

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 SEPTEMBER 2020

FOR

SPI (MATERIALS) LIMITED

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FOR THE YEAR ENDED 29 SEPTEMBER 2020

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SPI (MATERIALS) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 29 SEPTEMBER 2020

DIRECTORS:

M C Holt
I A Lebond

SECRETARY:

S P Vanstone

REGISTERED OFFICE:

c/o Philip Barnes & Co Limited
The Old Council Chambers
Halford Street
Tamworth
Staffordshire
B79 7RB

BUSINESS ADDRESS:

Unit 1A & B Apollo Park
Apollo
Lichfield Road Industrial Estate
Tamworth
Staffordshire
B79 7TA

REGISTERED NUMBER:

03533716 (England and Wales)

AUDITORS:

Philip Barnes & Co Limited
Chartered Accountants
Statutory Auditors
The Old Council Chambers
Halford Street
Tamworth
Staffordshire
B79 7RB

STRATEGIC REPORT
FOR THE YEAR ENDED 29 SEPTEMBER 2020

The directors present their strategic report for the year ended 29 September 2020.

REVIEW OF BUSINESS

In the context of the pandemic situation, we are pleased with the Company's performance during this year. The biggest impact we have felt is related to the automotive sector, which is our biggest single sales market. Production in the automotive sector has been curtailed by a global shortage of microchips together with isolation-related worker shortages, which has dampened the demand for our automotive parts; we expect this situation to extend into the coming year. Aside from the automotive sector, we have seen growth in other markets, such as the hydraulics sector, the heat exchange sector, the shipbuilding sector amongst others. This is encouraging as we endeavour to reduce our reliance upon our automotive business, bearing in mind the policy in the automotive industry of steadily reducing the output combustion engine vehicles. We now have a much wider spread of industry markets and we shall continue to place a great deal of emphasis on this expansion.

We are now operating from distribution centres in Tamworth (UK), Trencin (Slovakia), Poland (Trzebinia), Liege (Belgium) and Zaragoza (Spain). Sales output in each site is currently strong, except for Zaragoza, which has only recently been launched. Each established PREMinox site has displayed robust growth during this year and we are expecting similar growth during the coming year. We have no firm plan to open any new site during the coming year, but we are continuously monitoring opportunities so we do not rule out the possibility; specific customer demand might cause the launch of a new site in Turkey, Canada or Australia in the short term.

The current year has been the first year of a 6-year growth plan, with a target of achieving a substantial volume of annual sales. The first year has been successful in terms of the growth plan and we are confident to maintain this success during the remaining years of the plan.

The main financial key performance indicators are set out below:

	Year Ended 30/09/2020	18 months to 30/09/2019	Movement
Gross Profit Margin	22.7%	23.9%	(1.2%)
Operating Profit Margin	4.29%	0.34%	3.95%
Net Assets	£661,825	£262,957	£398,868

Whilst turnover has reduced due to the Covid-19 pandemic the company managed to reduce overheads to improve profitability. The company continues to operate from a sound capital base with net assets having grown significantly in the past year.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of currency fluctuations has been an ever-present challenge to the Company and we endeavour to implement actions to limit the effect of volatile exchange rates. The impact of currency exchange volatility ultimately works into higher or lower pricing of goods, so the risk is predominantly short-term. Similarly, changing import tariff policies pose a short-term challenge, as do increases in the costs of the transportation of goods. A more damaging development during this year has been pandemic-related transportation delays: these have served to substantially lengthen the transit time of goods from Asia, causing late deliveries to customers, stock shortages and pressure upon cashflow. The transportation delays are forecast to continue into the coming year, but we are hopeful that conditions will normalise by early 2022. In addition to focusing upon the above-mentioned risks and challenges, we are implementing programmes to improve our internal working practices, which we expect will improve the Company's efficiency during the upcoming period.

ON BEHALF OF THE BOARD:

M C Holt - Director

28 September 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

The directors present their report with the financial statements of the company for the year ended 29 September 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the wholesale of stainless steel tube piping.

