

Company Registration No. 04697936 (England and Wales)

MCCALLS SPECIAL PRODUCTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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MCCALLS SPECIAL PRODUCTS LIMITED

COMPANY INFORMATION

Director	Mr P B Hoy
Secretary	Mr P B Hoy
Company number	04697936
Registered office	Caxton Way Dinnington Sheffield S25 3QE
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD

MCCALLS SPECIAL PRODUCTS LIMITED

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MCCALLS SPECIAL PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents the strategic report for the year ended 31 December 2017.

Fair review of the business

Trading conditions improved significantly from 2016 with the completion of many successful projects including the Russian Stadia contracts for the 2018 world cup. With no possible opportunity for margin increases during the period coupled with the depreciating value of sterling adding to raw materials costs business remains tough.

The director has no plans for any large capital equipment in the foreseeable future but remains open to take advantage of any business opportunity which may present itself. The business strategy remains consistent with previous years.

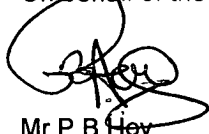
Principal risks and uncertainties

The management of the business and execution of the company's strategy were subject to several risks.

The business is particularly vulnerable to fluctuating exchange rates and steel prices. The company has managed volatile scrap and alloy prices brought about by the decline of sterling by passing on costs wherever it can. Exports benefited from the decrease value of sterling making our conversion costs very competitive internationally.

The key business risks and uncertainties affecting the company were considered to be fluctuating steel prices, changing fuel duty, the weakness of sterling, the impact of government legislation and the state of the worldwide construction market.

On behalf of the board



Mr P B Hoy

Director

22 August 2018

MCCALLS SPECIAL PRODUCTS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents his annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be the design and manufacture of high strength bars and fittings for ground engineering, tension structures and facade applications.

Director

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

Mr P B Hoy

Results and dividends

The results for the year are set out on page 6.

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

Auditor

BHP were appointed as auditor to the company and is deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of director's responsibilities

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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.

MCCALLS SPECIAL PRODUCTS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board



Mr P B Hoy

Director

22 August 2018

MCCALLS SPECIAL PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MCCALLS SPECIAL PRODUCTS LIMITED

Opinion

We have audited the financial statements of McCalls Special Products Limited (the 'company') for the year ended 31 December 2017 which comprise 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

MCCALLS SPECIAL PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MCCALLS SPECIAL PRODUCTS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 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 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 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Warner (Senior Statutory Auditor)
for and on behalf of BHP LLP

22 August 2018

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

MCCALLS SPECIAL PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	11,215,342	9,635,822
Cost of sales		(9,105,792)	(7,400,331)
Gross profit		2,109,550	2,235,491
Distribution costs		(969,108)	(1,216,547)
Administrative expenses		(716,894)	(495,195)
Other operating income		70,400	1,600
Exceptional items	4	-	(44,260)
Operating profit	5	493,948	481,089
Interest receivable and similar income	8	80	10,128
Interest payable and similar expenses	9	(30,844)	(77,246)
Profit before taxation		463,184	413,971
Tax on profit	10	(20,424)	(71,431)
Profit for the financial year		442,760	342,540

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

MCCALLS SPECIAL PRODUCTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12	3,371,304		3,474,636	
Investments	13	1,000		1,000	
		<u>3,372,304</u>		<u>3,475,636</u>	
Current assets					
Stocks	15	2,874,273		2,762,140	
Debtors	16	3,383,403		2,036,930	
Cash at bank and in hand		-		339,891	
		<u>6,257,676</u>		<u>5,138,961</u>	
Creditors: amounts falling due within one year	17	(2,656,758)		(1,793,511)	
Net current assets		<u>3,600,918</u>		<u>3,345,450</u>	
Total assets less current liabilities		<u>6,973,222</u>		<u>6,821,086</u>	
Creditors: amounts falling due after more than one year	18	(1,857,517)		(2,136,141)	
Provisions for liabilities	20	(74,000)		(86,000)	
Net assets		<u>5,041,705</u>		<u>4,598,945</u>	
Capital and reserves					
Called up share capital	23	31,147		31,147	
Revaluation reserve		156,298		156,298	
Capital redemption reserve		1,640		1,640	
Other reserves		1,333,335		1,333,335	
Profit and loss reserves		3,519,285		3,076,525	
Total equity		<u>5,041,705</u>		<u>4,598,945</u>	

The financial statements were approved and signed by the director and authorised for issue on 22 August 2018


