

REGISTERED NUMBER: 02631068 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FOR

APEX STAINLESS FASTENERS LIMITED



APEX STAINLESS FASTENERS LIMITED

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for the year ended 31 December 2020**

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APEX STAINLESS FASTENERS LIMITED

COMPANY INFORMATION
for the year ended 31 December 2020

DIRECTORS:

D Vahter
J Sandberg

REGISTERED OFFICE:

20 Somers Road
Rugby
Warwickshire
CV22 7DH

REGISTERED NUMBER:

02631068 (England and Wales)

INDEPENDENT AUDITORS:

Price Waterhouse Coopers LLP
One Chamberlain Square
Birmingham
West Midlands
B3 3AX

APEX STAINLESS FASTENERS LIMITED

STRATEGIC REPORT for the year ended 31 December 2020

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

REVIEW OF BUSINESS

The business model of the company is to be a wholesaler of stainless-steel fasteners to fastener trade companies.

The directors consider the company to have performed satisfactorily in the year under review with solid revenues, profits and operating cashflows being generated. 2020 saw no increase in UK product prices, although the price of raw material (nickel) has a direct impact on stock replacement costs and resale values.

Management consider the key performance indicators of the company to be revenues, gross profit and net assets. During the year under review turnover decreased by 0.1% (2019: increase of 1.8%) to £28,109,428 with gross profit margin decreasing by £116,159 (2019: decrease of £721,023) with a fall in gross profit as a percentage of sales from 36.3% in 2019 to 35.9% in 2020. External factors, including Brexit, created an environment of increased business uncertainty and more difficult trading conditions within which to operate. Administrative expenditure decreased from £5,242,255 in 2019 to £4,804,512 in 2020. During the year, the company's net assets increased by £1,334,221 to £23,699,099.

The company's strategy has generally been to try and preserve market share and profitability through minimising the impact of any inherent volatility in pricing, which involves a significant investment in working capital, amongst other strategies.

In the year under review, the directors are pleased to report that they consider the company to have largely succeeded in maintaining this strategy and believe the company is well placed to continue trading profitably in 2021 and beyond.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal exposure to risks are through pricing volatility, both within the products purchased and resold, which is linked to the overall market in nickel price; and through exposure to fluctuations in foreign exchange rates.

The company has strategies to minimise the exposure to these risks which involve continued scrutiny of pricing and rates of exchange; management of its purchase cycle and stock levels; and a pricing policy to preserve its market share.

Impact of Covid 19 and Brexit

Whilst there was some impact on the company from the effects of Covid-19 and subsequent lockdowns with, for example, some staff placed "on furlough" and a temporary dip in turnover, management were able to minimise the disruption to overall operations and the company successfully traded through this period, with a return to strong levels of trading in the second half of the year.

Management are of the opinion that the company is relatively insulated against the risks posed by Brexit, in whatever form, as the company primarily trades in the UK and has a long established supply chain outside the European Union for a significant proportion of its purchasing. That said, management are mindful both of the wider uncertainty and potential future volatility, especially in prices and lead times, of the impact of potential changes in custom checks, duties and exchange rates. Whilst Brexit may make these risks more acute in the short to medium term, management believe that these risks are already embedded into their processes and the overall strategies in place to mitigate those risks.

FUTURE DEVELOPMENTS

The company's immediate strategy for 2021 and beyond is to maintain its market share and profitability.

In the medium term, the company's strategy is growth and the directors have continued to put measures in place to try and expand the markets in which it operates in order to achieve this.

As the company is soundly financed and has historically made profits and generated cash, the directors believe the company will trade profitably again in 2021 and beyond. As such, the directors believe the company to be a going concern and have adopted this assumption in preparing the financial statements.

ON BEHALF OF THE BOARD:

.....
D M Wahler - Director

Date: *30th of June 2021*

APEX STAINLESS FASTENERS LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2020

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

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of stockholders, distributors and manufacturers of fasteners.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2020 was £2,000,000 (2019: £2,000,000).

The directors have recommended that a £nil (2019: £nil) final dividend be proposed.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

P R Lower (resigned 22 December 2020)
J Sandberg (appointed on 1 April 2020)
J Rosengren (resigned 1 April 2020)
D M Vahter (appointed on 1 October 2020)

These directors did not hold any beneficial or non-beneficial interest in the shares of the company.

