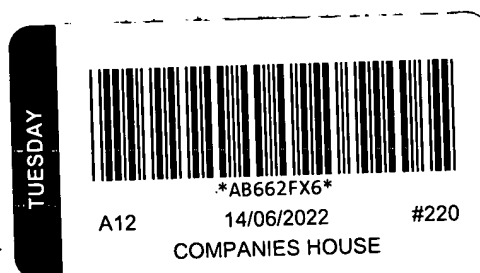


COMPANY REGISTRATION NUMBER: 02892430

Hill Steels Limited
Financial Statements
31 December 2021



Hill Steels Limited
Financial Statements
Year ended 31 December 2021

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Hill Steels Limited
Strategic Report
Year ended 31 December 2021

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 satisfactory, considering the ongoing COVID 19 pandemic.

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

Hill Steels is a 100% subsidiary of Ensen Limited.

Principal risks and uncertainties

Financial Instruments and Derivatives

The group operates within an 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 not exposed to interest rate risks on the borrowing with the bank as it has no borrowings of its own, but there is a cross-guarantee with its parent company. Based on the level of borrowings at the year end, an increase of 1% in interest rates increases the company's borrowing costs by £nil.

The company currently makes no use of overdraft or loan facilities from the bank and therefore has no cash flow and liquidity risk. The company maintains tight controls over collection of trade debtors and maintains an excellent payment record 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satisfied with the company's financial performance and the directors do not think there is any risk of facilities being withdrawn.

COVID 19 Pandemic

As explained in the notes to the financial statements, the COVID 19 outbreak and resulting measures taken by various governments to contain the virus have affected the business in the year. However following a decline in results in 2020 there has been a marked improvement in activities in 2021, and while the pandemic is by no means over there are certainly signs that 2022 will continue to produce results more in keeping with the directors' expectations.

This report was approved by the board of directors on 30 May 2022 and signed on behalf of the board by:



Mr J J Prescott
Director

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

Hill Steels Limited
Directors' Report
Year ended 31 December 2021

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

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 satisfactory, considering the ongoing COVID 19 pandemic.

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

Hill Steels Limited is a 100% subsidiary of Ensen Limited

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 13 to the financial statements.

Future developments

As explained in the notes to the financial statements, the COVID 19 outbreak and resulting measures taken by various governments to contain the virus have affected the business in the year. However following a decline in results in 2020 there has been a marked improvement in activities in 2021, and while the pandemic is by no means over there are certainly signs that 2022 will continue to produce results more in keeping with the directors' expectations.

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.

Hill Steels Limited

Directors' Report *(continued)*

Year ended 31 December 2021

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.

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 30 May 2022 and signed on behalf of the board by:



Mr J J Prescott
Director

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 2021

Opinion

We have audited the financial statements of Hill Steels Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position 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 2021 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.

Emphasis of matter

We draw attention to note 3 of the financial statements which describes the uncertainty surrounding the effect of the COVID 19 pandemic which is ongoing as at the year end date. Our opinion is not qualified in this respect.

Hill Steels Limited

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

Year ended 31 December 2021

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 2021

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 this 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 decision 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.

The extent to which the audit was considered capable of detecting irregularities including fraud

In identifying and assessing risks of material misstatement in respect to irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

a) Enquiries of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:

- Identifying, evaluating and complying with laws and regulations.
- Whether they are aware of any instances of non-compliance.

b) As with all audits performed under ISAs (UK), performance of procedures to respond to the risk of the management override of controls.

c) We obtained an understanding of the legal and regulatory frameworks in which the company operates, focusing on those laws which had a direct effect on the material balances and disclosures in the company's financial statements. Key laws and regulations considered in this context were:

- Companies Act 2006
- The Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)

d) In addition, we considered other laws and regulations that do not have a direct effect on the financial statements, but compliance is necessary for the continued operations of the company, or to avoid a material penalty.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation.
- Enquiring of management concerning any actual or potential litigation or claims.
- Reviewing minutes of meetings of those charged with governance and correspondence with HMRC.
- In assessment of the risk of fraud through management override of controls, we have tested the appropriateness of journal entries, assessed whether the judgements made in the company making accounting estimates are indicative of a potential management bias and evaluated the business rationale of any significant transactions that are outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.


