

**OFFSHORE STAINLESS SUPPLIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# OFFSHORE STAINLESS SUPPLIES LIMITED

## COMPANY INFORMATION

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**Director** Mr C M Joyce

**Company number** 03888553

**Registered office** Toll Point  
Lichfield Road  
Brownhills  
Walsall  
West Midlands  
WS8 6JZ

**Auditor** Azets Audit Services  
First Floor  
International House  
20 Hatherton Street  
Walsall  
West Midlands  
WS4 2LA

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# OFFSHORE STAINLESS SUPPLIES LIMITED

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# OFFSHORE STAINLESS SUPPLIES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The director presents the strategic report for the year ended 31 December 2020.

### **Fair review of the business**

The Director is satisfied with the results for the year taking into account the effects of the Coronavirus pandemic on the economy since March 2020.

The outlook for 2021 is encouraging despite the difficult current market and economic conditions.

### **Principal risks and uncertainties**

The company monitors costs and revenue on a constant basis to protect the financial stability of the company.

The director believes that he has taken all necessary and reasonable steps to protect the company. Although the company operates and trades outside of the UK, the majority of sales are within the UK and the director does constantly review exchange rates, so any fluctuations should not have a major impact on the company's performance.

The director does realise that events outside his control will affect the performance of the company.

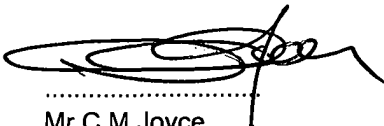
### **Key performance indicators**

The director considers that the key financial indicators are turnover, gross profit margin and net profit.

The turnover for the company has decreased from £13.85m to £13.08m, decline of 5.56%. The gross profit for the year is £3.71m giving a margin of 28.39% (2019 - £3.39m giving a margin of 24.49%).

The profit before tax has increased from £0.34m to £0.91m.

On behalf of the board



.....  
Mr C M Joyce  
Director  
25/5/21  
.....

# OFFSHORE STAINLESS SUPPLIES LIMITED

## DIRECTOR'S REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The director presents his annual report and financial statements for the year ended 31 December 2020.

### Principal activities

The principal activity of the company continued to be that of the supply of stainless steel bar and sheet.

### Results and dividends

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr C M Joyce

### Post reporting date events

The Director continuously monitors business performance in light of the ongoing Coronavirus pandemic and takes necessary actions to protect the company, its employees and stakeholders. The opinion of the Director is that the business has not been materially affected post year end and that the company can meet its obligations as they fall due for a period of at least 12 months following the approval of these financial statements.

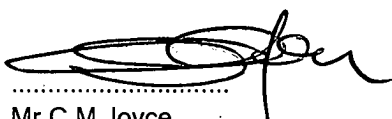
### Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services, formerly Baldwins Audit Services, be reappointed as auditor of the company will be put at a General Meeting.

### 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



Mr C M Joyce

Director

Date: 25/5/21

# **OFFSHORE STAINLESS SUPPLIES LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF OFFSHORE STAINLESS SUPPLIES LIMITED

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#### Opinion

We have audited the financial statements of Offshore Stainless Supplies Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF OFFSHORE STAINLESS SUPPLIES LIMITED

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#### **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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# OFFSHORE STAINLESS SUPPLIES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF OFFSHORE STAINLESS SUPPLIES LIMITED

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#### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

John Hegney FCCA (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services

Chartered Accountants  
Statutory Auditor

*25/5/21*

First Floor  
International House  
20 Hatherton Street  
Walsall  
West Midlands  
WS4 2LA

# OFFSHORE STAINLESS SUPPLIES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	13,084,697	13,845,092
Cost of sales		(9,370,203)	(10,454,164)
<b>Gross profit</b>		<b>3,714,494</b>	<b>3,390,928</b>
Distribution costs		(1,705,415)	(1,727,553)
Administrative expenses	4	(968,527)	(1,167,961)
Other operating income		9,292	6,380
<b>Operating profit</b>	5	<b>1,049,844</b>	<b>501,794</b>
Interest payable and similar expenses	9	(136,941)	(157,013)
<b>Profit before taxation</b>		<b>912,903</b>	<b>344,781</b>
Tax on profit	10	(54,732)	(70,066)
<b>Profit for the financial year</b>		<b>858,171</b>	<b>274,715</b>

