

Company Registration No. 09564906 (England and Wales)

**KAS METAL HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

SATURDAY



\*A74U78EO\*

A17

28/04/2018

#139

COMPANIES HOUSE

# KAS METAL HOLDINGS LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	K D Hook A K Scowcroft
<b>Company number</b>	09564906
<b>Registered office</b>	Unit J, Prestwich Industrial Estate Coal Pit Lane Atherton Manchester M46 0RY
<b>Auditor</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT

---

# KAS METAL HOLDINGS LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Group balance sheet	8
Company balance sheet	9
Group statement of changes in equity	10
Company statement of changes in equity	11
Group statement of cash flows	12
Notes to the financial statements	13 - 26

---

# KAS METAL HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 JULY 2017**

---

The directors present the strategic report for the year ended 31 July 2017.

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

During the year the group continued to buy and sell industrial scrap metals. The groups turnover increased during the year which has resulted in an increase in profitability with the company recording an operating profit of £941,521.

At the year end the group assets exceeded its liabilities by £2,764,691.

The group did not cease any aspect of its trading in the year. The group continued during the year to build on its existing customer base, and expand its range of products and services progressing steadily with its planned expansion into new markets.

The directors have assessed the main risks facing the group as being fluctuations in the currency markets and increased competition from new entrants to the market. The directors believe that the quality of staff, products and services as well as its strong links with its customers will help mitigate these risks.

### **Principal risks and uncertainties**

The group finances its operations through a mixture of retained profits and, where necessary to fund expansion or capital expenditure programmes, through bank borrowings.

Management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the company's exposure to fluctuating interest rates when seeking borrowing; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Where appropriate, funds are invested in sterling bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Where appropriate, funds are held primarily in short-term variable rate deposit accounts. The directors believe that this gives them flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

On behalf of the board



K D Hook

Director

25/4/18

# KAS METAL HOLDINGS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 JULY 2017**

---

The directors present their annual report and financial statements for the year ended 31 July 2017.

### Principal activities

The principal activity of the company and group continued to be that of buying and selling of industrial scrap metal.

### Directors

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

K D Hook  
A K Scowcroft

### Results and dividends

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

Ordinary dividends were paid amounting to £30,000. The directors do not recommend payment of a further dividend.

### Auditor

UHY Hacker Young Manchester LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

  
.....  
K D Hook

Director

Date: 25/4/18

# **KAS METAL HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JULY 2017***

---

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# KAS METAL HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KAS METAL HOLDINGS LIMITED

---

#### Opinion

We have audited the financial statements of KAS Metal Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group 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 group's and the parent company's affairs as at 31 July 2017 and of its 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 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 group's or the parent 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 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. 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.

# **KAS METAL HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF KAS METAL HOLDINGS LIMITED**

---

#### **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 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent 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.




# KAS METAL HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)


### TO THE MEMBERS OF KAS METAL HOLDINGS LIMITED

---

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.

  
Stephen Grayson FCCA (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young Manchester LLP

Chartered Accountants  
Statutory Auditor

  
25/4/18

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# KAS METAL HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2017

		Year ended 31 July 2017 £	Period ended 31 July 2016 as restated £
	Notes		
Turnover	3	31,126,244	26,007,577
Cost of sales		(28,682,362)	(24,231,594)
<b>Gross profit</b>		<b>2,443,882</b>	<b>1,775,983</b>
Administrative expenses		(1,552,361)	(1,258,826)
Other operating income		50,000	-
<b>Operating profit</b>	<b>4</b>	<b>941,521</b>	<b>517,157</b>
Interest payable and similar expenses	8	(88,563)	(103,413)
<b>Profit before taxation</b>		<b>852,958</b>	<b>413,744</b>
Tax on profit	9	(162,035)	(108,887)
<b>Profit for the financial year</b>		<b>690,923</b>	<b>304,857</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		640,754	262,150
- Non-controlling interests		50,169	42,707
		<b>690,923</b>	<b>304,857</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		640,754	262,150
- Non-controlling interests		50,169	42,707
		<b>690,923</b>	<b>304,857</b>

