

COMPANY REGISTRATION NUMBER: 02892430

**Hill Steels Limited**  
**Financial Statements**  
**31 December 2018**

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**Hill Steels Limited**  
**Financial Statements**  
**Year ended 31 December 2018**

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# Hill Steels Limited

## Strategic Report

Year ended 31 December 2018

### Review of the business

The results for the year are set out on page 8. 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 100% subsidiary of Ensen Limited during the period.

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 £7,410.

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satisfied with the company's financial performance and the directors do not think there is any risk of facilities being withdrawn.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 28 March 2019 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 2018**

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

#### **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 8. 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 100% subsidiary of Ensen Limited during the period.

#### **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 11 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 2018

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 28 March 2019 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 2018**

### **Opinion**

We have audited the financial statements of Hill Steels Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 FRS 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 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

# **Hill Steels Limited**

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

**Year ended 31 December 2018**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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, and for such internal control as the directors 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.

# Hill Steels Limited

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

**Year ended 31 December 2018**

### **Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Hill Steels Limited

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

### Year ended 31 December 2018

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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 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.



Martin Bradley FCCA (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

28 March 2019

# Hill Steels Limited

## Statement of Income and Retained Earnings

Year ended 31 December 2018

	Note	2018 £	2017 £
<b>Turnover</b>	<b>4</b>	<b>20,005,328</b>	17,456,084
Cost of sales		<u>15,230,755</u>	<u>13,845,596</u>
<b>Gross profit</b>		<b>4,774,573</b>	3,610,488
Distribution costs		<u>497,440</u>	476,145
Administrative expenses		<u>3,074,587</u>	<u>2,561,440</u>
<b>Operating profit</b>	<b>5</b>	<b>1,202,546</b>	572,903
Interest payable	<b>9</b>	<u>26,391</u>	<u>11,568</u>
<b>Profit before taxation</b>		<b>1,176,155</b>	561,335
Taxation on ordinary activities	<b>10</b>	<u>232,143</u>	<u>114,647</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>944,012</u></b>	<b><u>446,688</u></b>
Dividends paid and payable	<b>11</b>	<b>(652,499)</b>	(130,000)
<b>Retained earnings at the start of the year</b>		<b>6,477,587</b>	6,160,899
<b>Retained earnings at the end of the year</b>		<b><u>6,769,100</u></b>	<b><u>6,477,587</u></b>

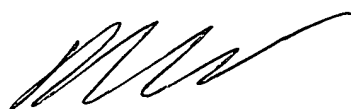
All the activities of the company are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

**Hill Steels Limited**  
**Statement of Financial Position**  
**31 December 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	40,500	47,881
Tangible assets	13	2,647,784	2,634,093
		<u>2,688,284</u>	<u>2,681,974</u>
<b>Current assets</b>			
Stocks	14	2,346,400	2,820,447
Debtors	15	4,086,045	3,942,047
Cash at bank and in hand		1,078,060	745,073
		<u>7,510,505</u>	<u>7,507,567</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>2,771,594</u>	<u>3,277,937</u>
<b>Net current assets</b>		<u>4,738,911</u>	<u>4,229,630</u>
<b>Total assets less current liabilities</b>		<u>7,427,195</u>	<u>6,911,604</u>
<b>Creditors: amounts falling due after more than one year</b>	17	533,735	321,260
<b>Provisions</b>			
Taxation including deferred tax	19	124,260	112,657
<b>Net assets</b>		<u>6,769,200</u>	<u>6,477,687</u>
<b>Capital and reserves</b>			
Called up share capital	23	100	100
Profit and loss account	24	6,769,100	6,477,587
<b>Shareholders funds</b>		<u>6,769,200</u>	<u>6,477,687</u>

These financial statements were approved by the board of directors and authorised for issue on 28 March 2019, and are signed on behalf of the board by:



Mr DR Broadhurst  
Director

Company registration number: 02892430

The notes on pages 11 to 20 form part of these financial statements.