THIRD PARTY INDEMNITY INSURANCE

The company has granted an indemnity, via a group arrangement, to its directors against liability of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

FINANCIAL RISK MANAGEMENT

The company has exposure to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the company is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The company is exposed to currency exchange rate risk due to a significant proportion of its receivables and payables being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts and/or currency accounts. The forward foreign exchange contracts all mature within 6 months of the year end.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Interest rate risk

Whilst not an especially significant risk, the company has the ability, should it so require, to borrow from its bankers using either overdrafts or term loans whose tenure would depend on the nature of the asset and management's view of the future direction of interest rate.

DISCLOSURE IN THE STRATEGIC REPORT

The company's review of business, principal risks and uncertainties and future developments are disclosed within the strategic report.

APEX STAINLESS FASTENERS LIMITED

**REPORT OF THE DIRECTORS (continued)
for the year ended 31 December 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

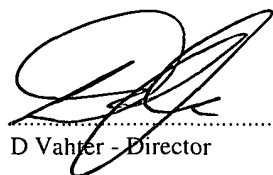
DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Report of the Directors is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements on pages 8 to 21 were approved by the Board of Directors on *30th June 2021* and signed on its behalf by

ON BEHALF OF THE BOARD:



.....
D Vahter - Director

Date: *30th of June 2021*

Independent auditors' report to the members of Apex Stainless Fasteners Limited

Report on the audit of the financial statements

Opinion

In our opinion, Apex Stainless Fasteners Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Profit and Loss Account and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Independent auditors' report to the members of Apex Stainless Fasteners Limited (continued)

Reporting on other information (continued)

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 an auditors' report 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management to enquire of any known instances of non-compliance with laws and regulations and any instances of actual or alleged fraud
- Review of board minutes for evidence of breaches of regulations and reading relevant correspondence
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Incorporating unpredictability into the nature, timing and/or extent of our testing

APEX STAINLESS FASTENERS LIMITED

Independent auditors' report to the members of Apex Stainless Fasteners Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Kingsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
30 June 2021

APEX STAINLESS FASTENERS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER	4	28,109,428	28,140,008
Cost of sales		<u>(18,024,174)</u>	<u>(17,938,595)</u>
GROSS PROFIT		10,085,254	10,201,413
Distribution costs		(1,331,168)	(1,272,578)
Administrative expenses		(4,804,512)	(5,242,255)
Other operating income		<u>124,692</u>	<u>-</u>
OPERATING PROFIT	6	4,074,266	3,686,580
Interest receivable and similar income	7	<u>42,541</u>	<u>32,599</u>
		4,116,807	3,719,179
Interest payable and similar expenses	8	<u>-</u>	<u>(3,213)</u>
PROFIT BEFORE TAXATION		4,116,807	3,715,966
Tax on profit	9	<u>(782,586)</u>	<u>(744,713)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>3,334,221</u>	<u>2,971,253</u>

All of the results relate to continuing operations.

There is no difference between the profit for the financial year presented above and the total comprehensive income for the year, and so no separate statement of total comprehensive income has been presented.

The notes on pages 11 to 21 form an integral part of these financial statements.

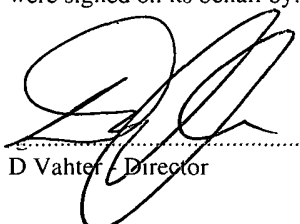
APEX STAINLESS FASTENERS LIMITED (REGISTERED NUMBER: 02631068)

**BALANCE SHEET
31 December 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	238,307	356,589
CURRENT ASSETS			
Stocks	12	11,402,975	13,900,788
Debtors	13	6,210,091	5,251,236
Cash at bank and in hand		<u>8,496,885</u>	<u>5,453,904</u>
		26,109,951	24,605,928
CREDITORS			
Amounts falling due within one year	14	<u>(2,409,309)</u>	<u>(2,362,268)</u>
NET CURRENT ASSETS		<u>23,700,642</u>	<u>22,243,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,938,949	22,600,249
PROVISIONS FOR LIABILITIES	15	<u>(239,850)</u>	<u>(235,371)</u>
NET ASSETS		<u>23,699,099</u>	<u>22,364,878</u>
CAPITAL AND RESERVES			
Called up share capital	16	238,500	238,500
Share premium account	17	19,500	19,500
Retained earnings	17	<u>23,441,099</u>	<u>22,106,878</u>
TOTAL SHAREHOLDERS' FUNDS		<u>23,699,099</u>	<u>22,364,878</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements on pages 8 to 21 were approved by the Board of Directors on 30th of June 2021 and were signed on its behalf by:


