

COMPANY REGISTRATION NUMBER: 02892430

Hill Steels Limited
Financial Statements
31 December 2016

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Hill Steels Limited

Financial Statements

Year ended 31 December 2016

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Hill Steels Limited

Strategic Report

Year ended 31 December 2016

Review of the business

The results for the year are set out on page 6. The directors consider the results achieved on ordinary activities before taxation to be particularly satisfactory and are looking for the company to continue in this manner for future years.

The company has taken advantage of the exemption available to medium sized companies concerning key performance indicators.

Hill Steels Limited became a subsidiary of Ensen Limited, who acquired 75% of the share capital of Hill Steels Limited, on 14 May 2013.

Adequate finance has been obtained to take advantage of business opportunities, and the directors consider the state of affairs to be satisfactory.

Principal risks and uncertainties

Financial Instruments and Derivatives

The company seeks to operate within its agreed overdraft and loan facilities with the bank. Most customers and suppliers are UK based, the company therefore has not entered into any hedging arrangements in respect of risks relating to trade debtors or creditors.

The company is exposed to interest rate risks on the borrowing with the bank. Based on the level of borrowings at the year end, an increase of 1% in interest rates increases the company's borrowing costs by £5,000.

The company is currently reliant on the overdraft and financial facilities from the bank and therefore has a cash flow and liquidity risk. The company has tightened up controls over collection of trade debtors and has also negotiated favourable payment terms with its suppliers. The bank is currently satisfied with the company's financial performance and the directors do not think there is any risk of facilities being withdrawn.

This report was approved by the board of directors on 15 March 2017 and signed on behalf of the board by:



D R Broadhurst
Company Secretary

Registered office:
Steel House
Unit 1
Sovereign Works
Deepdale Lane
Gornal
DY3 2AF

Hill Steels Limited

Directors' Report

Year ended 31 December 2016

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

Principal activities

The company's principal activity continues to be that of the supply and stockholding of steel. The results for the year are set out on page 7. The directors consider the results achieved on ordinary activities before taxation to be particularly satisfactory and are looking for the company to continue in this manner for future years. The company has taken advantage of the exemption available to medium sized companies concerning key performance indicators.

Hill Steels Limited became a subsidiary of Ensen Limited, who acquired 75% of the share capital of Hill Steels Limited, on 14 May 2013.

Directors

The directors who served the company during the year were as follows:

Mr D R Broadhurst
Mr J J Prescott

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Disclosure of information in the strategic report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of financial instruments and derivatives.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Hill Steels Limited

Directors' Report *(continued)*

Year ended 31 December 2016

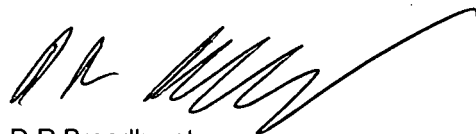
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 15 March 2017 and signed on behalf of the board by:



D R Broadhurst
Company Secretary

Registered office:
Steel House
Unit 1
Sovereign Works
Deepdale Lane
Gornal
DY3 2AF

Hill Steels Limited

Independent Auditor's Report to the Members of Hill Steels Limited

Year ended 31 December 2016

We have audited the financial statements of Hill Steels Limited for the year ended 31 December 2016 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hill Steels Limited

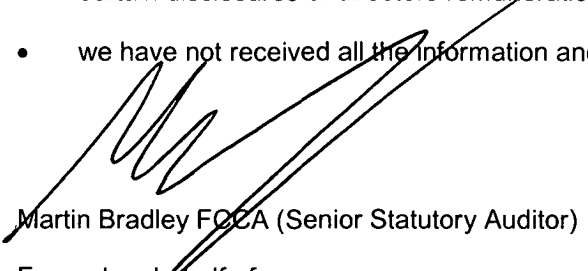
Independent Auditor's Report to the Members of Hill Steels Limited *(continued)*

Year ended 31 December 2016

Matters on which we are required to report by exception

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

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



Martin Bradley FCA (Senior Statutory Auditor)

For and on behalf of
GCN (Auditing) Limited
Chartered Certified Accountants & statutory auditor
Dominique House
1 Church Road
Netherton
Dudley
West Midlands
DY2 0LY

15 March 2017

Hill Steels Limited

Statement of Income and Retained Earnings

Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	13,945,821	14,494,405
Cost of sales		<u>10,378,064</u>	<u>11,298,129</u>
Gross profit		3,567,757	3,196,276
Distribution costs		420,170	386,621
Administrative expenses		2,218,240	2,597,364
Other operating income	5	<u>20,000</u>	<u>707,644</u>
Operating profit	6	949,347	919,935
Interest payable	10	<u>11,491</u>	<u>22,218</u>
Profit before taxation		937,856	897,717
Taxation on ordinary activities	11	<u>194,369</u>	<u>186,855</u>
Profit for the financial year and total comprehensive income		<u>743,487</u>	<u>710,862</u>
Dividends paid and payable	12	(130,000)	(97,500)
Retained earnings at the start of the year		<u>5,547,412</u>	<u>4,934,050</u>
Retained earnings at the end of the year		<u>6,160,899</u>	<u>5,547,412</u>