Hill Steels Limited

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

Year ended 31 December 2021

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

30 May 2022

Hill Steels Limited
Statement of Income and Retained Earnings
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	27,964,755	13,248,318
Cost of sales		21,355,023	10,451,179
Gross profit		6,609,732	2,797,139
Distribution costs		483,530	343,252
Administrative expenses		2,009,440	1,862,582
Other operating income	5	8,478	393,983
Operating profit	6	4,125,240	985,288
Interest receivable	10	–	946
Interest payable	11	–	3,634
Profit before taxation		4,125,240	982,600
Taxation on ordinary activities	12	793,652	199,847
Profit for the financial year and total comprehensive income		3,331,588	782,753
Dividends paid and payable	13	(1,307,500)	(512,500)
Retained earnings at the start of the year		6,615,826	6,345,573
Retained earnings at the end of the year		8,639,914	6,615,826

All the activities of the company are from continuing operations.

The notes on pages 10 to 20 form part of these financial statements.

Hill Steels Limited
Statement of Financial Position
31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	20,250	27,000
Tangible assets	15	<u>3,543,492</u>	<u>3,530,178</u>
		3,563,742	3,557,178
Current assets			
Stocks	16	5,060,586	2,721,448
Debtors	17	6,413,853	3,551,569
Cash at bank and in hand		<u>803,025</u>	<u>639,092</u>
		12,277,464	6,912,109
Creditors: amounts falling due within one year	18	<u>5,772,635</u>	<u>2,418,896</u>
Net current assets		6,504,829	4,493,213
Total assets less current liabilities		10,068,571	8,050,391
Provisions			
Taxation including deferred tax	19	<u>312,739</u>	<u>318,647</u>
Net assets		<u>9,755,832</u>	<u>7,731,744</u>
Capital and reserves			
Called up share capital	24	100	100
Revaluation reserve	25	1,115,818	1,115,818
Profit and loss account	25	<u>8,639,914</u>	<u>6,615,826</u>
Shareholders funds		<u>9,755,832</u>	<u>7,731,744</u>

These financial statements were approved by the board of directors and authorised for issue on 30 May 2022, and are signed on behalf of the board by:



Mr J J Prescott
Director

Company registration number: 02892430

The notes on pages 10 to 20 form part of these financial statements.

Hill Steels Limited
Notes to the Financial Statements
Year ended 31 December 2021

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.

Going concern

The directors have produced forecasts that take into consideration the possible impact of the Covid-19 pandemic on the global economy. These demonstrate that the company and group are forecast to generate profits and cash in the year ending 31 December 2022 and beyond and there are sufficient cash reserves to enable them to meet their obligations as they fall due for a period of at least 12 months from the date of signing these financial statements.

As such, the directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements, but as any potential future effect of the virus is not known there exists an uncertainty.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Ensen Limited which can be obtained from the registered office of Ensen Limited. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

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.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

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

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	<u>27,964,755</u>	<u>13,248,318</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

4. Turnover *(continued)*

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:

	2021 £	2020 £
United Kingdom	27,240,091	13,030,048
Overseas	724,664	218,270
	<u>27,964,755</u>	<u>13,248,318</u>

5. Other operating income

	2021 £	2020 £
Government grant income	<u>8,478</u>	<u>393,983</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021 £	2020 £
Amortisation of intangible assets	6,750	6,750
Depreciation of tangible assets	209,518	233,859
Loss on disposal of tangible assets	590	2,097
Impairment of trade debtors	<u>(19,039)</u>	<u>15,361</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>9,835</u>	<u>9,835</u>

8. Particulars of employees

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

	2021 No.	2020 No.
Production staff	71	75
Administrative staff	24	24
Management staff	<u>2</u>	<u>2</u>
	<u>97</u>	<u>101</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

8. Particulars of employees *(continued)*

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

	2021	2020
	£	£
Wages and salaries	2,107,849	1,960,929
Social security costs	181,132	160,633
Other pension costs	40,360	36,423
	<u>2,329,341</u>	<u>2,157,985</u>

9. Directors' remuneration

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

	2021	2020
	£	£
Remuneration	50,000	77,884
Company contributions to defined contribution pension plans	1,313	1,339
	<u>51,313</u>	<u>79,223</u>

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

	2021	2020
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Interest receivable

	2021	2020
	£	£
Other interest receivable and similar income	<u>-</u>	<u>946</u>

11. Interest payable

	2021	2020
	£	£
Interest on banks loans and overdrafts	-	3,078
Interest on obligations under finance leases and hire purchase contracts	<u>-</u>	<u>556</u>
	<u>-</u>	<u>3,634</u>

