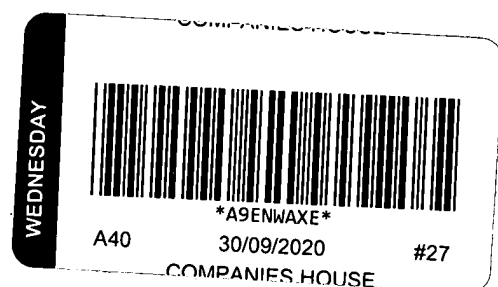


Registered number: 04263619

D H STAINLESS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



D H STAINLESS LIMITED

COMPANY INFORMATION

Directors	N Murdoch (appointed 6 November 2019) A Roberts (appointed 6 November 2019) C Meredith (appointed 6 November 2019, resigned 26 November 2019) C Dugald (resigned 6 November 2019) H Green (resigned 6 November 2019) C Green (resigned 6 November 2019) K Johnson (resigned 6 November 2019) C Turner (resigned 6 November 2019)
Company secretary	M Hale
Registered number	04263619
Registered office	Parkway House Unit 6 Parkway Industrial Estate Pacific Avenue Wednesbury West Midlands WS10 7WP
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

D H STAINLESS LIMITED

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Balance sheet	10
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D H STAINLESS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,767,540 (2018 - £1,501,842).

The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

N Murdoch (appointed 6 November 2019)
A Roberts (appointed 6 November 2019)
C Dugald (resigned 6 November 2019)
H Green (resigned 6 November 2019)
C Green (resigned 6 November 2019)
K Johnson (resigned 6 November 2019)
C Meredith (appointed 6 November 2019, resigned 26 November 2019)
C Turner (resigned 6 November 2019)

D H STAINLESS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial risk management objectives and policies

The Company uses a variety of financial instruments including cash, borrowings, equity investments and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations.

The directors are of the view that the main risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk. The directors review and agree policies for managing these risks and they are summarised below.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Market risk

The Company is exposed to transactions foreign exchange risk. Transactional exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Fluctuations in metal prices are reviewed on a regular basis and taken into consideration when placing purchase orders and setting the selling price of the Company's stock range.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis

Qualifying third party indemnity provisions

The Company has maintained directors' and officers' liability insurance in respect of its directors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Company. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

D H STAINLESS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14th August 2020 and signed on its behalf.



A Roberts
Director

D H STAINLESS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

The profit for the year, after taxation, amounted to £2,767,540 (2018: £1,501,842). The directors have not recommended a dividend (2018: £Nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the Company. They regard the following as the key financial performance indicators, all of which can be observed within the attached financial statements.

- Turnover £21.6 million (2018: £16.7 million)
- Profit before tax £3.4 million (2018: £1.9 million)
- Net assets £5.2 million (2018: 2.9 million)
- Average number of employees 46 (2018: 42).

The directors of the Company are not satisfied with the results for the year. Whilst gross profit increased compared to 2018, in a broadly flat market, operating expenses have been subject to inflationary pressures, with some investment for future growth. To provide a platform for sustainable growth and to negate the impact of the specific risks and uncertainties highlighted below, the Company will continue to implement operational efficiency improvements, thereby enhancing productivity and reducing operating expenses.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are fluctuations in raw material prices, movements in exchange rates, credit risk arising from trade debtors, continuing political instability including the effect of Brexit on the economy, changes in government legislation and the cost of complying with excessive and burdensome government regulation.

Whilst the Company takes action to mitigate the principal risks, where possible, there are specific risks and uncertainties outside of its control that could impact on the future financial performance of the Company. Specific examples of such risks relate to government imposed levies, which could result in a significant increase in the operating costs of the Company and a subsequent reduction in profitability and capital available for future reinvestment with no net benefit to the Company or the nation.

The ultimate parent company is privately held, as is the Company, and the directors are of the opinion that the requirement to publish private accounts is a violation of both the spirit and law under European Union right to privacy legislation.