DIVIDENDS

No dividends will be distributed for the year ended 29 September 2020.

DIRECTOR

M C Holt held office during the whole of the period from 30 September 2019 to the date of this report.

Other changes in directors holding office are as follows:

I A Lebond was appointed as a director after 29 September 2020 but prior to the date of this report.

DISCLOSED IN STRATEGIC REPORT

Items required under Sch. 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(11) CA 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

AUDITORS

The auditors, Philip Barnes & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M C Holt - Director

28 September 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPI (MATERIALS) LIMITED

Opinion

We have audited the financial statements of SPI (Materials) Limited (the 'company') for the year ended 29 September 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 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 29 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPI (MATERIALS) LIMITED

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 Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Other matters which we are required to address

The comparative figures included in the financial statements are unaudited.

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 a Report of the Auditors 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.

Faith Bates FCA, FCCA (Senior Statutory Auditor)
for and on behalf of Philip Barnes & Co Limited
Chartered Accountants
Statutory Auditors
The Old Council Chambers
Halford Street
Tamworth
Staffordshire
B79 7RB

28 September 2021

SPI (MATERIALS) LIMITED (REGISTERED NUMBER: 03533716)**INCOME STATEMENT
FOR THE YEAR ENDED 29 SEPTEMBER 2020**

		Year Ended 29.9.20		Period 30.3.18 to 29.9.19 as restated (Unaudited)	
	Notes	£	£	£	£
TURNOVER	3		11,760,441		16,315,590
Cost of sales			9,086,506		12,413,855
GROSS PROFIT			2,673,935		3,901,735
Distribution costs		589,878		1,010,681	
Administrative expenses		1,823,181		2,879,705	
			2,413,059		3,890,386
			260,876		11,349
Other operating income	4		342,344		67,988
OPERATING PROFIT	6		603,220		79,337
Interest receivable and similar income	8		(15,780)		22,628
			587,440		101,965
Interest payable and similar expenses	9		82,745		46,259
PROFIT BEFORE TAXATION			504,695		55,706
Tax on profit	10		105,827		27,088
PROFIT FOR THE FINANCIAL YEAR			398,868		28,618

The notes form part of these financial statements

SPI (MATERIALS) LIMITED (REGISTERED NUMBER: 03533716)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 SEPTEMBER 2020

	Notes	Year Ended 29.9.20 £	Period 30.3.18 to 29.9.19 as restated (Unaudited) £
PROFIT FOR THE YEAR		398,868	28,618
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>398,868</u>	<u>28,618</u>

The notes form part of these financial statements

SPI (MATERIALS) LIMITED (REGISTERED NUMBER: 03533716)**BALANCE SHEET**
29 SEPTEMBER 2020

		2020		2019 as restated (Unaudited)	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13		34,885		43,317
CURRENT ASSETS					
Stocks	14	3,958,221		4,227,755	
Debtors	15	2,718,637		2,798,794	
Cash at bank and in hand		<u>261,297</u>		<u>33,220</u>	
		6,938,155		7,059,769	
CREDITORS					
Amounts falling due within one year	16	<u>6,260,222</u>		<u>6,823,910</u>	
NET CURRENT ASSETS			<u>677,933</u>		<u>235,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			712,818		279,176
CREDITORS					
Amounts falling due after more than one year	17		<u>50,993</u>		<u>16,219</u>
NET ASSETS			<u>661,825</u>		<u>262,957</u>
CAPITAL AND RESERVES					
Called up share capital	21		132		132
Capital redemption reserve	22		1		1
Retained earnings	22		<u>661,692</u>		<u>262,824</u>
SHAREHOLDERS' FUNDS			<u>661,825</u>		<u>262,957</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2021 and were signed on its behalf by:

M C Holt - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 SEPTEMBER 2020

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 30 March 2018	133	1,429,207	-	1,429,340
Changes in equity				
Reduction in share capital	(1)	-	-	(1)
Dividends	-	(1,195,000)	-	(1,195,000)
Total comprehensive income	-	28,617	1	28,618
Balance at 29 September 2019	<u>132</u>	<u>262,824</u>	<u>1</u>	<u>262,957</u>
Changes in equity				
Total comprehensive income	-	398,868	-	398,868
Balance at 29 September 2020	<u>132</u>	<u>661,692</u>	<u>1</u>	<u>661,825</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

1. STATUTORY INFORMATION

SPI (Materials) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 33% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% on cost

Government grants

Government grants included in other income are CJRS grants to cover wage costs of those employees furloughed in the Covid-19 pandemic. These have been credited when the wages expenditure is charged to profit and loss.