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

# OFFSHORE STAINLESS SUPPLIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2020*

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	2020 £	2019 £
Profit for the year	858,171	274,715
Other comprehensive income	-	-
Total comprehensive income for the year	<u>858,171</u>	<u>274,715</u>

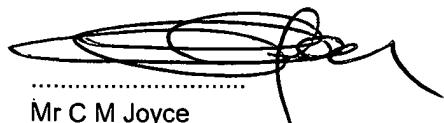
# OFFSHORE STAINLESS SUPPLIES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	11		2,608,227		2,654,731
<b>Current assets</b>					
Stocks	12	7,516,234		7,713,248	
Debtors	13	3,676,932		3,733,512	
Cash at bank and in hand		363,511		82,297	
		<u>11,556,677</u>		<u>11,529,057</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(7,201,835)</u>		<u>(7,977,875)</u>	
<b>Net current assets</b>			4,354,842		3,551,182
<b>Total assets less current liabilities</b>			<u>6,963,069</u>		<u>6,205,913</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(111,138)		(208,658)
<b>Provisions for liabilities</b>					
Deferred tax liability	18	<u>428,662</u>	<u>(428,662)</u>	<u>425,777</u>	<u>(425,777)</u>
<b>Deferred grants</b>	19		(98,854)		(105,234)
<b>Net assets</b>			<u><u>6,324,415</u></u>		<u><u>5,466,244</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		10,000		10,000
Profit and loss reserves			6,314,415		5,456,244
<b>Total equity</b>			<u><u>6,324,415</u></u>		<u><u>5,466,244</u></u>

The financial statements were approved and signed by the director and authorised for issue on 25/1/21



Mr C M Joyce  
Director

Company Registration No. 03888553

# OFFSHORE STAINLESS SUPPLIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

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	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019	10,000	5,181,529	5,191,529
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	274,715	274,715
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	10,000	5,456,244	5,466,244
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	858,171	858,171
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	<hr/> <hr/> 10,000	<hr/> <hr/> 6,314,415	<hr/> <hr/> 6,324,415

# OFFSHORE STAINLESS SUPPLIES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	26	2,085,015		(258,867)	
Interest paid		(136,941)		(157,013)	
Income taxes paid		(52,684)		-	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,895,390</b>		<b>(415,880)</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(157,791)		(73,962)	
Proceeds on disposal of tangible fixed assets		-		33,205	
<b>Net cash used in investing activities</b>		<b>(157,791)</b>		<b>(40,757)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		-		165,665	
Repayment of borrowings		(165,665)		-	
Proceeds of new bank loans		-		330,156	
Repayment of bank loans		(1,153,784)		-	
Payment of finance leases obligations		(136,936)		(172,342)	
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,456,385)</b>		<b>323,479</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>281,214</b>		<b>(133,158)</b>	
Cash and cash equivalents at beginning of year		82,297		215,455	
<b>Cash and cash equivalents at end of year</b>		<b>363,511</b>		<b>82,297</b>	

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Offshore Stainless Supplies Limited is a private company limited by shares incorporated in England and Wales. The registered office is Toll Point, Lichfield Road, Brownhills, Walsall, West Midlands, WS8 6JZ.

#### **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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of stainless steel bar and sheet is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, on receipt of proof of delivery, 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.

#### **1.4 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### **1.5 Tangible fixed assets**

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

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

Plant and machinery	15% straight line and 5% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% reducing balance

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 credited or charged to profit or loss.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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.

#### 1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.9 Financial instruments

The company 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 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.



# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **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.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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 company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.10 Equity instruments

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

##### 1.11 Taxation

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

###### **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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.14 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.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

##### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Tangible fixed assets and depreciation*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the net assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, all relevant known factors are taken into account but there is inherent uncertainty present in making this assessment.

##### *Stock provisioning*

The company considers it necessary to evaluate the recoverability of the cost of stock. The stock levels are constantly reviewed and, should there be an indication of obsolescence, the stock is written down to its assessed net realisable value.

