

Registered number: 04263619

**D H STAINLESS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**D H STAINLESS LIMITED**

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**COMPANY INFORMATION**

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**Directors:** N Murdoch (resigned 25 June 2021)  
A Roberts  
P Forster (appointed 25 June 2021)

**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

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**D H STAINLESS LIMITED**

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## **D H STAINLESS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### **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 £1,681,135 (2019 - £2,767,540).

The directors have not recommended a dividend (2019: £470,000).

#### **Directors**

The directors who served during the year were:

N Murdoch (resigned 25 June 2021)

A Roberts

#### **Qualifying third party indemnity provisions**

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

#### **Matters covered in the strategic report**

The business review, principal risks and uncertainties and financial key performance indicators are not included in the Directors Report as they are included in the Strategic Report as required under S414c of the Companies Act.

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**D H STAINLESS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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. These policies remain unchanged from previous years.

**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.

**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.

**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 13<sup>th</sup> August 2021 and signed on its behalf.

  
**A Roberts**  
Director

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## **D H STAINLESS LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Introduction**

The directors present their strategic report for the year ended 31 December 2020.

#### **Business review**

The profit for the year, after taxation, amounted to £1,681,135 (2019: £2,767,540). The directors have not recommended a dividend (2019: £470,000).

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 decreased to £17.3 million (2019: £21.6 million)
- Profit before tax decreased to £1.9 million (2019: £3.4 million)
- Net assets increased to £6.9 million (2019: £5.2 million)
- Average number of employees decreased to 45 (2019: 46)

The directors of the Company are not satisfied with the results for the year. Whilst gross profit decreased compared to 2019, 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 United Kingdom right to privacy legislation.

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**D H STAINLESS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Going Concern**

During the year ending 31 December 2020, the Group reported positive results despite experiencing the peak of the COVID-19 pandemic. Therefore, the directors remain confident in the consolidated financial position, results of operations and cash flows of the Group. While economic uncertainty still exists, with the rollout of COVID-19 vaccines and easing of lockdown measures throughout the UK the future of the pandemic is expected to have a reduced financial impact on the Group.

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 Group treasury function is available to the parent and all companies in the Group; the directors of this Group accordingly continue to prepare the financial statements on the going concern basis.

This report was approved by the board on *15th August 2021* and signed on its behalf by:

  
**A Roberts**  
Director

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## **D H STAINLESS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D H STAINLESS LIMITED**

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#### **Opinion**

We have audited the financial statements of D H Stainless Limited (the 'Company') for the year ended 31 December 2020, 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 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 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**

In auditing the financial statements, we have concluded that the directors' 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 directors with respect to going concern are described in the relevant sections of this report.



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## **D H STAINLESS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D H STAINLESS LIMITED (CONTINUED)**

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#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information 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.

#### **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.

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## **D H STAINLESS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D H STAINLESS LIMITED (CONTINUED)**

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#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out 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.

#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: timing of recognition of income; the override of controls by management, including posting of unusual journals; inappropriate treatment of non-routine transactions and areas of estimation uncertainty; and manipulating the Company's key performance indicators to meet management targets.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and income transactions and review of accounting estimates for biases.

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**D H STAINLESS LIMITED**

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

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://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: 24/8/2021

**D H STAINLESS LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	17,275,035	21,581,895
Change in stocks of finished goods and work in progress		(1,700,060)	1,027,544
Other operating income	5	112,698	-
Raw materials and consumables		(9,994,982)	(16,299,301)
Other external charges		(1,560,752)	(1,169,296)
Staff costs	8	(2,171,974)	(1,585,965)
Depreciation and amortisation	6	(80,467)	(74,682)
<b>Operating profit</b>	6	<b>1,879,498</b>	<b>3,480,195</b>
Interest and similar charges	10	(1,547)	(49,155)
<b>Profit before tax</b>		<b>1,877,951</b>	<b>3,431,040</b>
Tax on profit	11	(196,816)	(663,500)
<b>Profit after tax</b>		<b>1,681,135</b>	<b>2,767,540</b>
 Retained earnings at the beginning of the year		 5,231,427	 2,933,887
Profit for the year		1,681,135	2,767,540
Dividends declared and paid		-	(470,000)
<b>Retained earnings at the end of the year</b>		<b>6,912,562</b>	<b>5,231,427</b>