**Hill Steels Limited**  
**Statement of Cash Flows**  
**Year ended 31 December 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	944,012	446,688
<i>Adjustments for:</i>		
Depreciation of tangible assets	240,861	203,776
Amortisation of intangible assets	7,381	8,277
Interest payable	26,391	11,568
Gains on disposal of tangible assets	(7,604)	(1,322)
Taxation on ordinary activities	232,143	114,647
Accrued expenses	1,876	270
<i>Changes in:</i>		
Stocks	474,047	(532,622)
Trade and other debtors	(143,998)	(452,195)
Trade and other creditors	101,577	206,143
Cash generated from operations	1,876,686	5,230
Interest paid	(26,391)	(11,568)
Tax paid	(123,692)	(217,862)
Net cash from/(used in) operating activities	<u>1,726,603</u>	<u>(224,200)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(263,322)	(170,025)
Proceeds from sale of tangible assets	16,374	105,500
Net cash used in investing activities	<u>(246,948)</u>	<u>(64,525)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	(567,594)	710,536
Payments of finance lease liabilities	73,425	–
Dividends paid	(652,499)	(130,000)
Net cash (used in)/from financing activities	<u>(1,146,668)</u>	<u>580,536</u>
<b>Net increase in cash and cash equivalents</b>	332,987	291,811
<b>Cash and cash equivalents at beginning of year</b>	745,073	453,262
<b>Cash and cash equivalents at end of year</b>	<u>1,078,060</u>	<u>745,073</u>

The notes on pages 11 to 20 form part of these financial statements.

**Hill Steels Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2018**

**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 2018

#### 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 2018

#### 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 2018

#### 4. Turnover

Turnover arises from:

	2018 £	2017 £
Sale of goods	<u>20,005,328</u>	<u>17,456,084</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:

	2018 £	2017 £
United Kingdom	19,588,459	17,099,248
Overseas	<u>416,869</u>	<u>356,836</u>
	<u>20,005,328</u>	<u>17,456,084</u>

#### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Amortisation of intangible assets	7,381	8,277
Depreciation of tangible assets	240,861	203,776
Gains on disposal of tangible assets	(7,604)	(1,322)
Impairment of trade debtors	<u>114,713</u>	<u>27,298</u>

#### 6. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>10,200</u>	<u>9,450</u>

#### 7. Particulars of employees

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

	2018 No.	2017 No.
Production staff	67	64
Administrative staff	29	27
Management staff	<u>2</u>	<u>2</u>
	<u>98</u>	<u>93</u>

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

	2018 £	2017 £
Wages and salaries	2,264,436	1,922,434
Social security costs	201,591	172,959
Other pension costs	<u>23,475</u>	<u>11,233</u>
	<u>2,489,502</u>	<u>2,106,626</u>



# Hill Steels Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	67,951	135,621
Company contributions to defined contribution pension plans	535	406
	<u>68,486</u>	<u>136,027</u>

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

	2018	2017
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

#### 9. Interest payable

	2018	2017
	£	£
Interest on banks loans and overdrafts	23,781	11,568
Interest on obligations under finance leases and hire purchase contracts	2,610	—
	<u>26,391</u>	<u>11,568</u>

#### 10. Taxation on ordinary activities

##### Major components of tax expense

	2018	2017
	£	£
<b>Current tax:</b>		
UK current tax expense	220,540	123,709
<b>Deferred tax:</b>		
Origination and reversal of timing differences	11,603	(9,062)
<b>Taxation on ordinary activities</b>	<u>232,143</u>	<u>114,647</u>

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	1,176,155	561,335
Profit on ordinary activities by rate of tax	223,469	108,057
Adjustment to tax charge in respect of prior periods	(16)	(23)
Effect of expenses not deductible for tax purposes	2,025	2,942
Effect of capital allowances and depreciation	(4,938)	12,733
Origination and reversal of timing differences	11,603	(9,062)
Tax on profit	<u>232,143</u>	<u>114,647</u>

# Hill Steels Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 11. Dividends

	2018 £	2017 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	<u>652,499</u>	<u>130,000</u>

#### 12. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	<u>82,765</u>
<b>Amortisation</b>	
At 1 January 2018	34,884
Charge for the year	<u>7,381</u>
<b>At 31 December 2018</b>	<u>42,265</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>40,500</u>
At 31 December 2017	<u>47,881</u>

Amortisation of intangible fixed assets is included in administrative expenses.

