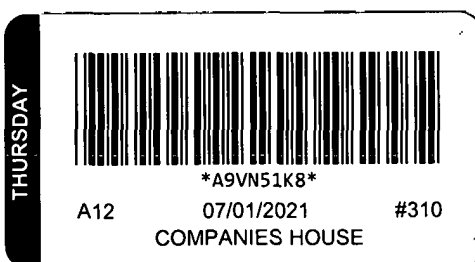


**REGISTRAR'S
COPY**

Company Registration No. 03402140 (England and Wales)

STEELSTOCK UK LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 5 APRIL 2020





STEELSTOCK UK LIMITED

COMPANY INFORMATION

Directors	I Harding T S Wilson J A Wood
Secretary	J A Harding
Company number	03402140
Registered office	The Mill House Anstey Mill Lane Alton GU34 2YA
Auditor	Haines Watts Farnborough (2020) LLP 30 Camp Road Farnborough Hampshire GU14 6EW



STEELSTOCK UK LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Group profit and loss account	7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 33

STEELSTOCK UK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 5 APRIL 2020

The directors present the strategic report for the period ended 5 April 2020.

Fair review of the business and key performance indicators (including KPIs)

The principal activity of the group continued to be that of a stockholder of general steels, based in Scotland and Northern England, providing a full range of on-site value added services including sawing, drilling, plasma and laser-cutting, shotblasting and painting.

Turnover for the period was £31.1m compared to £31.5m in 2019. The decrease in turnover was primarily due to lower steel prices throughout the financial year compared with 2019. Turnover now includes a full-year's sales of Redhill Engineering Limited (four months in 2019).

Gross margins were 30% of sales, compared to 28% in the previous period, reflecting a better mix of products and value-added services.

Operating profit was £628,690 (£1,178,069 in 2019). The directors believe this is a creditable outcome for the financial period. In recent years, the group has out-performed many of its peers in the stockholding industry by reason of its broad customer base and the lack of concentration in a narrow range of market sectors.

Stock balances have reduced by 17%, having been artificially high in 2019 in preparation for the anticipated Brexit date at the end of March 2019. Average stock holding time has remained consistent with historical trends. The group continues to have a strong balance sheet with shareholders funds of £10.4m (2019 - £10m).

The range of products and stock levels held in the business are both kept under regular review in order to maximise customer service and to pursue beneficial purchasing strategies.

Principal risks and uncertainties

As a stockholder, the group is exposed to fluctuating raw material prices; in order to minimise its exposure to price fluctuations it normally places purchase contracts on a quarterly basis, and in any event does not enter into forward contracts lasting more than six months.

The directors have considered the effect that the ongoing COVID-19 pandemic may have on the company and group and consideration of this has been included in the directors' report.

Future developments

Since the end of the 2020, the UK steel industry has seen demand for its products adversely affected by the global pandemic. The group has continued to satisfy the demands of those customers, many in key industries which require steel, by maintaining operations from all of our depots. The measures taken by the UK government to support the industrial sector have undoubtedly cushioned the group from much of the financial pain, which would otherwise have been inflicted, by the effects of the measures implemented by the UK and Scottish governments to combat COVID-19.

In preparation for a return to some form of business 'normality', in 2021 or beyond, the group has continued its programme of investment in plant & machinery and HGV replacement.

On behalf of the board



I Harding

Director

Dated: 10/12/20

STEELSTOCK UK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 5 APRIL 2020

The directors present their annual report and financial statements for the period ended 5 April 2020.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

I Harding
D G Lawrie
T S Wilson
J A Wood

(Resigned 30 June 2020)

Results and dividends

The results for the period are set out on page 7.

An ordinary dividend was paid by the company amounting to £64,000 with reserves being maintained to facilitate future investment. The directors do not recommend payment of a further dividend.

Future developments

This is as referred to in the strategic report.