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

# KAS METAL HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 JULY 2017

		2017		2016 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		332,582		374,155
Tangible assets	12		78,399		70,825
			<u>410,981</u>		<u>444,980</u>
<b>Current assets</b>					
Stocks	16	924,283		734,162	
Debtors	17	3,410,378		3,213,381	
Cash at bank and in hand		971,774		1,120,858	
		<u>5,306,435</u>		<u>5,068,401</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,558,534)</u>		<u>(2,721,001)</u>	
<b>Net current assets</b>			<u>2,747,901</u>		<u>2,347,400</u>
<b>Total assets less current liabilities</b>			<u>3,158,882</u>		<u>2,792,380</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(391,889)		(687,735)
<b>Provisions for liabilities</b>	21		<u>(2,302)</u>		<u>(877)</u>
<b>Net assets</b>			<u><u>2,764,691</u></u>		<u><u>2,103,768</u></u>
<b>Capital and reserves</b>					
Called up share capital	23		101		101
Share premium account			1,562,500		1,562,500
Profit and loss reserves			<u>842,904</u>		<u>232,150</u>
<b>Equity attributable to owners of the parent company</b>			<u>2,405,505</u>		<u>1,794,751</u>
<b>Non-controlling interests</b>			<u>359,186</u>		<u>309,017</u>
			<u><u>2,764,691</u></u>		<u><u>2,103,768</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25/4/18 and are signed on its behalf by:

  
K D Hook  
Director

  
A K Scowcroft  
Director

# KAS METAL HOLDINGS LIMITED

## COMPANY BALANCE SHEET


AS AT 31 JULY 2017


		2017		2016 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	13		2,812,500		2,812,500
<b>Current assets</b>					
<b>Creditors: amounts falling due within one year</b>	18	(707,845)		(644,821)	
<b>Net current liabilities</b>			(707,845)		(644,821)
<b>Total assets less current liabilities</b>			2,104,655		2,167,679
<b>Creditors: amounts falling due after more than one year</b>	19		(391,889)		(685,718)
<b>Net assets</b>			1,712,766		1,481,961
<b>Capital and reserves</b>					
Called up share capital	23		101		101
Share premium account			1,562,500		1,562,500
Profit and loss reserves			150,165		(80,640)
<b>Total equity</b>			1,712,766		1,481,961

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £260,805 (2016 - £50,640 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 25/4/18 and are signed on its behalf by:

  
K D Hook  
Director

  
A K Scowcroft  
Director

Company Registration No. 09564906

## KAS METAL HOLDINGS LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>As restated for the period ended 31 July 2016:</b>							
<b>Period ended 31 July 2016:</b>							
Profit and total comprehensive income for the period		-	-	262,150	262,150	42,707	304,857
Issue of share capital	23	101	1,562,500	-	1,562,601	-	1,562,601
Dividends	10	-	-	(30,000)	(30,000)	-	(30,000)
Acquisition of non-controlling interests		-	-	-	-	266,310	266,310
<b>Balance at 31 July 2016</b>		101	1,562,500	232,150	1,794,751	309,017	2,103,768
<b>Period ended 31 July 2017:</b>							
Profit and total comprehensive income for the period		-	-	640,754	640,754	50,169	690,923
Dividends	10	-	-	(30,000)	(30,000)	-	(30,000)
<b>Balance at 31 July 2017</b>		101	1,562,500	842,904	2,405,505	359,186	2,764,691

# KAS METAL HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 July 2016:</b>					
<b>Period ended 31 July 2016:</b>					
Loss and total comprehensive income for the period		-	-	(50,640)	(50,640)
Issue of share capital	23	101	1,562,500	-	1,562,601
Dividends	10	-	-	(30,000)	(30,000)
<b>Balance at 31 July 2016</b>		101	1,562,500	(80,640)	1,481,961
<b>Period ended 31 July 2017:</b>					
Profit and total comprehensive income for the period		-	-	260,805	260,805
Dividends	10	-	-	(30,000)	(30,000)
<b>Balance at 31 July 2017</b>		101	1,562,500	150,165	1,712,766

# KAS METAL HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	864,761		66,480	
Interest paid		(88,563)		(101,947)	
Income taxes paid		(84,656)		(132,665)	
<b>Net cash inflow/(outflow) from operating activities</b>		691,542		(168,132)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(45,576)		(72,364)	
Proceeds on disposal of tangible fixed assets		8,340		55,899	
Purchase of subsidiaries		-		(1,250,000)	
Cash acquired with subsidiaries		-		921,143	
<b>Net cash used in investing activities</b>		(37,236)		(345,322)	
<b>Financing activities</b>					
Proceeds from issue of shares		-		101	
Proceeds of new loan stocks		-		700,000	
Repayment of loan stocks		(200,000)		-	
Repayment of bank loans		(270,846)		(392,336)	
Dividends paid to equity shareholders		(30,000)		(30,000)	
<b>Net cash (used in)/generated from financing activities</b>		(500,846)		277,765	
<b>Net increase/(decrease) in cash and cash equivalents</b>		153,460		(235,689)	
Cash and cash equivalents at beginning of year		(235,689)		-	
<b>Cash and cash equivalents at end of year</b>		(82,229)		(235,689)	
<b>Relating to:</b>					
Cash at bank and in hand		971,774		1,120,858	
Bank overdrafts included in creditors payable within one year		(1,054,003)		(1,356,547)	

# KAS METAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2017

---

#### 1 Accounting policies

##### Company information

KAS Metal Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit J, Prestwich Industrial Estate, Coal Pit Lane, Atherton, Manchester, M46 0RY.