Stocks

Stocks are valued at the lower of cost and net realisable value using the FIFO method, after making due allowance for obsolete and slow moving items.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Change in length of reporting period

The prior accounting period covers a period of 18 months. This was due to a change in the year end to allow coterminous reporting dates with the ultimate holding company, B D I Group Limited. Therefore the comparative figures given for profit and loss items are not entirely comparable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**3. TURNOVER**

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

An analysis of turnover by class of business is given below:

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
UK	3,591,952	5,533,266
Europe	7,918,519	9,606,553
Rest of the World	249,970	1,175,771
	<u>11,760,441</u>	<u>16,315,590</u>

4. OTHER OPERATING INCOME

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Rents received	62,935	67,988
Government grants	155,917	-
Exchange gains	<u>123,492</u>	<u>-</u>
	<u>342,344</u>	<u>67,988</u>

5. EMPLOYEES

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Wages and salaries	708,855	1,095,455
Social security costs	74,015	132,631
Other pension costs	<u>121,311</u>	<u>159,588</u>
	<u>904,181</u>	<u>1,387,674</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**5. EMPLOYEES - continued**

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

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
Office staff	22	20
Warehouse staff	<u>4</u>	<u>6</u>
	<u>26</u>	<u>26</u>

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Director's remuneration	24,112	41,726
Director's pension contributions to money purchase schemes	<u>32,774</u>	<u>66,431</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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6. OPERATING PROFIT

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

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Other operating leases	162,571	253,872
Depreciation - owned assets	2,015	37,543
Depreciation - assets on hire purchase contracts	19,417	24,509
Profit on disposal of fixed assets	(4,550)	(6,149)
Auditors' remuneration	10,000	-
Foreign exchange differences	(123,492)	96,490
Defined contribution plans	<u>121,311</u>	<u>159,588</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020

7. EXCEPTIONAL ITEMS

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Exceptional items	<u>(146,060)</u>	<u>-</u>

Exceptional items relates to payments made to an unknown recipient as part of a fraudulent scheme which were thought to have been payments made to a known supplier at the time.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Deposit account interest	-	281
Profit/loss on exchange	(2,138)	-
Derivatives gains and losses	<u>(13,642)</u>	<u>22,347</u>
	<u>(15,780)</u>	<u>22,628</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Interest on corporation tax	1,022	-
Interest due on directors loan	28,369	-
Interest due on intercompany	50,593	38,109
Hire purchase	<u>2,761</u>	<u>8,150</u>
	<u>82,745</u>	<u>46,259</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020

10. TAXATION

Analysis of the tax charge

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

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Current tax:		
UK corporation tax	105,827	32,723
Deferred tax	-	(5,635)
Tax on profit	<u>105,827</u>	<u>27,088</u>

Reconciliation of total tax charge included in profit and loss

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

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Profit before tax	<u>504,695</u>	<u>55,706</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	95,892	10,584
Effects of:		
Expenses not deductible for tax purposes	7,410	15,581
Income not taxable for tax purposes	-	(1,168)
Depreciation in excess of capital allowances	3,033	7,726
Adjustments to tax charge in respect of previous periods	(508)	-
Accelerated capital allowances	-	(5,635)
Total tax charge	<u>105,827</u>	<u>27,088</u>

11. DIVIDENDS

	Year Ended 29.9.20	Period 30.3.18 to 29.9.19 as restated (Unaudited)
	£	£
Ordinary shares of £1 each		
Final	<u>-</u>	<u>1,195,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**12. PRIOR YEAR ADJUSTMENT**

The opening balances for the comparative period have been restated to correctly reflect accounting transactions as detailed below. The effect on the company's balance sheet as at 29 September 2019 is as follows:

	£
Decrease in fixed assets	(15,515)
Increase in corporation tax (2018)	(7,600)
Decrease in deferred tax provision	5,000
Effect on retained profits brought forward to 2019	(18,115)
The above adjustments relate to the reconciliation of intercompany loan accounts and the removal of foreign assets.	