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STEELSTOCK UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

Risks and uncertainties

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have their cash flow requirements to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19 including the measures that they can take to mitigate the impact. In making these assessments the directors have budgeted for the business to be operating at around 80% capacity for the 2021 financial year, before returning to more normal trading levels. Mitigating actions, comprising the furloughing of underutilised staff, tight control of discretionary expenditure and reduction of stocks in line with reduced levels of trading, have all been implemented.

Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and financial statements.

On behalf of the board



I Harding

Director

Dated: 10/12/20

STEELSTOCK UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STEELSTOCK UK LIMITED

Opinion

We have audited the financial statements of Steelstock UK Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 5 April 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 5 April 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the group 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 group's or the parent 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the group and company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is disclosed in the accounting policies note 1.3.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.



STEELSTOCK UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STEELSTOCK UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

STEELSTOCK UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STEELSTOCK UK LIMITED

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.



Roslyn McFarlane (Senior Statutory Auditor)
for and on behalf of Haines Watts Farnborough (2020) LLP

23/12/2020

Chartered Accountants
Statutory Auditor

30 Camp Road
Farnborough
Hampshire
GU14 6EW

STEELSTOCK UK LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 5 APRIL 2020

		Period ended 5 April 2020 £	Period ended 31 March 2019 £
	Notes		
Turnover	3	31,084,594	31,455,702
Cost of sales		(21,888,244)	(22,678,899)
Gross profit		9,196,350	8,776,803
Administrative expenses		(8,567,660)	(7,598,734)
Operating profit	4	628,690	1,178,069
Interest receivable and similar income	8	-	904,475
Interest payable and similar expenses	9	(118,246)	(138,718)
Amounts written off investments	10	-	603,825
Profit before taxation		510,444	2,547,651
Taxation	11	13,481	(228,661)
Profit for the financial period		523,925	2,318,990
Profit for the financial period is attributable to:			
- Owners of the parent company		521,971	2,173,399
- Non-controlling interests		1,954	145,591
		523,925	2,318,990

The profit and loss account has been prepared on the basis that all operations are continuing operations.

STEELSTOCK UK LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 5 APRIL 2020

	Period ended 5 April 2020 £	Period ended 31 March 2019 £
Profit for the period	523,925	2,318,990
Other comprehensive income		
Revaluation of tangible fixed assets	(68,117)	-
Total comprehensive income for the period	455,808	2,318,990
Total comprehensive income for the period is attributable to:		
- Owners of the parent company	453,854	2,173,399
- Non-controlling interests	1,954	145,591
	455,808	2,318,990

STEELSTOCK UK LIMITED

GROUP BALANCE SHEET

AS AT 5 APRIL 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	13		16,562		20,811
Tangible assets	14		4,853,183		4,856,085
			<u>4,869,745</u>		<u>4,876,896</u>
Current assets					
Stocks	18	6,245,838		7,520,962	
Debtors falling due after more than one year	19	2,245,200		2,130,066	
Debtors falling due within one year	19	6,862,032		7,802,298	
Cash at bank and in hand		159,730		51,812	
		<u>15,512,800</u>		<u>17,505,138</u>	
Creditors: amounts falling due within one year	20	<u>(8,735,992)</u>		<u>(10,929,534)</u>	
Net current assets			<u>6,776,808</u>		<u>6,575,604</u>
Total assets less current liabilities			<u>11,646,553</u>		<u>11,452,500</u>
Creditors: amounts falling due after more than one year	21		<u>(1,219,916)</u>		<u>(1,417,671)</u>
Net assets			<u><u>10,426,637</u></u>		<u><u>10,034,829</u></u>
Capital and reserves					
Called up share capital	25		200,000		200,000
Revaluation reserve			(145,319)		54,681
Capital redemption reserve			50,000		50,000
Profit and loss reserves			<u>9,767,998</u>		<u>9,178,144</u>
Equity attributable to owners of the parent company			<u>9,872,679</u>		<u>9,482,825</u>
Non-controlling interests			<u>553,958</u>		<u>552,004</u>
			<u><u>10,426,637</u></u>		<u><u>10,034,829</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10/12/20 and are signed on its behalf by:



I Harding
Director

STEELSTOCK UK LIMITED

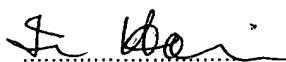
COMPANY BALANCE SHEET

AS AT 5 APRIL 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	15		958,437		958,437
Current assets					
Debtors falling due after more than one year	19	788,022		675,000	
Debtors falling due within one year	19	-		113,022	
		788,022		788,022	
Net current assets			788,022		788,022
Total assets less current liabilities			1,746,459		1,746,459
Creditors: amounts falling due after more than one year	21		(637,128)		(783,128)
Net assets			1,109,331		963,331
Capital and reserves					
Called up share capital	25		200,000		200,000
Capital redemption reserve			50,000		50,000
Profit and loss reserves			859,331		713,331
Total equity			1,109,331		963,331

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £210,000 (2019 - £791,022 profit).

The financial statements were approved by the board of directors and authorised for issue on 10/12/20 and are signed on its behalf by:



I Harding
Director

Company Registration No. 03402140

STEELSTOCK UK LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 5 APRIL 2020

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 2 April 2018		200,000	54,681	50,000	7,710,561	8,015,242	411,413	8,426,655
Period ended 31 March 2019:								
Profit and total comprehensive income for the period		-	-	-	2,173,399	2,173,399	145,591	2,318,990
Dividends	12	-	-	-	(96,000)	(96,000)	(5,000)	(101,000)
Disposal of subsidiary		-	-	-	(609,816)	(609,816)	-	(609,816)
Balance at 31 March 2019		200,000	54,681	50,000	9,178,144	9,482,825	552,004	10,034,829
Period ended 5 April 2020:								
Profit for the period		-	-	-	521,971	521,971	1,954	523,925
Other comprehensive income:								
Revaluation of tangible fixed assets		-	(68,117)	-	-	(68,117)	-	(68,117)
Total comprehensive income for the period		-	(68,117)	-	521,971	453,854	1,954	455,808
Dividends	12	-	-	-	(64,000)	(64,000)	-	(64,000)
Transfers		-	(131,883)	-	131,883	-	-	-
Balance at 5 April 2020		200,000	(145,319)	50,000	9,767,998	9,872,679	553,958	10,426,637

STEELSTOCK UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 5 APRIL 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 2 April 2018		200,000	50,000	18,309	268,309
Period ended 31 March 2019:					
Profit and total comprehensive income for the period		-	-	791,022	791,022
Dividends	12	-	-	(96,000)	(96,000)
Balance at 31 March 2019		200,000	50,000	713,331	963,331
Period ended 5 April 2020:					
Profit and total comprehensive income for the period		-	-	210,000	210,000
Dividends	12	-	-	(64,000)	(64,000)
Balance at 5 April 2020		200,000	50,000	859,331	1,109,331

STEELSTOCK UK LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 5 APRIL 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	33	1,711,236		(2,938,591)	
Interest paid		(118,246)		(138,718)	
Income taxes paid		(143,353)		(297,951)	
Net cash inflow/(outflow) from operating activities		1,449,637		(3,375,260)	
Investing activities					
Purchase of business		-	(459,956)		
Proceeds of disposal of business		-	(593,913)		
Purchase of intangible assets		-	(15,903)		
Purchase of tangible fixed assets	(633,258)		(417,801)		
Proceeds on disposal of tangible fixed assets	24,350		2,625,002		
Proceeds on disposal of subsidiaries	-		400,000		
Proceeds from other investments and loans	-		603,825		
Interest received	-		300		
Dividends received	-		904,175		
Net cash (used in)/generated from investing activities		(608,908)		3,045,729	
Financing activities					
Repayment of borrowings	-		(500,000)		
Repayment of bank loans	(91,799)		(759,394)		
Payment of finance leases obligations	(214,430)		(299,391)		
Dividends paid to equity shareholders	(64,000)		(96,000)		
Dividends paid to non-controlling interests	-		(5,000)		
Net cash used in financing activities		(370,229)		(1,659,785)	
Net increase/(decrease) in cash and cash equivalents		470,500		(1,989,316)	
Cash and cash equivalents at beginning of period		(2,880,604)		(891,288)	
Cash and cash equivalents at end of period		(2,410,104)		(2,880,604)	
Relating to:					
Cash at bank and in hand		159,730		51,812	
Bank short term borrowings		(2,569,834)		(2,932,416)	