12. Taxation on ordinary activities

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	799,560	220,290

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

12. Taxation on ordinary activities *(continued)*

	2021 £	2020 £
Deferred tax:		
Origination and reversal of timing differences	<u>(5,908)</u>	<u>(20,443)</u>
Taxation on ordinary activities	<u>793,652</u>	<u>199,847</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>4,125,240</u>	<u>982,600</u>
Profit on ordinary activities by rate of tax	783,795	186,694
Effect of expenses not deductible for tax purposes	1,088	334
Effect of capital allowances and depreciation	14,677	33,262
Origination and reversal of timing differences	<u>(5,908)</u>	<u>(20,443)</u>
Tax on profit	<u>793,652</u>	<u>199,847</u>

13. Dividends

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>1,307,500</u>	<u>512,500</u>

14. Intangible assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	<u>82,765</u>
Amortisation	
At 1 January 2021	55,765
Charge for the year	<u>6,750</u>
At 31 December 2021	<u>62,515</u>
Carrying amount	
At 31 December 2021	<u>20,250</u>
At 31 December 2020	<u>27,000</u>

Amortisation of intangible fixed assets is included in administrative expenses.

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

15. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Livestock £	Total £
Cost					
At 1 January 2021	3,491,128	1,431,766	965,840	–	5,888,734
Additions	140,131	89,691	–	10,600	240,422
Disposals	–	–	(311,153)	–	(311,153)
At 31 December 2021	3,631,259	1,521,457	654,687	10,600	5,818,003
Depreciation					
At 1 January 2021	721,886	883,079	753,591	–	2,358,556
Charge for the year	72,625	88,228	48,665	–	209,518
Disposals	–	–	(293,563)	–	(293,563)
At 31 December 2021	794,511	971,307	508,693	–	2,274,511
Carrying amount					
At 31 December 2021	2,836,748	550,150	145,994	10,600	3,543,492
At 31 December 2020	2,769,242	548,687	212,249	–	3,530,178

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

The properties were revalued in July 2019 by Colliers International Valuation UK LLP.

Livestock are currently not being depreciated.

16. Stocks

	2021 £	2020 £
Raw materials	5,060,586	2,721,448

17. Debtors

	2021 £	2020 £
Trade debtors	6,128,475	3,445,436
Amounts owed by group undertakings	166,730	–
Prepayments and accrued income	83,648	100,025
Other debtors	35,000	6,108
	6,413,853	3,551,569

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

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	4,566,169	1,623,394
Amounts owed to group undertakings	–	8,250
Accruals and deferred income	28,869	28,276
Corporation tax	799,560	220,290
Social security and other taxes	372,610	507,318
Director loan accounts	–	28,439
Other creditors	5,427	2,929
	<u>5,772,635</u>	<u>2,418,896</u>

Any bank loan and overdraft facilities of the company and its parent company Ensen Limited are secured by way of debentures and legal charges on both the company's and the parent company's assets.

19. Provisions

	Deferred tax (note 20)
	£
At 1 January 2021	318,647
Additions	<u>(5,908)</u>
At 31 December 2021	<u>312,739</u>

20. Deferred tax

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

	2021	2020
	£	£
Included in provisions (note 19)	<u>312,739</u>	<u>318,647</u>

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

	2021	2020
	£	£
Accelerated capital allowances	100,734	106,642
Revaluation of tangible assets	<u>212,005</u>	<u>212,005</u>
	<u>312,739</u>	<u>318,647</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £39,047 (2020: £35,084).

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>8,478</u>	<u>393,983</u>

23. Financial instruments

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

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>7,098,231</u>	<u>4,084,528</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>4,566,169</u>	<u>1,660,083</u>

24. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

25. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

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

26. Directors' advances, credits and guarantees

	2021 £	2020 £
Amounts owed to directors:		
Balance brought forward	28,439	171,313
Movement	<u>(28,439)</u>	<u>(142,874)</u>
Balance carried forward	<u>-</u>	<u>28,439</u>

Hill Steels Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

27. 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 £3,123,996

(b) Purchase of goods and services £1,073,452

As at 31 December 2021 £166,730 was owed from Ensen Limited (2020: £8,250 was owed to Ensen Limited). Any bank loan and overdraft facilities of the company and its parent company Ensen Limited are secured by way of debentures and legal charges on both the company's and the parent company's assets.

The company made contributions of £1,313 (2020: £1,339) to a defined contribution pension scheme on behalf of the directors.

Key personnel received income of £50,000 (2020: £77,884) during the year.

28. Controlling party

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