.....
D Vahter - Director

APEX STAINLESS FASTENERS LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	238,500	21,135,625	19,500	21,393,625
Changes in equity				
Profit for the financial year	-	2,971,253	-	2,971,253
Dividends	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Total transactions with owners, recognised directly in equity	<u>-</u>	<u>971,253</u>	<u>-</u>	<u>971,253</u>
Balance at 31 December 2019	<u>238,500</u>	<u>22,106,878</u>	<u>19,500</u>	<u>22,364,878</u>
Balance at 1 January 2020	238,500	22,106,878	19,500	22,364,878
Changes in equity				
Profit for the financial year	-	3,334,221	-	3,334,221
Dividends	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Total transactions with owners, recognised directly in equity	<u>-</u>	<u>1,334,221</u>	<u>-</u>	<u>1,334,221</u>
Balance at 31 December 2020	<u><u>238,500</u></u>	<u><u>23,441,099</u></u>	<u><u>19,500</u></u>	<u><u>23,699,099</u></u>

The notes on pages 11 to 21 form an integral part of these financial statements

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1. STATUTORY INFORMATION

The principal activity of the company in the year under review was that of stockholders, distributors and manufacturers of fasteners. Apex Stainless Fasteners Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 02631068 and registered office address is 20 Somers Road, Rugby, Warwickshire, CV22 7DH.

2. STATEMENT OF COMPLIANCE

The financial statements of Apex Stainless Fasteners Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied from the previous year.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements to prepare a Statement of Cash Flows paragraph 3.17(d);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for the sale of goods, net of returns, rebates, VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Sale of goods

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on delivery of the goods.

Government grants

Other operating income includes government grants arising from the impact of the Coronavirus (COVID-19) with the purpose of compensating the company for expenditure under the Job Retention Scheme and are recognised in the period in which they become receivable.

Interest receivable

Interest income is recognised using the effective interest method.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Furniture and equipment	- 10% to 25% on cost
Motor vehicles	- 20% to 25% on cost
Computer equipment	- 25% to 33% on cost

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition, including any import costs, duties and carriage.

Provisions are made for slow moving stock lines or where the likely resale price is lower than historic cost.

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

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.

Functional currency and presentation currency

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£).

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

The company uses short term forward currency contracts to reduce exposure to foreign exchange rates.

Leased assets and obligations

Asset servicing agreements which transfer substantially all the risk and rewards of ownership of an asset are classified for as finance leases. All other arrangements are classified as operating leases. Operating lease annual rentals are charged to the income statement on a straight line basis over the lease term.

Provisions for liabilities - dilapidations

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of 3 months or less.

Financial instruments

Sections 11 and 12 of Financial Reporting Standard number 102 have been adopted in the recognition and measurement of financial instruments.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Share capital and share premium

Share capital is treated as an equity instrument where there is evidence of a residual interest in the assets of an entity after deducting all its liabilities.

Where shares are issued for a value in excess of their nominal value, the resultant premium is included in a share premium account.

Dividends

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by shareholders. These amounts are recognised in the statement of changes in equity.

Critical accounting judgements and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting estimates:

i) Inventory provisioning

The company purchases, manufactures and sells stainless steel fasteners of which raw material costs are a significant part. When calculating the inventory provision, management consider both the historic movement of individual lines and the raw material costs included compared with current costs, and the potential resale ability of these lines, at or above cost, when determining the associated provisioning required.

ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

iii) Dilapidation provisioning

The company makes an estimate of the remedial work required to be undertaken in relation to properties held on long term full repairing lease terms, in order to comply with the provisions of those leases and evaluate the costs which will be required on or before termination of leases. This is primarily based on an annual survey or other assessment of the buildings in conjunction with landlords.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Accounting judgements:

iv) Inventory provisioning

The business model of the Company is to buy inventory in bulk quantities and sell it to distributors in smaller quantities. The key judgements in the financial statements are:

a) whether to make a provision or not for inventory, given that some items of inventory will be held for many years before they are sold; and

b) how much any formulaically calculated provision is amended by for management's judgement of whether the inventory can be sold in a different manner than initially intended (for example, whether a higher grade item can be substituted for, and sold instead of, a lower grade item).

Inventory provisions of £529,270 (2019: £554,994) have been made in these financial statements.

v) Operating leases

The company utilises assets which it does not own and pays for on an ongoing basis. In making the judgement as to whether such arrangements constitute finance leases or operating leases, management have assessed where the substantial risk and rewards of the ownership of the assets fall, and assessed that the counter-party, rather than the company, bears substantially all of the risks and rewards of ownership of the assets.