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2020

1 Accounting policies

Company information

Steelstock UK Limited ("the company") is a private limited company, limited by shares, domiciled and incorporated in England and Wales. The registered office is The Mill House, Anstey Mill Lane, Alton, GU34 2YA.

The group consists of Steelstock UK Limited and all of its subsidiaries, as detailed in note 16.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The consolidated financial statements incorporate those of Steelstock UK Limited and all of its subsidiaries, as detailed in note 16 (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 5 April 2020, except certain subsidiaries as detailed in note 16. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non controlling interests in the net assets of the consolidated subsidiaries are identified separately therein. Non controlling interests consist of the amount of equity interests at the date of the original combination and the minority share on changes in equity since that date.

1.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have their cash flow requirements to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and financial statements.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

1 Accounting policies

(Continued)

1.4 Reporting period

The financial statements are for the period from 1 April 2019 to 5 April 2020. The directors of the group and company take advantage of the provisions of s.390 of the Companies Act 2006 regarding the seven day allowance, and prepare the financial statements up to the date of the first Sunday following the accounting reference date. Therefore, the financial period end date varies from period to period. The comparative accounts relate to the period from 2 April 2018 to 31 March 2019.

1.5 Turnover

Income from the sale of steel is recognised at the date of invoice net of VAT and trade discount, which usually coincides with the date of dispatch of the goods.

1.6 Intangible fixed assets - goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair values of the separately identifiable net assets acquired. This had been capitalised and will continue to be amortised over a period of between five and twenty years in equal instalments. The directors are mindful of the requirements under FRS 102 to review for impairment.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Buildings Freehold	2% - 2.5% straight line
Leasehold improvements	Remaining life of the lease
Plant and machinery	10% to 33% straight line
Fixtures, fittings & equipment	20% to 33% straight line
Motor vehicles	15% to 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

In the parent company financial statements, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

1 Accounting policies

(Continued)

1.10 Stocks

Stock consists of steel, which is a traded commodity and valued at fair value, less its cost to resell, any period end adjustment to fair value will be reflected through the profit and loss account.

This is facilitated by stock being recorded at the average direct cost by product line, with a subsequent annual impairment review and adjustment to the lower for fair value and net realisable value at the the year end. This assessment is made by the directors based on their knowledge of the business and with reference to current steel prices.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances and amounts owed from fellow group companies, are measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Classification of financial liabilities

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are recognised at transaction price.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 5 APRIL 2020

1 Accounting policies

(Continued)

1.14 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.15 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.16 Retirement benefits

The group operates a defined contribution scheme for the benefit of its employees and directors. Contributions payable are charged to the profit and loss account in the period they are payable.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

The group's stock consists of steel, which is a traded commodity as detailed in note 1.10, and is valued at fair value less costs to sell. The directors have reviewed the year end stock fair value and consider that the adjustment that has been made to reflect the fair value at the year end is correct and that no further adjustment is deemed necessary.

Bad debt provision

The group makes provision for any balances which are overdue and may ultimately prove to be uncollectable. Additional specific provisions may also be made for any other debts if there are any indications that these amounts will not be received.

Freehold property

The directors have reviewed the valuation of the freehold property, as detailed in note 14, and believe that the valuation accounted for reflects the fair value of the property and that no further adjustments are needed.

