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements.

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

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We have identified the following areas as those most likely to have such an effect: employment legislation, health and safety legislation, trade legislation, data protection legislation and anti-bribery and corruption legislation.

International Standards on UK Auditing UK limit the required procedures to identify non-compliance with these laws and regulations to the procedures, and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance with laws and regulations that could have a material impact on the financial statements.

In relation to fraud we have performed the following specific procedures in addition to those already noted:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting cash or any revenue account and journal entries posted by senior management;
- performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud; and
- ensuring that testing undertaken on transactions and the balance sheet includes a number of items selected on a random basis.

The procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with International Auditing Standards (UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation or the override of controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

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

8 November 2021

Steelco (UK) Limited (Registered number: 02319502)

**Income Statement
for the Year Ended 31 July 2021**

	Notes	2021 £	2020 £
TURNOVER		30,779,365	20,581,979
Cost of sales		<u>(20,471,756)</u>	<u>(18,301,093)</u>
GROSS PROFIT		10,307,609	2,280,886
Distribution costs		(711,882)	(689,102)
Administrative expenses		<u>(1,284,557)</u>	<u>(1,239,813)</u>
OPERATING PROFIT	4	8,311,170	351,971
Interest receivable & similar income		<u>7,321</u>	<u>5,126</u>
		8,318,491	357,097
Interest payable and similar expenses	5	<u>(58,305)</u>	<u>(124,019)</u>
PROFIT BEFORE TAXATION		8,260,186	233,078
Tax on profit	6	<u>(1,686,926)</u>	<u>(49,616)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>6,573,260</u>	<u>183,462</u>

The notes form part of these financial statements

Steelco (UK) Limited (Registered number: 02319502)

**Other Comprehensive Income
for the Year Ended 31 July 2021**

Notes	2021 £	2020 £
PROFIT FOR THE YEAR	6,573,260	183,462
OTHER COMPREHENSIVE INCOME		
Revaluation of fixed assets	993,444	-
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	993,444	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>7,566,704</u>	<u>183,462</u>

The notes form part of these financial statements

Steelco (UK) Limited (Registered number: 02319502)

**Balance Sheet
31 July 2021**

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	8		3,619,024		2,781,889
CURRENT ASSETS					
Stocks	9	1,847,669		1,265,835	
Debtors	10	11,111,608		1,774,965	
Cash in hand		<u>177</u>		<u>259</u>	
		12,959,454		3,041,059	
CREDITORS					
Amounts falling due within one year	11	<u>8,765,816</u>		<u>3,421,040</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>4,193,638</u>		<u>(379,981)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,812,662		2,401,908
CREDITORS					
Amounts falling due after more than one year	12		(182,293)		(268,343)
PROVISIONS FOR LIABILITIES	15		<u>(267,100)</u>		<u>(157,000)</u>
NET ASSETS			<u>7,363,269</u>		<u>1,976,565</u>
CAPITAL & RESERVES					
Called up share capital	16		201,000		201,000
Revaluation reserve	17		1,269,750		395,111
Retained earnings	17		<u>5,892,519</u>		<u>1,380,454</u>
	20		<u>7,363,269</u>		<u>1,976,565</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2021 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 2021**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 August 2019	201,000	1,370,827	401,276	1,973,103
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>
Changes in equity				
Dividends	-	(2,180,000)	-	(2,180,000)
Total comprehensive income	-	6,692,065	874,639	7,566,704
Balance at 31 July 2021	<u>201,000</u>	<u>5,892,519</u>	<u>1,269,750</u>	<u>7,363,269</u>

The notes form part of these financial statements

Steelco (UK) Limited (Registered number: 02319502)

**Cash Flow Statement
for the Year Ended 31 July 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	2,443,563	536,974
Interest paid		(467)	(390)
Interest element of hire purchase payments paid		(6,905)	(11,823)
Finance costs paid		(50,933)	(111,806)
Tax paid		(62,896)	-
Net cash from operating activities		<u>2,322,362</u>	<u>412,955</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(33,385)	(103,796)
Sale of tangible fixed assets		-	3,500
Interest received		<u>7,321</u>	<u>5,126</u>
Net cash from investing activities		<u>(26,064)</u>	<u>(95,170)</u>
Cash flows from financing activities			
Capital repayments in year		(116,380)	(138,045)
Equity dividends paid		<u>(2,180,000)</u>	<u>(180,000)</u>
Net cash from financing activities		<u>(2,296,380)</u>	<u>(318,045)</u>
Decrease in cash and cash equivalents		<u>(82)</u>	<u>(260)</u>
Cash and cash equivalents at beginning of year	2	259	519
Cash and cash equivalents at end of year	2	<u>177</u>	<u>259</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 July 2021**