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 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	280,439	354,191
		<u>280,439</u>	<u>354,191</u>
<b>Current assets</b>			
Stocks	14	2,473,976	4,174,036
Debtors: amounts falling due within one year	15	3,686,296	5,175,943
Cash at bank and in hand		5,080,150	59,157
		<u>11,240,422</u>	<u>9,409,136</u>
Creditors: amounts falling due within one year	16	(4,432,027)	(4,335,642)
<b>Net current assets</b>		<u>6,808,395</u>	<u>5,073,494</u>
<b>Total assets less current liabilities</b>		<u>7,088,834</u>	<u>5,427,685</u>
Creditors: amounts falling due after more than one year	17	(5,472)	(24,436)
<b>Provisions for liabilities</b>			
Deferred tax	19	(24,795)	(30,780)
Other provisions	20	(144,963)	(140,000)
		<u>(169,758)</u>	<u>(170,780)</u>
<b>Net assets</b>		<u><u>6,913,604</u></u>	<u><u>5,232,469</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1,042	1,042
Profit and loss account		6,912,562	5,231,427
		<u><u>6,913,604</u></u>	<u><u>5,232,469</u></u>

The financial statements were approved and authorised for issue by the board on 13/08/21 and were signed on its behalf by



**A Roberts**  
Director

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

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## **D H STAINLESS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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.

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 United Kingdom right to privacy legislation.

#### **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 2020 and these financial statements may be obtained from Companies House.

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## **D H STAINLESS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

During the year ending 31 December 2020, the Group reported positive results despite experiencing the peak of the COVID-19 pandemic. Therefore, the directors remain confident in the consolidated financial position, results of operations and cash flows of the Group. While economic uncertainty still exists, with the rollout of COVID-19 vaccines and easing of lockdown measures throughout the UK the future of the pandemic is expected to have a reduced financial impact on the Group.

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 Group treasury function is available to the parent and all companies in the Group; the directors of this Group 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 value 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 reasonably assured.

##### **2.6 Operating leases**

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

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## **D H STAINLESS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.7 Finance lease**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.8 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Income and retained earnings in the same period as the related expenditure.

##### **2.9 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.

##### **2.10 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.

##### **2.11 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.



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## **D H STAINLESS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.7 Finance lease**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.8 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

##### **2.9 Pensions**

###### **Defined benefit pension costs**

The Company participated in a defined benefit pension scheme but is unable to identify its share of the underlying assets and liabilities. The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting year.

###### **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.

##### **2.10 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.

##### **2.11 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.

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**D H STAINLESS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.11 Tangible fixed assets (continued)**

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:

Long-term leasehold property	-	15%
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 profit or loss.

**2.12 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.

**2.13 Debtors**

Debtors are measured at transaction price, less any impairment.

**2.14 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.

**2.15 Creditors**

Creditors are measured at the transaction price.

**2.16 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.

**2.17 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.

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## **D H STAINLESS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.18 Property dilapidations**

Under certain operating leases for land and buildings, the Company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The Company charges amounts to the income statement so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of the dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

#### **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 either provided for or written down as 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.

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**D H STAINLESS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**4. Turnover**

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	17,156,906	21,581,895
Rest of the world	118,129	-
	<u>17,275,035</u>	<u>21,581,895</u>

**5. Other operating income**

	2020 £	2019 £
Government grants receivable	<u>112,698</u>	<u>-</u>

**6. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation	80,467	74,682
Exchange differences	15,091	9,666
Operating lease rentals	<u>225,539</u>	<u>45,823</u>

**7. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>24,122</u>	<u>15,000</u>

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**D H STAINLESS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. Employees**

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

	2020 £	2019 £
Wages and salaries	1,892,072	1,422,365
Social security costs	221,067	120,014
Cost of defined contribution scheme	58,835	43,586
	<u>2,171,974</u>	<u>1,585,965</u>

The average monthly number of employees, excluding the directors, during the year was 45 (2019 - 46).