The group consists of KAS Metal Holdings Limited and its subsidiary, KAS Metal Trading Ltd.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

##### 1.2 Prior period adjustment

A prior period adjustment has been made in the KAS Metal Holding Limited accounts in respect of the investment in KAS Metal Trading Ltd.

The correction was as a result of the consideration paid. Initially only the £1.25m cash portion had been recognised as the cost of investment, however included in the acquisition cost should have been a share for share exchange valued at £1.563m.

This has been corrected in KAS Metal Holding Limited by increasing the investment in subsidiary and share premium account by £1.563m. The impact of this change has been reflected in the goodwill figure as at 31 July 2016.

##### 1.3 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of KAS Metal Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.



# KAS METAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2017

---

#### 1 Accounting policies

(Continued)

KAS Metal Trading Ltd has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of KAS Metal Trading Ltd for the 12 month period.

#### 1.4 Going concern

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

#### 1.5 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

# KAS METAL HOLDINGS LIMITED

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

---

### 1 Accounting policies

(Continued)

#### 1.7 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:

Leasehold land and buildings	25% straight line
Plant and equipment	33% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

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 recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

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

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### 1.10 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

# KAS METAL HOLDINGS LIMITED

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

---

### 1 Accounting policies

(Continued)

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.

#### 1.11 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, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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

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

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

# KAS METAL HOLDINGS LIMITED

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

---

### 1 Accounting policies

(Continued)

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

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

### **1.13 Equity instruments**

Equity instruments issued by the group 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 group.

### **1.14 Taxation**

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

# KAS METAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2017

---

#### 1 Accounting policies

(Continued)

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

##### **Deferred tax**

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

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

#### **1.15 Employee benefits**

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

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

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

#### **1.16 Retirement benefits**

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

#### **1.17 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 group's accounting policies, the directors are 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.

# KAS METAL HOLDINGS LIMITED

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

### 3 Turnover and other revenue

	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	9,947,412	8,871,406
Europe	4,213,232	1,747,831
Rest of World	16,965,600	15,388,340
	<u>31,126,244</u>	<u>26,007,577</u>

### 4 Operating profit

	2017 £	2016 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	388,306	98,874
Depreciation of owned tangible fixed assets	37,429	47,360
Profit on disposal of tangible fixed assets	(7,767)	(17,396)
Amortisation of intangible assets	41,573	41,573
Cost of stocks recognised as an expense	28,682,362	24,231,594
	<u>28,758,263</u>	<u>24,399,707</u>

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 £388,306 (2016 - £98,874).

### 5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	1,500	1,500
Audit of the financial statements of the company's subsidiaries	8,000	7,583
	<u>9,500</u>	<u>9,083</u>

### 6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Office and distribution	<u>16</u>	<u>16</u>	<u>2</u>	<u>2</u>

# KAS METAL HOLDINGS LIMITED

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

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	462,635	480,172	-	-
Social security costs	46,307	49,400	-	-
Pension costs	1,538	-	-	-
	<u>510,480</u>	<u>529,572</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>103,155</u>	<u>96,727</u>

### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	32,563	31,413
Other interest on financial liabilities	56,000	72,000
	<u>88,563</u>	<u>103,413</u>

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	176,568	111,669
Adjustments in respect of prior periods	(15,958)	(2,421)
Total current tax	<u>160,610</u>	<u>109,248</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>1,425</u>	<u>(361)</u>
Total tax charge for the period	<u>162,035</u>	<u>108,887</u>

# KAS METAL HOLDINGS LIMITED

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

### 9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	852,958	413,744
Expected tax charge based on the standard rate of corporation tax in the UK of 19.67% (2016: 20.00%)	167,777	82,749
Tax effect of expenses that are not deductible in determining taxable profit	2,279	2,577
Permanent capital allowances in excess of depreciation	(273)	(106)
Amortisation on assets not qualifying for tax allowances	8,139	26,088
Under/(over) provided in prior years	(15,887)	(2,421)
Taxation charge for the period	162,035	108,887

### 10 Dividends

	2017 £	2016 £
Interim paid	30,000	30,000

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 August 2016 and 31 July 2017	415,728
<b>Amortisation and impairment</b>	
At 1 August 2016	41,573
Amortisation charged for the year	41,573
At 31 July 2017	83,146
<b>Carrying amount</b>	
At 31 July 2017	332,582
At 31 July 2016	374,155