Warranty provision

The directors have considered the possible provision required in respect of warranties and have introduced a provision based on their best estimates of the potential cost to the group.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Turnover - Steel, all United Kingdom	31,084,594	31,455,702
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Interest income	-	300
Dividends received	-	904,175
	<u> </u>	<u> </u>

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	461,498	301,307
Depreciation of tangible fixed assets held under finance leases	92,325	250,082
Profit on disposal of tangible fixed assets	(10,130)	(13,204)
Amortisation of intangible assets	4,249	1,068
Operating lease charges	515,585	313,948
	<u>515,585</u>	<u>313,948</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,000	4,999
Audit of the financial statements of the company's subsidiaries	45,000	43,001
	<u>50,000</u>	<u>48,000</u>

The audit fees for the parent company are borne by the subsidiaries.

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Management and administration	20	14	4	4
Selling and distribution	127	128	-	-
Total	<u>147</u>	<u>142</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	4,165,072	3,566,319	-	-
Social security costs	390,035	330,785	-	-
Pension costs	207,320	168,812	-	-
	<u>4,762,427</u>	<u>4,065,916</u>	<u>-</u>	<u>-</u>

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	156,587	154,098
Company pension contributions to defined contribution schemes	10,774	13,320
Compensation for loss of office	83,511	-
	<u>250,872</u>	<u>167,418</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services and compensation for loss of office	142,629	58,177
Company pension contributions to defined contribution schemes	3,485	4,270
	<u>146,114</u>	<u>62,447</u>

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	-	300
Income from fixed asset investments		
Income from shares in undertakings not included in consolidation	-	904,175
	<u>-</u>	<u>904,175</u>
Total income	<u>-</u>	<u>904,475</u>

The dividend in the previous year was received from Osborne Terrace Limited, a former subsidiary previously excluded from consolidation.

Interest on financial assets not measured at fair value through profit or loss	-	300
	<u>-</u>	<u>300</u>

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	110,645	120,054
Other finance costs:		
Interest on finance leases and hire purchase contracts	7,601	16,763
Other interest	-	1,901
Total finance costs	118,246	138,718

10 Amounts written off investments

	2020	2019
	£	£
Gain on disposal of investments held at fair value	-	603,825

11 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	48,519	229,032
Adjustments in respect of prior periods	(62,000)	(371)
Total current tax	(13,481)	228,661

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

11 Taxation

(Continued)

The actual (credit)/charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	510,444	2,547,651
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	96,984	484,054
Tax effect of expenses that are not deductible in determining taxable profit	377	4,111
Tax effect of income not taxable in determining taxable profit	(1,924)	(2,508)
Gains not taxable	-	2,218
Tax effect of utilisation of tax losses not previously recognised	-	(22,956)
Unutilised tax losses carried forward	91	-
Adjustments in respect of prior years	(62,000)	(371)
Permanent capital allowances in excess of depreciation	(54,193)	52,846
Depreciation on assets not qualifying for tax allowances	7,347	7,347
Effect of revaluations of investments	-	(570)
Dividend income	-	(300,043)
Other tax adjustments	(163)	4,533
Taxation (credit)/charge	(13,481)	228,661

There is a potential unrecognised deferred tax liability of £261,659 (2019 - £187,462). No provision has been made as this is not considered material and is expected to diminish in the future.