#### 3 Turnover and other revenue

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Principal activity	13,084,697	13,845,092

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue (Continued)

	2020 £	2019 £
<b>Other significant income</b>		
Grants received	9,292	6,380

	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	11,187,859	11,890,645
Export	1,896,838	1,954,447
	<u>13,084,697</u>	<u>13,845,092</u>

### 4 Exceptional item

	2020 £	2019 £
<b>Administrative expenses</b>		
HMRC settlement	-	175,177

The company entered into a settlement agreement with H M Revenue & Customs in respect of an Employer Finance Retirement Benefit Scheme during the prior year. The cost to the company has been recorded within administrative expenses in the profit and loss account and represents a full and final settlement.

### 5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(9,292)	(6,380)
Depreciation of owned tangible fixed assets	149,404	151,962
Depreciation of tangible fixed assets held under finance leases	54,891	67,499
(Profit)/loss on disposal of tangible fixed assets	-	8,006

### 6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	12,500	7,500

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 7 Employees

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

	2020 Number	2019 Number
Production & warehouse	28	31
Sales & administration	16	14
Director	1	1
Total	45	46

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,088,456	1,131,181
Social security costs	88,071	97,945
Pension costs	69,502	70,503
	1,246,029	1,299,629

#### 8 Director's remuneration

	2020 £	2019 £
Remuneration for qualifying services	12,845	12,742
Company pension contributions to defined contribution schemes	24,000	24,000
	36,845	36,742

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	106,989	134,453
Other interest on financial liabilities	15,907	4,355
	<u>122,896</u>	<u>138,808</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	14,045	18,205
	<u>136,941</u>	<u>157,013</u>

### 10 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	106,934	52,684
Adjustments in respect of prior periods	(55,087)	-
Total current tax	<u>51,847</u>	<u>52,684</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>2,885</u>	<u>17,382</u>
Total tax charge	<u>54,732</u>	<u>70,066</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>912,903</u>	<u>344,781</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	173,452	65,508
Tax effect of expenses that are not deductible in determining taxable profit	17	26
Tax effect of utilisation of tax losses not previously recognised	(4,113)	(17,940)
Research and development tax credit	(59,537)	-
Under/(over) provided in prior years	(55,087)	-
HMRC Tax settlement not deductible	-	22,472
Taxation charge for the year	<u>54,732</u>	<u>70,066</u>

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	3,248,187	192,498	329,127	3,769,812
Additions	142,983	14,808	-	157,791
At 31 December 2020	3,391,170	207,306	329,127	3,927,603
<b>Depreciation and impairment</b>				
At 1 January 2020	814,887	137,037	163,157	1,115,081
Depreciation charged in the year	148,610	14,189	41,496	204,295
At 31 December 2020	963,497	151,226	204,653	1,319,376
<b>Carrying amount</b>				
At 31 December 2020	2,427,673	56,080	124,474	2,608,227
At 31 December 2019	2,433,300	55,461	165,970	2,654,731

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

	2020 £	2019 £
Plant and machinery	433,815	461,070
Motor vehicles	118,244	157,659
	552,059	618,729

#### 12 Stocks

	2020 £	2019 £
Raw materials and consumables	7,484,319	7,682,337
Work in progress	31,915	30,911
	7,516,234	7,713,248

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	3,230,938	3,338,222
Corporation tax recoverable	55,087	-
Other debtors	114,598	261,190
Prepayments and accrued income	276,309	134,100
	<u>3,676,932</u>	<u>3,733,512</u>

### 14 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	16	3,002,153	4,155,937
Obligations under finance leases	17	97,520	136,936
Other borrowings	16	-	165,665
Trade creditors		3,190,342	2,632,466
Amounts owed to group undertakings		175,575	352,976
Corporation tax		106,934	52,684
Other taxation and social security		555,832	352,313
Other creditors		6,568	55,396
Accruals and deferred income		66,911	73,502
		<u>7,201,835</u>	<u>7,977,875</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Obligations under finance leases	17	<u>111,138</u>	<u>208,658</u>



# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 16 Loans and overdrafts

	2020 £	2019 £
Bank loans	3,002,153	4,155,937
Other loans	-	165,665
	<u>3,002,153</u>	<u>4,321,602</u>
Payable within one year	<u>3,002,153</u>	<u>4,321,602</u>

The company operates an invoice discounting facility and a stock loan facility. Included in bank loans due within one year is £3,002,153 (2019 - £4,155,937) which relates to advances from these facilities. This amount is secured by a fixed and floating charge over the assets of the company.