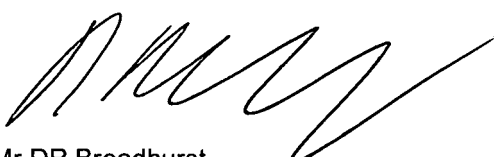
All the activities of the company are from continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

Hill Steels Limited
Statement of Financial Position
31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	13	56,158	64,435
Tangible assets	14	<u>2,772,022</u>	<u>2,959,266</u>
		2,828,180	3,023,701
Current assets			
Stocks	15	2,287,825	1,720,560
Debtors	16	3,684,221	2,996,810
Cash at bank and in hand		<u>453,262</u>	<u>205,929</u>
		6,425,308	4,923,299
Creditors: amounts falling due within one year	17	<u>2,521,236</u>	<u>2,256,741</u>
Net current assets		3,904,072	2,666,558
Total assets less current liabilities		6,732,252	5,690,259
Creditors: amounts falling due after more than one year	18	449,534	—
Provisions			
Taxation including deferred tax	19	<u>121,719</u>	<u>142,747</u>
Net assets		<u>6,160,999</u>	<u>5,547,512</u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	<u>6,160,899</u>	<u>5,547,412</u>
Members funds		<u>6,160,999</u>	<u>5,547,512</u>

These financial statements were approved by the board of directors and authorised for issue on 15 March 2017, and are signed on behalf of the board by:


Mr DR Broadhurst
Director

Company registration number: 02892430

The notes on pages 9 to 18 form part of these financial statements.

Hill Steels Limited

Statement of Cash Flows

Year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	743,487	710,862
<i>Adjustments for:</i>		
Depreciation of tangible assets	264,176	236,339
Amortisation of intangible assets	8,277	8,277
Interest payable	11,491	22,218
Gains on disposal of tangible assets	(372)	(13,632)
Taxation on ordinary activities	194,369	186,855
Accrued (income)/expenses	(227,346)	232,421
<i>Changes in:</i>		
Stocks	(567,265)	(227,194)
Trade and other debtors	(687,411)	(221,261)
Trade and other creditors	721,080	(76,292)
Cash generated from operations	460,486	858,593
Interest paid	(11,491)	(22,218)
Tax paid	(151,585)	(154,415)
Net cash from operating activities	<u>297,410</u>	<u>681,960</u>
Cash flows from investing activities		
Purchase of tangible assets	(83,810)	(773,924)
Proceeds from sale of tangible assets	7,250	138,248
Net cash used in investing activities	<u>(76,560)</u>	<u>(635,676)</u>
Cash flows from financing activities		
Proceeds from borrowings	156,483	(244,674)
Payments of finance lease liabilities	–	(29,167)
Dividends paid	(130,000)	(97,500)
Net cash from/(used in) financing activities	<u>26,483</u>	<u>(371,341)</u>
Net increase/(decrease) in cash and cash equivalents	247,333	(325,057)
Cash and cash equivalents at beginning of year	205,929	530,986
Cash and cash equivalents at end of year	<u>453,262</u>	<u>205,929</u>

The notes on pages 9 to 18 form part of these financial statements.

Hill Steels Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Steel House, Unit 1, Sovereign Works, Deepdale Lane, Gornal, DY3 2AF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Grants received

Government grants received are offset against the net cost of fixed assets purchased.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property - 2% straight line
Plant & machinery - 15% reducing balance
Motor vehicles - 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>13,945,821</u>	<u>14,494,405</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016 £	2015 £
United Kingdom	13,635,472	14,181,868
Overseas	<u>310,349</u>	<u>312,537</u>
	<u>13,945,821</u>	<u>14,494,405</u>

5. Other operating income

	2016 £	2015 £
Rental income	20,000	121,200
Management charges receivable	–	242,118
Other operating income	–	344,326
	<u>20,000</u>	<u>707,644</u>

Management charges are no longer receivable.

Other operating income in the prior year relates to an insurance claim made regarding serious fire damage.

6. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	8,277	8,277
Depreciation of tangible assets	264,176	236,339
Gains on disposal of tangible assets	(372)	(13,632)
Impairment of trade debtors	<u>15,404</u>	<u>49,921</u>

7. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>9,850</u>	<u>8,770</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

8. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production staff	60	64
Administrative staff	26	25
Management staff	2	2
	<u>88</u>	<u>91</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	1,996,709	2,352,759
Social security costs	182,337	228,842
Other pension costs	10,399	10,231
	<u>2,189,445</u>	<u>2,591,832</u>

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	154,705	541,160
Company contributions to defined contribution pension plans	197	67
	<u>154,902</u>	<u>541,227</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No.	2015 No.
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	<u>143,132</u>	<u>539,499</u>