12 Dividends

	2020 £	2019 £
Final paid	64,000	96,000

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 5 APRIL 2020

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2019 and 5 April 2020	59,338
Amortisation and impairment	
At 1 April 2019	38,527
Amortisation charged for the period	4,249
At 5 April 2020	42,776
Carrying amount	
At 5 April 2020	16,562
At 31 March 2019	20,811

The company had no intangible fixed assets at 5 April 2020 or 31 March 2019.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

14 Tangible fixed assets

Group	Buildings Freehold	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2019	3,096,896	18,892	5,557,213	88,159	1,972,971	10,734,131
Additions	-	-	256,873	5,368	371,017	633,258
Disposals	-	-	(8,400)	-	(196,487)	(204,887)
Revaluation	(200,000)	-	-	-	-	(200,000)
At 5 April 2020	2,896,896	18,892	5,805,686	93,527	2,147,501	10,962,502
Depreciation and impairment						
At 1 April 2019	229,479	-	4,102,338	87,108	1,459,121	5,878,046
Depreciation charged in the period	53,172	-	301,684	704	198,263	553,823
Eliminated in respect of disposals	-	-	(1,680)	-	(188,987)	(190,667)
Revaluation	(131,883)	-	-	-	-	(131,883)
At 5 April 2020	150,768	-	4,402,342	87,812	1,468,397	6,109,319
Carrying amount						
At 5 April 2020	2,746,128	18,892	1,403,344	5,715	679,104	4,853,183
At 31 March 2019	2,867,417	18,892	1,454,875	1,051	513,850	4,856,085

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

14 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	451,633	989,760	-	-
Motor vehicles	41,031	102,985	-	-
	<u>492,664</u>	<u>1,092,745</u>	<u>-</u>	<u>-</u>
Depreciation charge for the period in respect of leased assets	92,325	250,082	-	-

The freehold property included in Royton Steelstock Limited was revalued to £950,000 on 4 May 2011 on an open market basis by an external qualified chartered surveyor. The directors reviewed this valuation, at the period end, and revalued the property to £750,000. The historical cost less depreciation is £258,591 (2019 - £263,627).

The freehold property held by Dutton Group Limited is included at historic cost.

Company

The company had no tangible fixed assets at 5 April 2020 or 31 March 2019.

15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	-	-	958,437	958,437

Movements in fixed asset investments

Company

Shares in
group
undertakings
£

Cost or valuation

At 1 April 2019 and 5 April 2020

958,437

Carrying amount

At 5 April 2020

958,437

At 31 March 2019

958,437

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

16 Subsidiaries

Details of the company's subsidiaries at 5 April 2020 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Brown & Tawse Steelstock Limited	1	Stockholder of general steels	Ordinary	100.00	-
Brown & Wilson Steels Limited	1	Steelstock holder	Ordinary	-	80.00
Dutton Group Limited	2	Property rental to group companies	Ordinary	-	100.00
Harbour Engineering (Aberdeen) Limited	1	Non trading	Ordinary	-	100.00
Leah & Rowbotham Limited	2	Non trading	Ordinary	-	100.00
Lotus Steels Limited	3	Non trading	Ordinary	-	100.00
Premier Lasertube Limited	2	Holding company	Ordinary	-	80.00
Royton Steelstock Limited	2	Steel stockholder	Ordinary	-	100.00
Sheron Limited	2	Non trading	Ordinary	-	100.00
Redhall Engineering Services Limited	2	Steel fabricators	Ordinary	-	80.00

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Brown & Tawse Steelstock Limited	399,152	6,316,942
Brown & Wilson Steels Limited	87,854	2,221,559
Dutton Group Limited	59,511	585,031
Harbour Engineering (Aberdeen) Limited	-	21,849
Leah & Rowbotham Limited	-	10,900
Lotus Steels Limited	-	2
Premier Lasertube Limited	-	10
Royton Steelstock Limited	91,624	2,219,621
Sheron Limited	-	195,018
Redhall Engineering Services Limited	(78,084)	548,213

Registered office addresses:

- 1 Fowler Road, West Pitkerro Industrial Estate, Broughty Ferry, Dundee, DD5 3RU
- 2 The Mill House, Alton, Hampshire, GU34 2YA
- 3 Climpby Road, Forth, Lanark, ML11 8EW

The subsidiary company, Dutton Group Limited, a company incorporated in England and Wales with the registration number 05659161, has taken advantage of the exemption from audit under section 479a of the Companies Act 2006.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

16 Subsidiaries

(Continued)

The figures for Brown & Tawse Steelstock Limited, Brown & Wilson Steels Limited, Dutton Group Limited and Royton Steelstock Limited shown above all relate to the period ended 5 April 2020. All of the others are for the year ended 31 March 2020 and are the latest figures available.