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
UK	23,354,926	23,384,694
EC	4,403,927	4,145,758
Rest of World	350,575	609,556
	<u>28,109,428</u>	<u>28,140,008</u>

All turnover in the current and prior year is derived from the sale of goods.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	2,777,067	3,022,226
Social security costs	281,055	312,429
Other pension costs	102,968	94,719
	<u>3,161,090</u>	<u>3,429,374</u>

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

	2020	2019
	No.	No.
Staff including directors	<u>103</u>	<u>112</u>

Direct manufacturing costs:-

Included in cost of sales is the sum of £349,145 (2019: £389,270) attributable to in house manufacturing staff costs.

	2020	2019
	£	£
Directors' remuneration	180,700	336,779
Directors' pension contributions to money purchase schemes	<u>8,647</u>	<u>12,893</u>

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

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

One director (2019: One) is remunerated elsewhere in the group. No charges or recharges are paid or payable for the services of the director to this company.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

6. OPERATING PROFIT

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

	2020	2019
	£	£
Depreciation - owned assets	121,437	111,414
Profit on disposal of fixed assets	(8,348)	-
(Reversal of impairment)/ Impairment of trade receivables	(20,696)	20,817
Reversal of impairment of inventory	(25,724)	(135,534)
Auditors' remuneration – audit services	30,000	28,511
Foreign exchange differences	(2,596)	(9,706)
Operating leases – land and buildings	532,800	528,959
Government grants	<u>(124,692)</u>	<u>-</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Deposit account interest	42,541	32,245
Other interest receivable	<u>-</u>	<u>354</u>
	<u>42,541</u>	<u>32,599</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Other interest payable	<u>-</u>	<u>3,213</u>

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

9. TAX ON PROFIT

Analysis of the tax charge

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

	2020 £	2019 £
Current tax:		
UK corporation tax	802,107	695,279
Deferred tax	<u>(19,521)</u>	<u>49,434</u>
Tax on profit	<u>782,586</u>	<u>744,713</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>4,116,807</u>	<u>3,715,966</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	782,193	706,034
Effects of:		
Expenses not deductible for tax purposes	393	755
Income not taxable for tax purposes	(1,586)	-
Depreciation in excess of capital allowances	<u>1,586</u>	<u>37,924</u>
Total tax charge	<u>782,586</u>	<u>744,713</u>

During the year the UK corporation tax rate remained at 19%.

Following the budget in March 2021, pledges were made to keep the main rate at 19% up to April 2023, after which the main rate is set to rise to 25%.

Deferred taxes at the balance sheet date have been measured using the rates substantively enacted at the balance sheet date and have been reflected in these financial statements.

10. DIVIDENDS

	2020 £	2019 £
Interim	<u>2,000,000</u>	<u>2,000,000</u>

The directors have stated that a £nil (2019: £nil) final dividend be proposed.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

11. TANGIBLE FIXED ASSETS

	Furniture and equipment £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2020	634,952	249,802	29,274	914,028
Additions	3,157	-	-	3,157
Disposals	<u>(57,905)</u>	<u>(33,385)</u>	<u>(5,647)</u>	<u>(96,937)</u>
At 31 December 2020	<u>580,204</u>	<u>216,417</u>	<u>23,627</u>	<u>820,248</u>
ACCUMULATED DEPRECIATION				
At 1 January 2020	402,653	145,841	8,945	557,439
Charge for year	77,793	36,156	7,488	121,437
Eliminated on disposal	<u>(57,905)</u>	<u>(33,383)</u>	<u>(5,647)</u>	<u>(96,935)</u>
At 31 December 2020	<u>422,541</u>	<u>148,614</u>	<u>10,786</u>	<u>581,941</u>
NET BOOK VALUE				
At 31 December 2020	<u>157,663</u>	<u>67,803</u>	<u>12,841</u>	<u>238,307</u>
At 31 December 2019	<u>232,299</u>	<u>103,961</u>	<u>20,329</u>	<u>356,589</u>

12. STOCKS

	2020 £	2019 £
Finished goods	<u>11,402,975</u>	<u>13,900,788</u>

A reversal of an impairment loss of £25,724 (2019: £135,534) was recognised in cost of sales against stock during the year.

13. DEBTORS

	2020 £	2019 £
Trade debtors	5,585,846	4,746,155
Amounts owed by group undertakings	402,372	299,662
Prepayments and accrued income	<u>221,873</u>	<u>205,419</u>
	<u>6,210,091</u>	<u>5,251,236</u>

A reversal of an impairment loss of £20,696 (2019: impairment loss of £20,817) was recognised against trade debtors during the year.