	£
Increase in trade creditors	(1,272,899)
Decrease in accruals	1,272,899
Increase in trade creditors	(146,060)
Increase in other debtors	146,060
Decrease in accruals	59,356
Decrease in other debtors	(59,356)
Increase in other debtors	1,104
Decrease in amounts due to group undertakings	(1,104)
Net effect on retained profits	-
The above adjustments relate to changes in presentation as a result of additional information being made available.	

	£
Decrease in fixed assets	(40,553)
Decrease in accruals	50,130
Decrease in amounts due from group undertakings	(31,704)
Increase corporation tax (2019)	(5234)
Increase deferred tax provision	(551)
Net effect on retained profits	(27,912)
	assets
	and the
	disposal
	of a
	fixed
	asset.
The above adjustments relate to the reconciliation of intercompany loan accounts, the removal of foreign	

The total net affect on retained profits as a result of the above adjustments is a decrease of £46,027.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020

13. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 30 September 2019	184,478	15,348	132,462	332,288
Additions	-	-	13,000	13,000
Disposals	(21,300)	-	(36,809)	(58,109)
At 29 September 2020	<u>163,178</u>	<u>15,348</u>	<u>108,653</u>	<u>287,179</u>
DEPRECIATION				
At 30 September 2019	162,246	14,861	111,864	288,971
Charge for year	12,688	487	8,257	21,432
Eliminated on disposal	(21,300)	-	(36,809)	(58,109)
At 29 September 2020	<u>153,634</u>	<u>15,348</u>	<u>83,312</u>	<u>252,294</u>
NET BOOK VALUE				
At 29 September 2020	<u>9,544</u>	<u>-</u>	<u>25,341</u>	<u>34,885</u>
At 29 September 2019	<u>22,232</u>	<u>487</u>	<u>20,598</u>	<u>43,317</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 30 September 2019 and 29 September 2020	<u>41,365</u>	<u>30,553</u>	<u>71,918</u>
DEPRECIATION			
At 30 September 2019	20,042	10,316	30,358
Charge for year	<u>11,779</u>	<u>7,638</u>	<u>19,417</u>
At 29 September 2020	<u>31,821</u>	<u>17,954</u>	<u>49,775</u>
NET BOOK VALUE			
At 29 September 2020	<u>9,544</u>	<u>12,599</u>	<u>22,143</u>
At 29 September 2019	<u>21,323</u>	<u>20,237</u>	<u>41,560</u>

14. STOCKS

	2020 £	2019 as restated (Unaudited) £
Stocks	<u>3,958,221</u>	<u>4,227,755</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019 as restated (Unaudited)
	£	£
Trade debtors	2,251,099	2,364,372
Amounts owed by group undertakings	100,702	13,345
Other debtors	28,745	89,133
Derivatives	2,126	15,768
VAT	13,477	115,439
Prepayments	322,488	200,737
	<u>2,718,637</u>	<u>2,798,794</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019 as restated (Unaudited)
	£	£
Bank loans and overdrafts (see note 18)	2,500	63,715
Hire purchase contracts (see note 19)	12,842	29,279
Payments on account	168,117	-
Trade creditors	2,013,866	2,571,694
Amounts owed to group undertakings	1,639,211	1,594,130
Tax	147,192	40,342
Social security and other taxes	16,271	26,037
Other creditors	2,093,881	2,266,949
Directors' current accounts	129,077	165,001
Accrued expenses	37,265	66,763
	<u>6,260,222</u>	<u>6,823,910</u>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the company, this includes a life insurance policy for key man insurance.