Mr P B Hoy
Director

Company Registration No. 04697936

MCCALLS SPECIAL PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2016		31,147	156,298	1,640	1,333,335	2,758,296	4,280,716
Year ended 31 December 2016:							
Profit and total comprehensive income for the year		-	-	-	-	342,540	342,540
Dividends	11	-	-	-	-	(24,311)	(24,311)
Balance at 31 December 2016		31,147	156,298	1,640	1,333,335	3,076,525	4,598,945
Year ended 31 December 2017:							
Profit and total comprehensive income for the year		-	-	-	-	442,760	442,760
Balance at 31 December 2017		31,147	156,298	1,640	1,333,335	3,519,285	5,041,705

MCCALLS SPECIAL PRODUCTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(503,041)		417,713
Interest paid			(30,844)		(77,246)
Income taxes (paid)/refunded			(64,431)		21,569
Net cash (outflow)/inflow from operating activities			(598,316)		362,036
Investing activities					
Purchase of tangible fixed assets		(12,475)		(41,471)	
Proceeds on disposal of tangible fixed assets		4,900		1,050	
Proceeds on disposal of investment property		-		298,818	
Proceeds from other investments and loans		(13,191)		-	
Interest received		80		10,128	
Net cash (used in)/generated from investing activities			(20,686)		268,525
Financing activities					
Repayment of bank loans		(137,696)		(687,725)	
Dividends paid		-		(24,311)	
Net cash used in financing activities			(137,696)		(712,036)
Net decrease in cash and cash equivalents			(756,698)		(81,475)
Cash and cash equivalents at beginning of year			339,891		421,366
Cash and cash equivalents at end of year			(416,807)		339,891
Relating to:					
Cash at bank and in hand			-		339,891
Bank overdrafts included in creditors payable within one year			(416,807)		-

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

McCalls Special Products Limited is a private company limited by shares incorporated in England and Wales. The registered office is Caxton Way, Dinnington, Sheffield, S25 3QE.

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, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value. 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 and services 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 goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

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

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

Freehold buildings	2% straight line per annum
Plant and machinery	10 - 20% straight line per annum
Motor vehicles	25% straight line per annum

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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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 at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets 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.

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

1.10 Equity instruments

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

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.

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.

1.13 Retirement benefits

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

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.14 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 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 are included in the profit and loss account for the period.

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.

3 Turnover and other revenue

	2017 £	2016 £
Turnover analysed by class of business		
Sales	11,215,342	9,635,822
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	80	10,128
Grants received	70,400	1,600
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	2,408,394	1,548,040
Europe	3,373,813	4,799,140
Rest of the World	5,433,135	3,288,642
	<u> </u>	<u> </u>
	11,215,342	9,635,822
	<u> </u>	<u> </u>

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Exceptional costs

	2017 £	2016 £
Restructuring costs	-	44,260

5 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(45,706)	(230,475)
Government grants	(70,400)	(1,600)
Fees payable to the company's auditor for the audit of the company's financial statements	3,350	3,250
Depreciation of owned tangible fixed assets	107,253	102,185
Loss on disposal of tangible fixed assets	3,654	4,215

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £45,706 (2016: £230,475).

6 Employees

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

	2017 Number	2016 Number
Administration and Support	30	31
Production	36	30
	66	61

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,181,183	2,213,318
Social security costs	83,202	158,983
Pension costs	71,575	55,093
	2,335,960	2,427,394

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Director's remuneration

	2017 £	2016 £
Remuneration for qualifying services	58,984	92,164
Company pension contributions to defined contribution schemes	62,000	7,041
	<u>120,984</u>	<u>99,205</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	-	10,128
Other interest income	80	-
	<u>80</u>	<u>10,128</u>
Total income	<u>80</u>	<u>10,128</u>

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	-	26,403
Other interest	30,844	50,843
	<u>30,844</u>	<u>77,246</u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	41,993	71,431
Adjustments in respect of prior periods	(9,569)	-
	<u>32,424</u>	<u>71,431</u>
Total current tax	<u>32,424</u>	<u>71,431</u>
Deferred tax		
Origination and reversal of timing differences	(12,000)	-
	<u>(12,000)</u>	<u>-</u>
Total tax charge	<u>20,424</u>	<u>71,431</u>

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation

(Continued)

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:

	2017 £	2016 £
Profit before taxation	463,184	413,971
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	88,005	82,794
Tax effect of expenses that are not deductible in determining taxable profit	3,401	(25,547)
Change in unrecognised deferred tax assets	(116)	-
Adjustments in respect of prior years	(9,569)	3,431
Permanent capital allowances in excess of depreciation	(57,534)	10,753
Other permanent differences	(399)	-
Effect of change in deferred tax rates	(3,902)	-
Effect of change in corporation tax rates	538	-
Taxation charge for the year	20,424	71,431