D H STAINLESS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going Concern

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Company. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Notwithstanding this, the directors of the parent undertaking, Amari Metals Limited, having carefully considered all pertinent matters including the cash reserves of the group, are satisfied that the Company and group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The Company participates in a group treasury function available to the parent and all companies in the group; the directors of this Company accordingly continue to prepare the financial statements on the going concern basis.

This report was approved by the board on

19th August 2020

and signed on its behalf by.



A Roberts
Director

D H STAINLESS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF D H STAINLESS LIMITED

Opinion

We have audited the financial statements of D H Stainless Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 31 December 2019 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 United Kingdom, including the Financial Reporting Council'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 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

D H STAINLESS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF D H STAINLESS LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

D H STAINLESS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF D H STAINLESS LIMITED (CONTINUED)

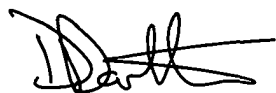
Auditor's responsibilities for the audit of the financial statements

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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 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 member for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 25/08/2020

D H STAINLESS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

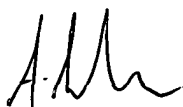
	Note	2019 £	2018 £
Turnover	4	21,581,895	16,725,763
Change in stocks of finished goods and work in progress		1,027,544	476,385
Raw materials and consumables		(16,299,301)	(12,787,091)
Other external charges		(1,169,296)	(737,313)
Staff costs	7	(1,585,965)	(1,665,385)
Depreciation and amortisation	12	(74,682)	(77,992)
Operating profit	5	3,480,195	1,934,367
Interest payable and expenses	9	(49,155)	(65,877)
Profit before tax		3,431,040	1,868,490
Tax on profit	10	(663,500)	(366,648)
Profit after tax		2,767,540	1,501,842
Retained earnings at the beginning of the year		2,933,887	2,362,045
		2,933,887	2,362,045
Profit for the year		2,767,540	1,501,842
Dividends declared and paid		(470,000)	(930,000)
Retained earnings at the end of the year		5,231,427	2,933,887
The notes on pages 11 to 23 form part of these financial statements.			

D H STAINLESS LIMITED
REGISTERED NUMBER: 04263619

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	354,191	327,723
		<u>354,191</u>	<u>327,723</u>
Current assets			
Stocks	13	4,174,036	3,233,347
Debtors: amounts falling due within one year	14	5,175,973	4,198,492
Cash at bank and in hand	15	59,157	312,104
		<u>9,409,166</u>	<u>7,743,943</u>
Creditors: amounts falling due within one year	16	(4,335,672)	(5,073,080)
Net current assets		<u>5,073,494</u>	<u>2,670,863</u>
Total assets less current liabilities		<u>5,427,685</u>	<u>2,998,586</u>
Creditors: amounts falling due after more than one year	17	(24,436)	(25,637)
Provisions for liabilities			
Deferred tax	19	(30,780)	(38,020)
Other provisions	20	(140,000)	-
		<u>(170,780)</u>	<u>(38,020)</u>
Net assets		<u><u>5,232,469</u></u>	<u><u>2,934,929</u></u>
Capital and reserves			
Called up share capital	21	1,042	1,042
Profit and loss account		5,231,427	2,933,887
		<u>5,232,469</u>	<u>2,934,929</u>

The financial statements were approved and authorised for issue by the board on 19th August 2020 and were signed on its behalf by



A Roberts
Director

The notes on pages 11 to 23 form part of these financial statements.

D H STAINLESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Company is a private company limited by shares incorporated and registered in England and Wales, registration number 04263619.

The registered office is Parkway House, Unit 6 Parkway Industrial Estate, Pacific Avenue, Wednesbury, West Midlands, WS10 7WP.

The principal activity of the Company during the year was that of stockists of stainless steel piping and tubular products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Amari Metals Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Company and the group. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Notwithstanding this, the directors of the parent undertaking, Amari Metals Limited, having carefully considered all pertinent matters including the cash reserves of the group, are satisfied that the Company and group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The Company participates in a group treasury function available to the parent and all companies in the group; the directors of this Company accordingly continue to prepare the financial statements on the going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Turnover

Turnover shown in the income statement represents the total invoice of goods and services supplied during the year, exclusive of Value Added Tax

Turnover is recognised when the risks and rewards of ownership have been transferred after all of the following criteria are met:

- persuasive evidence of an arrangement exists;
- delivery had occurred or services have been rendered;
- the seller's price to the buyer is fixed and determinable; and
- collectability is reasonable assured.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension costs

The Company participates in a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions are charged to the income statement.