17 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,867,479	9,708,391	788,022	788,022
Carrying amount of financial liabilities				
Measured at amortised cost	9,067,483	11,341,971	637,128	783,128

18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	6,245,838	7,520,962	-	-

19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	6,619,269	7,462,343	-	-
Other debtors	3,010	115,982	-	113,022
Prepayments and accrued income	239,753	223,973	-	-
	6,862,032	7,802,298	-	113,022
Amounts falling due after more than one year:				
Amount owed by related parties	2,245,200	2,130,066	788,022	675,000
Total debtors	9,107,232	9,932,364	788,022	788,022

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

20 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	22	2,739,834	3,102,416	-	-
Obligations under finance leases	23	105,513	213,987	-	-
Trade creditors		3,549,175	5,248,953	-	-
Corporation tax payable		47,471	204,305	-	-
Other taxation and social security		840,954	800,929	-	-
Other creditors		233,614	272,587	-	-
Accruals and deferred income		1,219,431	1,086,357	-	-
		<u>8,735,992</u>	<u>10,929,534</u>	<u>-</u>	<u>-</u>

Group

The bank loans include £1,426,243 (2019 - £2,418,548) advanced against trade debtors, allocated to group companies as follows:

- Bank loans of £1,356,492 (2019 - £1,867,497) are secured by a fixed and floating charge over the assets of Brown & Tawse Steelstock Limited.
- Bank loans of £69,751 (2019 - £479,504) are secured by a fixed and floating charge over the assets of Brown & Wilson Steels Limited.
- Bank loans of £nil (2019 - £71,547) are secured by a fixed and floating charge of Royton Steelstock Limited.

Any remaining bank loan is secured by a standard debenture.

The Dutton Group Limited bank loan due in less than one year of £170,000 (2019 - £170,000) is secured by a legal charge over the freehold property and a fixed and floating charge over all assets of the company.

The finance lease or hire purchase liability is secured against the assets concerned.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	22	1,200,159	1,291,958	-	-
Obligations under finance leases	23	19,757	125,713	-	-
Other borrowings	22	-	-	637,128	783,128
		<u>1,219,916</u>	<u>1,417,671</u>	<u>637,128</u>	<u>783,128</u>

Bank loans and other borrowings of £1,200,159 (2019 - £1,291,958) are secured by a legal charge over the freehold property, and a bond and floating charge over all other assets, of Dutton Group Limited.

The finance lease or hire purchase liability is secured against the assets concerned.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>520,160</u>	<u>611,959</u>	<u>-</u>	<u>-</u>
------------------------	----------------	----------------	----------	----------

22 Loans

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans (property)	1,370,159	1,461,958	-	-
Bank loans (other)	2,569,834	2,932,416	-	-
Other borrowings	-	-	637,128	783,128
	<u>3,939,993</u>	<u>4,394,374</u>	<u>637,128</u>	<u>783,128</u>
Payable within one year	2,739,834	3,102,416	-	-
Payable after one year	<u>1,200,159</u>	<u>1,291,958</u>	<u>637,128</u>	<u>783,128</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>520,160</u>	<u>611,959</u>	<u>-</u>	<u>-</u>
------------------------	----------------	----------------	----------	----------

The bank loan held by Dutton Group Limited is repayable over ten years from the date of the initial drawdown of the loan. Interest is payable at a fixed rate of 4.67%.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

23 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	106,664	222,126	-	-
In two to five years	20,238	126,902	-	-
	<u>126,902</u>	<u>349,028</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(1,632)	(9,328)	-	-
	<u>125,270</u>	<u>339,700</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is five years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>207,320</u>	<u>168,812</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