Other loans of £nil (2019 - £165,665) represents an unsecured balance due to a trade commercial finance company.

#### 17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	106,831	145,192
In two to five years	122,980	229,968
	<u>229,811</u>	<u>375,160</u>
Less: future finance charges	(21,153)	(29,567)
	<u>208,658</u>	<u>345,593</u>

Finance lease payments represent rentals payable by the company 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 undertaken is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	<u>428,662</u>	<u>425,777</u>

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 18 Deferred taxation (Continued)

	2020 £
<b>Movements in the year:</b>	
Liability at 1 January 2020	425,777
Charge to profit or loss	2,885
Liability at 31 December 2020	<u>428,662</u>

The deferred tax liability set out above relating to accelerated capital allowance is expected to reverse within future accounting periods. £22,445 is expected to reverse within the next 12 months.

#### 19 Deferred grants

	2020 £	2019 £
Arising from government grants	<u>98,854</u>	<u>105,234</u>

Government grants received during 2015 are being amortised in line with the depreciation policy of the connected plant and machinery.

£6,380 (2019 - £6,380) has been released to the profit and loss during the year.

At the year end, a balance of £98,854 (2019 - £105,234) remains in deferred income which will be amortised in future periods.

#### 20 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>69,502</u>	<u>70,503</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 21 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 22 Operating lease commitments

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

	2020 £	2019 £
Within one year	229,276	218,000
Between two and five years	283,876	446,355
In over five years	-	11,276
	<u>513,152</u>	<u>675,631</u>

### 23 Events after the reporting date

The Director continuously monitors business performance in light of the ongoing Coronavirus pandemic and takes necessary actions to protect the company, its employees and stakeholders. The opinion of the Director is that the business has not been materially affected post year end and that the company can meet its obligations as they fall due for a period of at least 12 months following the approval of these financial statements.

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>34,872</u>	<u>34,900</u>

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Rents paid 2020 £	2019 £
Entities with control, joint control or significant influence over the company	93,000	93,000
Other related parties	<u>84,000</u>	<u>84,000</u>

Rent paid to the holding company relates to the lease of certain items of plant and machinery.

Rent was charged at normal commercial terms by Holly House Properties Limited, a company in which the director, Mr C M Joyce, is also a director.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 24 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due to related parties	£	£
Entities with control, joint control or significant influence over the company	175,575	352,976

Outstanding balances are payable on demand.

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due from related parties	£	£
Other related parties	114,598	261,190

Outstanding balances are payable on demand.

### 25 Ultimate controlling party

The parent company is Offshore Stainless Supplies Holdings Limited.

The ultimate controlling party is the director Mr C M Joyce by virtue of his interest in the issued share capital of the holding company.

The financial statements of the company are consolidated in the financial statements of Offshore Stainless Supplies Holdings Limited. These consolidated financial statements are available from its registered office, Toll Point, Lichfield Road, Brownhills, Walsall, West Midlands, WS8 6JZ.

# OFFSHORE STAINLESS SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 26 Cash generated from/(absorbed by) operations

	2020 £	2019 £
Profit for the year after tax	858,171	274,715
<b>Adjustments for:</b>		
Taxation charged	54,732	70,066
Finance costs	136,941	157,013
(Gain)/loss on disposal of tangible fixed assets	-	8,006
Depreciation and impairment of tangible fixed assets	204,295	219,461
Decrease in deferred income	(6,380)	(6,380)
<b>Movements in working capital:</b>		
Decrease in stocks	197,014	82,626
Decrease/(increase) in debtors	111,667	(695,503)
Increase/(decrease) in creditors	528,575	(368,871)
<b>Cash generated from/(absorbed by) operations</b>	<b>2,085,015</b>	<b>(258,867)</b>