**9. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	22,562	166,390
Company contributions to defined contribution pension schemes	517	10,609
	<u>23,079</u>	<u>176,999</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

**10. Interest expense and similar charges**

	2020 £	2019 £
Finance leases and hire purchase contracts	1,547	2,054
Invoice finance arrangements	-	47,101
	<u>1,547</u>	<u>49,155</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	202,801	670,740
<b>Total current tax</b>	<u>202,801</u>	<u>670,740</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,985)	(7,240)
<b>Total deferred tax</b>	<u>(5,985)</u>	<u>(7,240)</u>
<b>Taxation on profit</b>	<u>196,816</u>	<u>663,500</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit before tax	<u>1,877,951</u>	<u>3,431,040</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	356,811	651,898
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,588	12,552
Capital allowances for year in excess of depreciation	-	(950)
Adjust opening deferred tax to average rate of 19%	3,621	-
Adjustments to tax charge in respect of prior periods	2,801	-
Group relief	(168,005)	-
<b>Total tax charge for the year</b>	<u>196,816</u>	<u>663,500</u>

**Factors that may affect future tax charges**

In March 2020 the UK Government announced an increase in the UK Corporation Tax headline rate to 25% with effect from 1 April 2023.

**D H STAINLESS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. Dividends**

	2020 £	2019 £
Dividends payable on ordinary shares	-	470,000

**13. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	6,360	286,285	341,157	339,771	973,573
Additions	-	2,961	-	3,754	6,715
At 31 December 2020	6,360	289,246	341,157	343,525	980,288
<b>Depreciation</b>					
At 1 January 2020	5,406	190,118	180,760	243,098	619,382
Charge for the year on owned assets	954	19,411	40,099	20,003	80,467
At 31 December 2020	6,360	209,529	220,859	263,101	699,849
<b>Net book value</b>					
At 31 December 2020	-	79,717	120,298	80,424	280,439
At 31 December 2019	954	96,167	160,397	96,673	354,191

Included within the net book value of £280,439 is £36,830 (2019: £98,319) relating to assets held under hire purchase. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,276 (2019: £4,275).

**14. Stocks**

	2020 £	2019 £
Goods held for resale	2,473,976	4,174,036

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**D H STAINLESS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**15. Debtors**

	2020 £	2019 £
Trade debtors	3,401,885	4,688,231
Amounts owed by group undertakings	134,483	293,258
Other debtors	41,331	129,547
Called up share capital not paid	42	42
Prepayments and accrued income	108,555	64,865
	<u>3,686,296</u>	<u>5,175,943</u>

**16. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Other loans	-	1,153,418
Trade creditors	1,330,462	1,311,846
Amounts owed to group undertakings	1,299,382	86,452
Corporation tax	204,817	452,021
Other taxation and social security	391,168	505,869
Obligations under finance lease and hire purchase contracts	18,933	20,427
Other creditors	158,257	141,679
Accruals and deferred income	1,029,008	663,930
	<u>4,432,027</u>	<u>4,335,642</u>

Other loans relate to amounts historically advanced under an invoice discounting facility and were secured on the book debts of the Company.

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

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	<u>5,472</u>	<u>24,436</u>



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**D H STAINLESS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**18. Hire purchase obligations**

Minimum payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	18,933	20,427
Between 1-5 years	5,472	24,436
	<u>24,405</u>	<u>44,863</u>

**19. Deferred taxation**

	2020 £
At beginning of year	(30,780)
Credited to profit or loss	5,985
At end of year	<u>(24,795)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(25,263)	(30,780)
Short term timing differences	468	-
	<u>(24,795)</u>	<u>(30,780)</u>

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**D H STAINLESS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**20. Provisions**

	<b>Dilapidation Provision £</b>
At 1 January 2020	<b>140,000</b>
Charged to profit or loss	<b>4,963</b>
<b>At 31 December 2020</b>	<b>144,963</b>

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

**21. Share capital**

	<b>2020 £</b>	<b>2019 £</b>
<b>Allotted, called up and fully paid</b>		
1,000 (2019 - 1,000) Ordinary shares of £1.00 each	<b>1,000</b>	<b>1,000</b>
42 (2019 - 42) Ordinary 'B' shares of £1.00 each	<b>42</b>	<b>42</b>
	<b>1,042</b>	<b>1,042</b>

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**

The Company is party to a group banking facility, including a cross guarantee, which has been advanced to the group of Companies headed by Amari Metals Limited. Neither the group nor the Company have pledged assets as security for this facility.

The contingent liability under this arrangement, being the aggregate bank borrowings of the group, at 31 December 2020 and 31 December 2019 was £Nil.

**23. Pension commitments**

**Defined contribution scheme**

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 £5,700 (2019 -£5,221).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**24. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	178,344	127,027
Later than 1 year and not later than 5 years	153,519	229,922
	<u>331,863</u>	<u>356,949</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. 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.