11 Dividends

	2017 £	2016 £
Final paid	-	24,311

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2017	3,495,000	291,781	81,111	3,867,892
Additions	-	-	12,475	12,475
Disposals	-	-	(20,820)	(20,820)
At 31 December 2017	3,495,000	291,781	72,766	3,859,547
Depreciation and impairment				
At 1 January 2017	126,632	235,005	31,619	393,256
Depreciation charged in the year	63,312	29,070	14,871	107,253
Eliminated in respect of disposals	-	-	(12,266)	(12,266)
At 31 December 2017	189,944	264,075	34,224	488,243
Carrying amount				
At 31 December 2017	3,305,056	27,706	38,542	3,371,304
At 31 December 2016	3,368,368	56,776	49,492	3,474,636

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	1,000	1,000

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2017 & 31 December 2017	686,897
Impairment	
At 1 January 2017 & 31 December 2017	685,897
Carrying amount	
At 31 December 2017	1,000
At 31 December 2016	1,000

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
McCalls SP Ltd	England & Wales	Dormant	Ordinary Shares	100.00	

15 Stocks

	2017 £	2016 £
Raw materials and consumables	1,440,861	951,725
Work in progress	128,600	125,955
Finished goods and goods for resale	1,304,812	1,684,460
	<u>2,874,273</u>	<u>2,762,140</u>

16 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	2,659,860	1,470,509
Other debtors	617,753	450,516
Prepayments and accrued income	105,790	115,905
	<u>3,383,403</u>	<u>2,036,930</u>

17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	19	598,248	144,513
Trade creditors		578,214	1,033,157
Amounts due to group undertakings		1,000	1,000
Corporation tax		41,993	74,000
Other taxation and social security		53,454	41,917
Other creditors		1,079,490	266,930
Accruals and deferred income		304,359	231,994
		<u>2,656,758</u>	<u>1,793,511</u>

Included within other creditors is an invoice discounting balance of £1,059,181 (2016: £244,694) which is secured on the debts concerned.

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	19	1,777,517	1,952,141
Accruals and deferred income		80,000	184,000
		<u>1,857,517</u>	<u>2,136,141</u>

19 Loans and overdrafts

	2017 £	2016 £
Bank loans	1,958,958	2,096,654
Bank overdrafts	416,807	-
	<u>2,375,765</u>	<u>2,096,654</u>
Payable within one year	598,248	144,513
Payable after one year	<u>1,777,517</u>	<u>1,952,141</u>

The bank borrowings are all secured by a cross guarantee between the company and McCalls SP Limited.

There is a legal charge over the property owned by the company in respect of the term loan in addition to the security described above.

Interest on bank borrowings is charged at 1.80% above Base Rate.

20 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	21	<u>74,000</u>	<u>86,000</u>

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>74,000</u>	<u>86,000</u>

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21	Deferred taxation	(Continued)
		2017 £
	Movements in the year:	
	Liability at 1 January 2017	86,000
	Credit to profit or loss	(12,000)
	Liability at 31 December 2017	<u>74,000</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

22	Retirement benefit schemes	2017 £	2016 £
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	<u>71,575</u>	<u>55,093</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.

23	Share capital	2017 £	2016 £
	Ordinary share capital		
	Issued and fully paid		
	31,147 Ordinary shares of £1 each	<u>31,147</u>	<u>31,147</u>
		<u>31,147</u>	<u>31,147</u>

24 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:

	2017 £	2016 £
Within one year	880	880
Between two and five years	<u>1,320</u>	<u>2,420</u>
	<u>2,200</u>	<u>3,300</u>

MCCALLS SPECIAL PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

25 Related party transactions

Transactions with related parties

During the year the company made the following related party transactions:

Macalloy Cast Products Limited

P B Hoy is a director of Macalloy Cast Products Limited. During the period the company incurred net expenditure and received net funding amounting to £155,605 (2016: £204,290) from Macalloy Cast Products Limited. At the balance sheet date the amount due from Macalloy Cast Products Limited was £nil (2016: £155,605).

Macalloy Limited

Mr P B Hoy is a director and shareholder of Macalloy Limited. At the year end £300,000 was due from Macalloy Limited (2016: £nil).

26 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	442,760	342,540
Adjustments for:		
Taxation charged	20,424	71,431
Finance costs	30,844	77,246
Investment income	(80)	(10,128)
Loss on disposal of tangible fixed assets	3,654	4,215
Depreciation and impairment of tangible fixed assets	107,253	102,185
(Decrease) in provisions	-	(41,600)
Movements in working capital:		
(Increase) in stocks	(112,133)	(111,768)
(Increase)/decrease in debtors	(1,333,282)	10,650
Increase/(decrease) in creditors	337,519	(27,058)
Cash (absorbed by)/generated from operations	(503,041)	417,713