2.8 Current and deferred taxation

The tax charge for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Motor vehicles	-	20%
Fixtures and fittings	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.10 Stocks

Stocks are stated at either the lower of cost or net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

2.11 Debtors

Debtors are measured at transaction price, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Creditors are measured at the transaction price

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

D H STAINLESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

3.1 Critical judgements in applying the group's accounting policies

Trade debtors

Management applies judgement in evaluating the recoverability of debtors. After taking into account the insurance policy in effect of these debtors full provision is made for all debts that the Company, acting prudently, feel that the probability of recovery is low, subject to a line-by-line review on an ongoing basis. To the extent that the directors believe debtors not to be recoverable they have been provided for in the financial statements.

Stocks

Management applies judgement in evaluation stock for obsolescence. This judgement is based principally on stock age and management's knowledge of the stocks customers demand. At each statement of financial position date, stocks are assessed for impairment and written down where appropriate.

3.2 Key accounting estimates and assumptions

Provisions

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. Dilapidation provisions have been estimated using historical costs and lease exit rates, the provisions are built up over the term of the lease and average lease term to expiry.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	21,581,895	16,725,763
	<u>21,581,895</u>	<u>16,725,763</u>

D H STAINLESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation	74,682	77,992
Exchange differences	9,666	1,697
Operating lease rentals	45,823	203,063
	<u>129,971</u>	<u>282,752</u>

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,000	15,741
	<u>15,000</u>	<u>15,741</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	1,422,365	1,473,486
Social security costs	120,014	125,975
Cost of defined contribution scheme	43,586	65,924
	<u>1,585,965</u>	<u>1,665,385</u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	2019	2018
	No.	No.
Staff	46	42
	<u>46</u>	<u>42</u>

D H STAINLESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	166,390	263,784
Company contributions to defined contribution pension schemes	10,609	21,953
	<u>176,999</u>	<u>285,737</u>

During the year retirement benefits were accruing to 2 directors (2018 - 5) in respect of defined contribution pension schemes.

During the previous year the highest paid director received remuneration of £105,668 and defined contribution employers' pension contributions amounting to £4,800.

9. Interest expense and similar charges

	2019 £	2018 £
Finance leases and hire purchase contracts	2,054	2,779
Invoice finance arrangements	47,101	63,098
	<u>49,155</u>	<u>65,877</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	670,740	366,648
Total current tax	<u>670,740</u>	<u>366,648</u>
Deferred tax		
Origination and reversal of timing differences	(7,240)	-
Total deferred tax	<u>(7,240)</u>	<u>-</u>
Taxation on profit	<u>663,500</u>	<u>366,648</u>

D H STAINLESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit before tax	<u>3,431,040</u>	<u>1,868,490</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	651,898	355,013
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,552	12,146
Capital allowances for year in excess of depreciation	(950)	(511)
Total tax charge for the year	<u><u>663,500</u></u>	<u><u>366,648</u></u>

Factors that may affect future tax charges

In March 2020 the UK Government set future corporation tax rates at 19%. This does not have a material effect on the Company.

11. Dividends

	2019 £	2018 £
Dividends payable on ordinary shares	470,000	930,000
	<u><u>470,000</u></u>	<u><u>930,000</u></u>

D H STAINLESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2019	285,542	254,063	343,788	883,393
Additions	5,743	102,594	2,343	110,680
Disposals	(5,000)	(15,500)	-	(20,500)
At 31 December 2019	<u>286,285</u>	<u>341,157</u>	<u>346,131</u>	<u>973,573</u>
Depreciation				
At 1 January 2019	167,045	165,570	223,055	555,670
Charge for the year on owned assets	23,073	26,160	25,449	74,682
Disposals	-	(10,970)	-	(10,970)
At 31 December 2019	<u>190,118</u>	<u>180,760</u>	<u>248,504</u>	<u>619,382</u>
Net book value				
At 31 December 2019	<u>96,167</u>	<u>160,397</u>	<u>97,627</u>	<u>354,191</u>
At 31 December 2018	<u>118,497</u>	<u>88,493</u>	<u>120,733</u>	<u>327,723</u>

Included within the net book value of £354,191 is £98,319 (2018: £48,030) relating to assets held under hire purchase. The depreciation charged to the financial statements in the year in respect of such assets amounted to £4,275 (2018: £16,010).