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

	2021	2020
	£	£
Profit before taxation	8,260,186	233,078
Depreciation charges	189,694	183,884
Loss on disposal of fixed assets	-	8,731
Finance costs	58,305	124,019
Finance income	(7,321)	(5,126)
	8,500,864	544,586
(Increase)/decrease in stocks	(581,834)	369,139
(Increase)/decrease in trade and other debtors	(9,336,643)	9,326
Increase/(decrease) in trade and other creditors	3,861,176	(386,077)
Cash generated from operations	2,443,563	536,974

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 2021

	31.7.21	1.8.20
	£	£
Cash and cash equivalents	177	259

Year ended 31 July 2020

	31.7.20	1.8.19
	£	£
Cash and cash equivalents	259	519

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.20	Cash flow	At 31.7.21
	£	£	£
Net cash			
Cash at bank and in hand	259	(82)	177
	259	(82)	177
Debt			
Finance leases	(384,722)	116,380	(268,342)
	(384,722)	116,380	(268,342)
Total	(384,463)	116,298	(268,165)

**Notes to the Financial Statements
for the Year Ended 31 July 2021**

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 Income Statement, 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 2021

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

	2021 £	2020 £
Wages and salaries	1,356,139	1,144,254
Social security costs	155,140	124,954
Other pension costs	104,469	52,137
	<u>1,615,748</u>	<u>1,321,345</u>

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

	2021	2020
Office and management	6	6
Production	11	13
Sales and distribution	12	12
	<u>29</u>	<u>31</u>

	2021 £	2020 £
Directors' remuneration	-	-
Directors' pension contributions to money purchase schemes	<u>60,000</u>	<u>-</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:

	2021 £	2020 £
Other operating leases	1,116	1,150
Depreciation - owned assets	85,946	78,799
Depreciation - assets on hire purchase contracts	103,748	105,086
Loss on disposal of fixed assets	-	8,731
Auditors' remuneration	7,200	7,200
Foreign exchange differences	<u>213</u>	<u>375</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Other interest	467	390
Hire purchase	6,905	11,823
Factoring interest	50,933	111,806
	<u>58,305</u>	<u>124,019</u>

6. **TAXATION**

Analysis of the tax charge

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	1,576,826	34,216
Deferred tax	110,100	15,400
Tax on profit	<u>1,686,926</u>	<u>49,616</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:

	2021	2020
	£	£
Profit before tax	<u>8,260,186</u>	<u>233,078</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,569,435	44,285
Effects of:		
Expenses not deductible for tax purposes	6,709	5,391
Deferred tax on revaluation of fixed assets	110,880	-
Rounding	(98)	(60)
Total tax charge	<u>1,686,926</u>	<u>49,616</u>

Tax effects relating to effects of other comprehensive income

	Gross	2021	Net
	£	Tax	£
	£	£	£
Revaluation of fixed assets	<u>993,444</u>	<u>-</u>	<u>993,444</u>

7. **DIVIDENDS**

Dividends of £2,180,000 (2020 - £180,000) were paid on the A ordinary shares. and nil (2020 - 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 2021

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £
COST OR VALUATION			
At 1 August 2020	1,344,143	1,678,430	134,226
Additions	-	18,137	11,563
Revaluations	930,857	-	-
At 31 July 2021	<u>2,275,000</u>	<u>1,696,567</u>	<u>145,789</u>
DEPRECIATION			
At 1 August 2020	50,063	667,708	98,828
Charge for year	33,698	57,340	6,615
Revaluation adjustments	(62,587)	-	-
At 31 July 2021	<u>21,174</u>	<u>725,048</u>	<u>105,443</u>
NET BOOK VALUE			
At 31 July 2021	<u>2,253,826</u>	<u>971,519</u>	<u>40,346</u>
At 31 July 2020	<u>1,294,080</u>	<u>1,010,722</u>	<u>35,398</u>
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 August 2020	728,732	35,459	3,920,990
Additions	-	3,685	33,385
Revaluations	-	-	930,857
At 31 July 2021	<u>728,732</u>	<u>39,144</u>	<u>4,885,232</u>
DEPRECIATION			
At 1 August 2020	287,689	34,813	1,139,101
Charge for year	91,092	949	189,694
Revaluation adjustments	-	-	(62,587)
At 31 July 2021	<u>378,781</u>	<u>35,762</u>	<u>1,266,208</u>
NET BOOK VALUE			
At 31 July 2021	<u>349,951</u>	<u>3,382</u>	<u>3,619,024</u>
At 31 July 2020	<u>441,043</u>	<u>646</u>	<u>2,781,889</u>

Included in cost or valuation of land and buildings is freehold land of £ 76,000 (2020 - £ 76,000) which is not depreciated.