26 Financial commitments, guarantees and contingent liabilities

An unlimited cross composite guarantee exists between Dutton Group Limited and its subsidiary undertakings, in favour of the National Westminster Bank plc, securing, among other obligations, all liabilities of the group to the bank.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	173,500	191,000	-	-
Between two and five years	764,000	764,000	-	-
In over five years	305,000	496,000	-	-
	<u>1,242,500</u>	<u>1,451,000</u>	<u>-</u>	<u>-</u>

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Acquisition of tangible fixed assets	<u>212,000</u>	<u>33,600</u>	<u>-</u>	<u>-</u>

29 Events after the reporting date

The directors' view on the impact of COVID-19 is disclosed in the directors' report and in the going concern accounting policy.

On 30 June 2020, Steelstock UK Limited bought back 30,000 Ordinary shares of £1 each, from a director. These shares were subsequently cancelled.

On 1 September 2020, the company entered into a share purchase agreement for the acquisition of 100% of the share capital of a company. The consideration includes an initial purchase price and deferred consideration.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

30 Related party transactions

Group

Included in creditors due within one year is an amount owed to a director, of £106 (2019 - £18,256). The movement during the period represents amounts advanced to the company of £17,125 (2019 - £104,632) and amounts withdrawn from the company of £35,274 (2019 - £97,992).

During the period, rental expenses of £100,000 (2019 - £100,000) were incurred with the Brown & Tawse Steelstock Retirement Benefit Scheme, of which the managing trustee is a director of the company. At the period end, no amounts were due from the company (2019 - £nil).

Included in debtors due after more than one year is an amount of £2,132,178 (2019 - £2,130,066) owed by a former subsidiary. The movement relates to amounts advanced to the company of £296,112 (2019 - £1,278,910), amounts repaid of £294,000 (2019 - £569,309) and dividends receivable of £nil (2019 - £675,000).

Company

The company has taken advantage of the exemption available whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

Included in debtors at the period end were amounts of £788,022 (2019 - £788,022) owed by former subsidiaries. There was no movements during the period.

31 Directors' transactions

Dividends totalling £64,000 (2019 - £96,000) were paid in the period in respect of shares held by the company's directors.

32 Controlling party

The director, I Harding, is considered to be the ultimate controlling party by virtue of his majority shareholding in Steelstock UK Limited.

STEELSTOCK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2020

33 Cash generated from/(absorbed by) group operations

	2020 £	2019 £
Profit for the period after tax	523,925	2,318,990
Adjustments for:		
Taxation (credited)/charged	(13,481)	228,661
Finance costs	118,246	138,718
Investment income	-	(904,475)
Gain on disposal of tangible fixed assets	(10,130)	(13,204)
Amortisation and impairment of intangible assets	4,249	1,068
Depreciation and impairment of tangible fixed assets	553,823	551,389
Amounts written off investments	-	(603,825)
Movements in working capital:		
Decrease/(increase) in stocks	1,275,124	(928,488)
Decrease/(increase) in debtors	825,132	(3,334,136)
Decrease in creditors	(1,565,652)	(393,289)
Cash generated from/(absorbed by) operations	1,711,236	(2,938,591)

34 Analysis of changes in net debt - group

	1 April 2019 £	Cash flows £	5 April 2020 £
Cash at bank and in hand	51,812	107,918	159,730
Bank overdrafts	(2,932,416)	362,582	(2,569,834)
	(2,880,604)	470,500	(2,410,104)
Borrowings excluding overdrafts	(1,461,958)	91,799	(1,370,159)
Obligations under finance leases	(339,700)	214,430	(125,270)
	(4,682,262)	776,729	(3,905,533)

35 Analysis of changes in net debt - company

	1 April 2019 £	Cash flows £	5 April 2020 £
Borrowings excluding overdrafts	(783,128)	146,000	(637,128)