All debtors are financial assets that are debt instruments measured at amortised cost.

Amounts owed by group undertakings are unsecured, repayable under normal commercial arrangements and carry no interest.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	985,784	1,027,360
Amounts owed to group undertakings	24,118	15,341
Corporation tax	422,107	290,279
Other taxation and social security	577,170	325,551
Accruals and deferred income	<u>400,130</u>	<u>703,737</u>
	<u>2,409,309</u>	<u>2,362,268</u>

All creditors are financial liabilities measured at amortised cost.

Amounts owed to group undertakings are unsecured, repayable under normal commercial arrangements and carry no interest.

15. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	29,913	49,434
Dilapidations	<u>209,937</u>	<u>185,937</u>
	<u>239,850</u>	<u>235,371</u>

	Deferred tax	Dilapidations
	£	£
Balance at 1 January 2020	49,434	185,937
(Credit)/ charge to profit and loss account	(19,521)	24,000
Utilisations	<u>-</u>	<u>-</u>
Balance at 31 December 2020	<u>29,913</u>	<u>209,937</u>

As part of the Company's property leasing arrangements there is an obligation to repair damages which occur during the life of the lease, such as wear and tear. Property leases to which this provision relates are largely owned by P R Lower, and amounts provided have been agreed with him as being relevant as at 31st December 2020. Provisions for dilapidations are expected to be fully utilised at the end of the lease term, and whose value may increase or decrease during that year.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
238,500 (2019: 238,500)	Ordinary	£1	<u>238,500</u>	<u>238,500</u>

All ordinary shares rank pari passu with respect to voting rights, the rights to distribution of dividends and the repayment of capital.

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

17. RESERVES

	Retained earnings £	Share premium account £	Totals £
At 1 January 2020	22,106,878	19,500	22,126,378
Profit for the year	3,334,221	-	3,334,221
Dividends	(2,000,000)	-	(2,000,000)
At 31 December 2020	<u>23,441,099</u>	<u>19,500</u>	<u>23,460,599</u>

Retained earnings

This reserve represents all current and prior year retained profits and losses.

Share premium

This reserve represents the amount above the nominal value received for shares issued, less transaction costs.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	597,000	532,800
Between one and five years	1,484,500	1,547,167
In more than five years	<u>550,250</u>	<u>746,417</u>
	<u>2,631,750</u>	<u>2,826,384</u>

19. PENSION COMMITMENTS

The company operates a defined pension contribution scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £102,968 (2019: £94,719). There were no outstanding or prepaid contributions at the year end.

20. ULTIMATE PARENT COMPANY

Bufab AB (publ) (incorporated in Sweden) is regarded by the directors as being the company's ultimate parent company.

The company's immediate parent is Apex Stainless Holdings Limited, for which no group accounts are drawn up.

Bufab AB (publ) is both the largest and the only group financial statements that consolidate this company. These group accounts are available to the public from:-

Box 2266,
SE-331 02,
Vamamo,
Sweden.

Bufab AB (publ) was listed on the NASDAQ Stockholm stock exchange in February 2014.

The controlling party is Bufab AB (publ).

APEX STAINLESS FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

21. CONTINGENT LIABILITIES

On behalf of the company, the company's bankers have a guarantee for £610,000 (2019: £610,000) in favour of HM Revenue and Customs.

There is an omnibus guarantee and set off agreement dated 17 June 2014 given by the company and Apex Stainless Holdings Limited. Under this agreement, each company guarantees payment of obligations or debts to Lloyds Bank Plc which are owing or incurred by either Company on demand of payment by Lloyds Bank Plc. Each Company agrees that Lloyds Bank Plc can combine, consolidate or set off accounts or credit balances to satisfy such liabilities. There were £nil amounts outstanding at 31 December 2020.

22. RELATED PARTY DISCLOSURES

Key management are considered to be the directors, whose remuneration is disclosed in note 5 of these financial statements.

P R Lower (Properties)

An unincorporated business controlled by P R Lower, director.

During the year the company occupied properties owned by P R Lower. The charge for the year relating to these properties amounted to £526,213 (2019: £449,364).

At the year end date a prepayment of £107,537 (2019: £107,537) consisting of amounts which had been invoiced in advance relating to these properties and which is included within prepayments and accrued income in the notes to the financial statements

At the year end there was a provision relating to dilapidations of £170,589 (2019: £146,589) on properties owned by P R Lower.