Cost or valuation at 31 July 2021 is represented by:

	Freehold property £	Plant & machinery £	Fixtures & fittings £
Valuation in 2006	(34,142)	-	-
Valuation in 2015	156,670	-	-
Valuation in 2018	228,105	-	-
Valuation in 2021	930,857	-	-
Cost	<u>993,510</u>	<u>1,696,567</u>	<u>145,789</u>
	<u>2,275,000</u>	<u>1,696,567</u>	<u>145,789</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

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
Valuation in 2021	-	-	930,857
Cost	<u>728,732</u>	<u>39,144</u>	<u>3,603,742</u>
	<u>728,732</u>	<u>39,144</u>	<u>4,885,232</u>

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

	2021 £	2020 £
Cost	<u>993,510</u>	<u>993,510</u>
Aggregate depreciation	<u>268,639</u>	<u>249,768</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 January 2021 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 2020 and 31 July 2021	<u>577,919</u>	<u>626,561</u>	<u>1,204,480</u>
DEPRECIATION			
At 1 August 2020	69,383	278,173	347,556
Charge for year	<u>25,427</u>	<u>78,321</u>	<u>103,748</u>
At 31 July 2021	<u>94,810</u>	<u>356,494</u>	<u>451,304</u>
NET BOOK VALUE			
At 31 July 2021	<u>483,109</u>	<u>270,067</u>	<u>753,176</u>
At 31 July 2020	<u>508,536</u>	<u>348,388</u>	<u>856,924</u>

9. STOCKS

	2021 £	2020 £
Raw materials	1,541,498	1,005,086
Finished goods	<u>306,171</u>	<u>260,749</u>
	<u>1,847,669</u>	<u>1,265,835</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

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

	2021 £	2020 £
Trade debtors	11,026,754	1,699,690
Other debtors	5,350	-
Prepayments	79,504	75,275
	<u>11,111,608</u>	<u>1,774,965</u>

Included in trade debtors are factored debts amounting to £11,988,655 (2020 - £1,698,422) made up as below. These debts are factored without recourse to the company for losses.

	2021 £	2020 £
Debtors factored without recourse		
Gross debt	11,001,673	5,509,251
Non returnable proceeds	<u>(13,018)</u>	<u>(3,810,829)</u>
	<u>10,988,655</u>	<u>1,698,422</u>

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

	2021 £	2020 £
Hire purchase contracts (see note 13)	86,049	116,379
Trade creditors	6,254,461	2,996,925
Corporation tax	1,576,826	62,896
Social security & other taxes	747,438	207,337
Other creditors	1,064	690
Accruals & deferred income	99,978	36,813
	<u>8,765,816</u>	<u>3,421,040</u>

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

	2021 £	2020 £
Hire purchase contracts (see note 13)	<u>182,293</u>	<u>268,343</u>

13. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2021 £	2020 £
Net obligations repayable:		
Within one year	86,049	116,379
Between one and five years	<u>182,293</u>	<u>268,343</u>
	<u>268,342</u>	<u>384,722</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

13. **LEASING AGREEMENTS - continued**

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	1,116	1,116
Between one and five years	558	1,673
	<u>1,674</u>	<u>2,789</u>

14. **SECURED DEBTS**

The following secured debts are included within creditors:

	2021	2020
	£	£
Hire purchase contracts	<u>268,342</u>	<u>384,722</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**

	2021	2020
	£	£
Deferred tax	<u>267,100</u>	<u>157,000</u>
		Deferred tax
		£
Balance at 1 August 2020		157,000
Accelerated capital allowances		(700)
Revaluation of fixed assets		<u>110,800</u>
Balance at 31 July 2021		<u>267,100</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.

Steelco (UK) Limited (Registered number: 02319502)

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2021**

17. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 August 2020	1,380,454	395,111	1,775,565
Profit for the year	6,573,260		6,573,260
Dividends	(2,180,000)		(2,180,000)
Revaluation in year	62,580	930,864	993,444
Transfer between revaluation reserve and retained profits	56,225	(56,225)	-
At 31 July 2021	<u>5,892,519</u>	<u>1,269,750</u>	<u>7,162,269</u>

18. RELATED PARTY DISCLOSURES

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

	2021 £	2020 £
Sales	195,970	147,378
Purchases	20,145,345	17,055,941
Transport income	7,128	1,909
Management charge expense	48,000	378,000
Diesel and lorry rental expense	174,167	170,955
Pension contributions	60,000	-
Amount due to related party	<u>6,127,916</u>	<u>2,884,991</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.

20. RECONCILIATION OF MOVEMENTS IN RESERVES

	2021 £	2020 £
Profit for the financial year	6,573,260	183,462
Dividends	<u>(2,180,000)</u>	<u>(180,000)</u>
	4,393,260	3,462
Other comprehensive income relating to the year (net)	<u>993,444</u>	<u>-</u>
Net addition to reserves	5,386,704	3,462
Opening reserves	<u>1,976,565</u>	<u>1,973,103</u>
Closing reserves	<u>7,363,269</u>	<u>1,976,565</u>

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