13. Stocks

	2019 £	2018 £
Goods held for resale	4,174,036	3,233,347
	<u>4,174,036</u>	<u>3,233,347</u>

D H STAINLESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Debtors

	2019 £	2018 £
Trade debtors	4,688,231	4,084,195
Amounts owed by group undertakings	293,288	13,411
Other debtors	129,547	950
Called up share capital not paid	42	42
Prepayments and accrued income	64,865	99,894
	<u>5,175,973</u>	<u>4,198,492</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	59,157	312,104
	<u>59,157</u>	<u>312,104</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	1,153,418	1,992,213
Trade creditors	1,311,846	1,508,458
Amounts owed to group undertakings	86,452	-
Corporation tax	452,021	118,580
Other taxation and social security	505,899	537,293
Obligations under hire purchase contracts	20,427	16,627
Other creditors	141,679	158,808
Accruals and deferred income	663,930	741,101
	<u>4,335,672</u>	<u>5,073,080</u>

Other loans relate to amounts advanced under invoice discounting advances and were secured on the book debts of the company.

Hire purchase obligations are secured on the assets to which they relate.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Net obligations under hire purchase contracts	24,436	25,637
	<u>24,436</u>	<u>25,637</u>

18. Hire purchase obligations

Minimum payments under hire purchase fall due as follows:

	2019	2018
	£	£
Within one year	20,427	16,627
Between 1-5 years	24,436	25,637
	<u>44,863</u>	<u>42,264</u>

19. Deferred taxation

	2019
	£
At beginning of year	(38,020)
Charged to profit or loss	7,240
At end of year	<u>(30,780)</u>

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	(30,780)	(38,020)
	<u>(30,780)</u>	<u>(38,020)</u>

D H STAINLESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. Provisions

	Dilapidation Provision £
Charged to profit or loss	140,000
At 31 December 2019	140,000

The dilapidation provision represents obligations under a tenancy lease and is expected to be utilised over the remaining lease term.

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	1,000	1,000
42 (2018 - 42) Ordinary 'B' shares of £1.00 each	42	42
	1,042	1,042

Ordinary shares have full rights to voting, participation and dividends

*Ordinary 'B' shares carry no voting rights and remain unpaid at the year end.

22. Contingent liabilities

As security for the bank borrowings of fellow group companies, the Company had provided a cross guarantee to National Westminster Bank plc. The amount guaranteed as at 31 December 2018 was £834,394. The borrowings were repaid in full during 2019.

23. Pension commitments

The Company participates in a defined contributions pension scheme for the benefit of all enrolled UK employees. The assets of the scheme are administered by trustees in funds independent from those of the group.

The amount outstanding at the year end was £Nil (2018 -£Nil).

D H STAINLESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases in relation to property as follows:

	2019 £	2018 £
Not later than 1 year	127,027	21,317
Later than 1 year and not later than 5 years	229,922	543,908
	<u>356,949</u>	<u>565,225</u>

25. Related party transactions

The Company has taken advantage of the exemption included in section 33A of FRS102 not to disclose transactions with wholly owned members of the same group.

26. Post balance sheet events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Company. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

27. Controlling party

The ultimate parent company is Britannia Metals Holdings, Ltd., a Company registered in the USA.

The largest and smallest group of which the Company is a member and for which group consolidated financial statements are drawn up is headed by Amari Metals Limited, the immediate parent company. Copies of these financial statements are available from Companies House.

The registered office of the immediate parent company is the same as the address of the Company as disclosed in note 1 of the accounts.