#### 13. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2018	2,138,999	1,200,978	824,159	<b>4,164,136</b>
Additions	–	43,163	220,159	<b>263,322</b>
Disposals	–	(20,685)	(68,000)	<b>(88,685)</b>
<b>At 31 December 2018</b>	<u>2,138,999</u>	<u>1,223,456</u>	<u>976,318</u>	<u><b>4,338,773</b></u>
<b>Depreciation</b>				
At 1 January 2018	330,973	615,274	583,796	<b>1,530,043</b>
Charge for the year	42,780	94,954	103,127	<b>240,861</b>
Disposals	–	(16,185)	(63,730)	<b>(79,915)</b>
<b>At 31 December 2018</b>	<u>373,753</u>	<u>694,043</u>	<u>623,193</u>	<u><b>1,690,989</b></u>
<b>Carrying amount</b>				
At 31 December 2018	<u>1,765,246</u>	<u>529,413</u>	<u>353,125</u>	<u><b>2,647,784</b></u>
At 31 December 2017	<u>1,808,026</u>	<u>585,704</u>	<u>240,363</u>	<u><b>2,634,093</b></u>

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

# Hill Steels Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 13. Tangible assets *(continued)*

##### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
<b>At 31 December 2018</b>	<b>107,977</b>
At 31 December 2017	—

#### 14. Stocks

	2018 £	2017 £
Raw materials	<b>2,346,400</b>	<b>2,820,447</b>

#### 15. Debtors

	2018 £	2017 £
Trade debtors	<b>3,515,856</b>	3,271,685
Amounts owed by group undertakings	<b>493,591</b>	541,645
Prepayments and accrued income	<b>76,598</b>	75,910
Other debtors	—	52,807
	<b>4,086,045</b>	<b>3,942,047</b>

All amounts under debtors fall due for payment within one year.

#### 16. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	<b>217,416</b>	624,359
Trade creditors	<b>1,815,298</b>	1,905,395
Accruals and deferred income	<b>27,974</b>	26,098
Corporation tax	<b>220,557</b>	123,709
Social security and other taxes	<b>228,128</b>	38,570
Obligations under finance leases and hire purchase contracts	<b>63,225</b>	—
Director loan accounts	<b>32,956</b>	395,882
Other creditors	<b>166,040</b>	163,924
	<b>2,771,594</b>	<b>3,277,937</b>

# Hill Steels Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 17. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	523,535	321,260
Obligations under finance leases and hire purchase contracts	10,200	—
	<u>533,735</u>	<u>321,260</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.

	2018 £	2017 £
Bank loan due after more than one year	248,717	122,628
Bank loan due between three and five years	72,543	326,906
	<u>321,260</u>	<u>449,534</u>

#### 18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2018 £	2017 £
Not later than 1 year	63,225	—
Later than 1 year and not later than 5 years	10,200	—
	<u>73,425</u>	<u>—</u>

Hire purchase liabilities are secured upon the assets to which they relate.

#### 19. Provisions

	Deferred tax (note 20) £
At 1 January 2018	112,657
Additions	11,603
<b>At 31 December 2018</b>	<b><u>124,260</u></b>

#### 20. Deferred tax

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

	2018 £	2017 £
Included in provisions (note 19)	<u>124,260</u>	<u>112,657</u>

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

	2018 £	2017 £
Accelerated capital allowances	<u>124,260</u>	<u>112,657</u>

# Hill Steels Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 21. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £22,940 (2017: £10,827).

### 22. Financial instruments

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

	2018 £	2017 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>5,087,507</u>	<u>4,558,403</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>2,812,630</u>	<u>3,396,895</u>

### 23. Called up share capital

#### Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100.00</u>	<u>100</u>	<u>100.00</u>

The holding company, Ensen Limited, holds 100 ordinary shares of £1 each.

The Director, D Broadhurst, sold his 25 shares to the holding company, Ensen Limited on 23 May 2018.

### 24. Reserves

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

### 25. Directors' advances, credits and guarantees

	2018 £	2017 £
Amounts owed to directors:		
Balance brought forward	130,965	120,000
Movement	<u>264,917</u>	<u>10,965</u>
Balance carried forward	<u>395,882</u>	<u>130,965</u>

# **Hill Steels Limited**

## **Notes to the Financial Statements *(continued)***

### **Year ended 31 December 2018**

#### **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 £2,610,619

(b) Purchase of goods and services £1,170,702

(c) Management fees payable £850,000

As at 31 December 2018 £493,591 (2017: £541,645) was owed by Ensen Limited.

The company made contributions of £535 (2017: £406) to a defined contribution pension scheme on behalf of the directors.

Key personnel received income of £97,894 (2017: £196,831) during the year.

#### **27. Controlling party**

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