Other creditors includes £1,599,143 (2019: £1,989,196) which represents amounts due to an invoice financing facility which is secured by fixed and floating charges over the assets of the company.

Included within amounts due to group undertakings is £539,520 (2019: £461,322) which is secured by fixed and floating charges over the assets of the company.

The hire purchase contracts are secured over the assets to which they relate.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019 as restated (Unaudited)
	£	£
Bank loans (see note 18)	47,500	-
Hire purchase contracts (see note 19)	3,493	16,219
	<u>50,993</u>	<u>16,219</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued**

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the company, this includes a life insurance policy for key man insurance.

The hire purchase contracts are secured over the assets to which they relate.

18. LOANS

An analysis of the maturity of loans is given below:

	2020	2019 as restated (Unaudited)
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	63,715
Bank loans	<u>2,500</u>	<u>-</u>
	<u>2,500</u>	<u>63,715</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>10,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>37,500</u>	<u>-</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2020	2019 as restate (Unaudited)
	£	£
Net obligations repayable:		
Within one year	12,842	29,279
Between one and five years	<u>3,493</u>	<u>16,219</u>
	<u>16,335</u>	<u>45,498</u>

	Non-cancellable operating leases 2020	2019 as restated (Unaudited)
	£	£
Within one year	149,464	140,000
Between one and five years	578,929	560,000
In more than five years	<u>350,000</u>	<u>490,000</u>
	<u>1,078,393</u>	<u>1,190,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**20. FINANCIAL INSTRUMENTS**

		2020	2019
	£		
Financial assets measured at fair value through profit and loss	£	2,126	15,768

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administration expenses.

Derivative financial instruments are recognised at fair value using a mid-market levels valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at the reporting date are as follows:

	Valuation
Foreign currency forward exchange contracts	£2,765
Foreign exchange swaps	(£ 639)
Total derivatives	£2,126

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
		£1	£	£
132	Ordinary		<u>132</u>	<u>132</u>

22. RESERVES

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 30 September 2019	262,824	1	262,825
Profit for the year	<u>398,868</u>		<u>398,868</u>
At 29 September 2020	<u>661,692</u>	<u>1</u>	<u>661,693</u>

23. ULTIMATE PARENT COMPANY

B D I Group Limited is regarded by the directors as being the company's ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020**24. CONTINGENT LIABILITIES**

During the prior reporting period the European Fraud Office concluded an investigation regarding the suspected evasion of anti-dumping duties imposed on seamless pipes and tubes of stainless steel originating in the People's Republic of China.

As a result of this, the company has been charged additional duty costs of £681,070 relating to purchases made from the investigated suppliers.

The company is currently disputing this liability which has been delayed due to the Covid-19 pandemic. No provision has been made in these financial statements as the company's management do not consider that there is any probable loss.

25. RELATED PARTY DISCLOSURES

Transactions with entities with control, joint control or significant influence over the entity:

	2020	2019
	£	£
Rent	140,000	210,000
Management charges	3,729	5,594
Holding company recharges	6,150	-
Interest	50,593	38,109
Amount due to related party	1,621,505	1,560,322

Transactions with entities that provide key management personnel services to the entity:

	2020	2019
	£	£
Professional fees	33,360	45,170

Transactions with key management personnel of the entity:

	2020	2019
	£	£
Interest	28,369	-
Amount due to related party	129,077	165,001

Transactions with other related parties:

	2020	2019
	£	£
Wages (including gross salary, employers national insurance and pension contr.)	45,334	61,212

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The amount due to entities with control, joint control or significant influence over the entity is secured by way of a fixed and floating charge over the assets of the company.

The company's parent undertaking B D I Group Limited, includes the company in its consolidated financial statements, and these are available at its registered office Brooke Court, Lower Meadow Road, Handforth, Wilmslow, England, SK9 3ND.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr John Elder.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 29 SEPTEMBER 2020

27. COVID-19

In light of the Covid-19 pandemic, the turnover was only adversely impacted for 2 months at the beginning of the pandemic. After that turnover quickly recovered however the company is still facing increased costs - in particular freight inwards costs.

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