10. Interest payable

	2016 £	2015 £
Interest on banks loans and overdrafts	11,491	20,730
Interest on obligations under finance leases and hire purchase contracts	—	1,488
	<u>11,491</u>	<u>22,218</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

11. Taxation on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	217,862	154,050
Adjustments in respect of prior periods	(2,465)	(14)
Total current tax	<u>215,397</u>	<u>154,036</u>
Deferred tax:		
Origination and reversal of timing differences	(21,028)	32,819
Taxation on ordinary activities	<u>194,369</u>	<u>186,855</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Profit on ordinary activities before taxation	937,856	897,717
Profit on ordinary activities by rate of tax	187,572	181,788
Adjustment to tax charge in respect of prior periods	(2,465)	–
Effect of expenses not deductible for tax purposes	2,469	1,583
Effect of capital allowances and depreciation	27,821	(29,294)
Rounding on tax charge	–	(41)
Origination and reversal of timing differences	(21,028)	32,819
Tax on profit	<u>194,369</u>	<u>186,855</u>

12. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>130,000</u>	<u>97,500</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

13. Intangible assets

	Goodwill £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>82,765</u>
Amortisation	
At 1 January 2016	18,330
Charge for the year	<u>8,277</u>
At 31 December 2016	<u>26,607</u>
Carrying amount	
At 31 December 2016	<u>56,158</u>
At 31 December 2015	<u>64,435</u>

Amortisation of intangible fixed assets is included in administrative expenses.

14. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2016	2,138,999	994,093	1,010,170	4,143,262
Additions	–	56,360	27,450	83,810
Disposals	–	–	(21,305)	(21,305)
At 31 December 2016	<u>2,138,999</u>	<u>1,050,453</u>	<u>1,016,315</u>	<u>4,205,767</u>
Depreciation				
At 1 January 2016	245,413	441,555	497,028	1,183,996
Charge for the year	42,780	87,968	133,428	264,176
Disposals	–	–	(14,427)	(14,427)
At 31 December 2016	<u>288,193</u>	<u>529,523</u>	<u>616,029</u>	<u>1,433,745</u>
Carrying amount				
At 31 December 2016	<u>1,850,806</u>	<u>520,930</u>	<u>400,286</u>	<u>2,772,022</u>
At 31 December 2015	<u>1,893,586</u>	<u>552,538</u>	<u>513,142</u>	<u>2,959,266</u>

The director considers that the difference between the carrying value and market values of freehold land and buildings is not significant.

15. Stocks

	2016 £	2015 £
Raw materials	<u>2,287,825</u>	<u>1,720,560</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

16. Debtors

	2016 £	2015 £
Trade debtors	3,609,436	2,906,744
Prepayments and accrued income	74,785	74,566
Other debtors	—	15,500
	<u>3,684,221</u>	<u>2,996,810</u>

17. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	50,466	354,482
Trade creditors	1,729,403	938,310
Accruals and deferred income	25,828	253,174
Corporation tax	217,862	154,050
Social security and other taxes	204,236	244,880
Director loan accounts	130,965	120,000
Invoice factoring	—	27,819
Other creditors	162,476	164,026
	<u>2,521,236</u>	<u>2,256,741</u>

The bank loans and overdraft are secured by debentures and legal charges over the assets of the company and cross-guarantees from Ensen Limited.

	2016 £	2015 £
Bank loan due within one year	50,466	354,482

18. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Bank loans and overdrafts	<u>449,534</u>	<u>—</u>

The bank loans and overdraft are secured by debentures and legal charges over the assets of the company and cross-guarantees from Ensen Limited.

	2016 £	2015 £
Bank loan due after more than one year	122,628	Nil
Bank loan due between three and five years	326,906	Nil
	<u>449,534</u>	<u>Nil</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

19. Provisions

	Deferred tax (note 20) £
At 1 January 2016	142,747
Charge against provision	(21,028)
At 31 December 2016	<u>121,719</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 19)	<u>121,719</u>	<u>142,747</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	<u>121,719</u>	<u>142,747</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £10,399 (2015: £10,231).

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>500,000</u>	<u>354,482</u>

23. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

25. Directors' advances, credits and guarantees

	2016 £	2015 £
Amounts owed to directors:		
Balance brought forward	120,000	—
Movement	10,965	120,000
Balance carried forward	<u>130,965</u>	<u>120,000</u>

26. Related party transactions

During the year, the company entered into the following arrangements with its holding company Ensen Limited.

(a) Sale of goods and services £2,907,962

(b) Purchase of goods and services £801,346

As at 31 December 2016 £666,598 (2015: £119,868) was owed by Ensen Limited.

The company made contributions of £197 (2015: £67) to a defined contribution pension scheme on behalf of the directors.

The directors received remuneration and employee benefits of £185,837 (2015: £568,428) and a dividend of £30,000 (2015: £22,500) during the year.

The director and 25% shareholder, Mr DR Broadhurst, personally guarantees the bank overdraft and loans up to £1,000,000.

27. Controlling party

The ultimate parent company is Ensen Limited, a company incorporated in Great Britain.