# KAS METAL HOLDINGS LIMITED

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

### 12 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 August 2016	58,667	242,176	116,054	13,750	430,647
Additions	-	29,245	1,294	15,037	45,576
Disposals	-	(6,000)	-	(13,750)	(19,750)
At 31 July 2017	58,667	265,421	117,348	15,037	456,473
<b>Depreciation and impairment</b>					
At 1 August 2016	52,173	206,142	91,481	10,026	359,822
Depreciation charged in the year	2,676	22,427	8,862	3,464	37,429
Eliminated in respect of disposals	-	(6,000)	-	(13,177)	(19,177)
At 31 July 2017	54,849	222,569	100,343	313	378,074
<b>Carrying amount</b>					
At 31 July 2017	3,818	42,852	17,005	14,724	78,399
At 31 July 2016	6,494	36,034	24,573	3,724	70,825

The company had no tangible fixed assets at 31 July 2017 or 31 July 2016.

### 13 Fixed asset investments

		Group 2017	2016	Company 2017	2016 as restated
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	2,812,500	2,812,500

#### Movements in fixed asset investments

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 August 2016 and 31 July 2017	2,812,500
<b>Carrying amount</b>	
At 31 July 2017	2,812,500
At 31 July 2016	2,812,500

# KAS METAL HOLDINGS LIMITED

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

### 14 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
KAS Metal Trading Limited	England and Wales	Buying and selling of industrial scrap metal	Ordinary	90.00	10.00

### 15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	3,324,353	3,136,123	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	2,760,671	3,295,264	1,043,233	1,330,539

### 16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	924,283	734,162	-	-

### 17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,536,435	2,653,899	-	-
Corporation tax recoverable	18,138	18,138	-	-
Other debtors	787,918	482,214	-	-
Prepayments and accrued income	67,887	59,130	-	-
	3,410,378	3,213,381	-	-

# KAS METAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	1,134,003	1,611,547	80,000	80,000
Other borrowings	20	200,000	200,000	200,000	200,000
Trade creditors		838,231	737,992	-	-
Amounts due to group undertakings		-	-	371,344	357,422
Corporation tax payable		176,568	100,614	56,501	-
Other taxation and social security		13,184	12,858	-	-
Other creditors		5,462	8,128	-	7,399
Accruals and deferred income		191,086	49,862	-	-
		<u>2,558,534</u>	<u>2,721,001</u>	<u>707,845</u>	<u>644,821</u>

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	91,889	187,735	91,889	185,718
Other creditors		300,000	500,000	300,000	500,000
		<u>391,889</u>	<u>687,735</u>	<u>391,889</u>	<u>685,718</u>

### 20 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	171,889	442,735	171,889	265,718
Bank overdrafts	1,054,003	1,356,547	-	-
Other borrowings	500,000	700,000	500,000	700,000
	<u>1,725,892</u>	<u>2,499,282</u>	<u>671,889</u>	<u>965,718</u>
Payable within one year	1,334,003	1,811,547	280,000	280,000
Payable after one year	391,889	687,735	391,889	685,718

Bank loans and overdrafts are secured by a fixed charge and debenture over all present freehold and leasehold property.

# KAS METAL HOLDINGS LIMITED

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

### 21 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
<b>Group</b>		
Accelerated capital allowances	2,302	877
	<u>          </u>	<u>          </u>

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
<b>Movements in the year:</b>		
Liability at 1 August 2016	877	-
Charge to profit or loss	1,425	-
	<u>          </u>	<u>          </u>
Liability at 31 July 2017	2,302	-
	<u>          </u>	<u>          </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 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	1,538	-
	<u>          </u>	<u>          </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

	Group and company 2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
101 Ordinary Shares of £1 each	101	101
	<u>          </u>	<u>          </u>

# KAS METAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

### 24 Operating lease commitments

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	167,500	167,040	-	-
Between two and five years	-	167,500	-	-
	<u>167,500</u>	<u>334,540</u>	<u>-</u>	<u>-</u>

### 25 Related party transactions

Loan notes included in other creditors of £500,000 (2016: £700,000) are due to A K Scowcroft, a director of the company, at the year end. Interest is payable six monthly in arrears at a rate of 8% per annum. The final repayment is due to be made in November 2017.

### 26 Controlling party

The company is controlled by K D Hook, director of the company.

### 27 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	690,923	304,857
Adjustments for:		
Taxation charged	162,035	108,887
Finance costs	88,563	103,413
Gain on disposal of tangible fixed assets	(7,767)	(17,396)
Amortisation and impairment of intangible assets	41,573	41,573
Depreciation and impairment of tangible fixed assets	37,429	47,360
Movements in working capital:		
(Increase) in stocks	(190,121)	(57,895)
(Increase) in debtors	(196,997)	(1,122,317)
Increase in creditors	239,123	657,998
Cash generated from operations	<u>864,761</u>	<u>66,480</u>