

DYFED STEELS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MHA
Chartered Accountants and Statutory Auditor
Swansea, United Kingdom

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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DYFED STEELS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS: D W Thomas
D J Thomas
R Thomas-Owen
J P Scourfield

SECRETARY: D J Thomas

REGISTERED OFFICE: Tube Works
Maescanner Road
Dafen
Llanelli
Carmarthenshire
SA14 8NS

REGISTERED NUMBER: 01287461 (England and Wales)

AUDITORS: MHA
Chartered Accountants and Statutory Auditor
Swansea, United Kingdom

AUDITORS OFFICE: 3 New Mill Court
Swansea Enterprise Park
Swansea
SA7 9FG

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report of the company and the group for the year ended 31 December 2022.

REVIEW OF BUSINESS

The consolidated statement of comprehensive income for the year is set out in the annexed financial statements.

The strategy of the business is to increase its share of the market by focussing on strong customer service.

The company and the group enjoy a number of competitive advantages including strong brand recognition in its heartland trading region, where it consistently achieves a strong market share; a well established reputation for price competitiveness; a knowledge and enthusiastic workforce and excellent customer focus throughout the business.

FY'22 turnover has increased by 21% from FY'21 due to the increased volumes and rising steel prices.

The group enters FY'23 with high expectations of maintaining and improving on the success this year.

Whilst trading conditions are expected to remain competitive throughout FY'23, the directors consider the group to be well positioned to manage and take on this challenge

KPI's	2022	2021
	£'000	£'000
Turnover	107,805	89,105
Gross profit	30,314	25,751
Gross margin	28%	29%
EBITDA	12,134	10,756
Operating profit	10,963	9,514

EBITDA defined as earnings before interest, taxes, depreciation and amortisation as follows :

	2022	2021
	£'000	£'000
EBITDA	12,134	10,756
Depreciation and amortisation	(1,171)	(1,242)
Operating profit	<u>10,963</u>	<u>9,514</u>

The group continues to have a strong financial position at the date of Statement of Financial Position. Based on the post year-end trading performance to date and the projections that have been prepared, the directors have a reasonable expectation that the business has adequate financial resources to continue in operational existence for the foreseeable future.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the company and group (together the "Business") and the execution of the corporate strategy are subject to a number of risks.

The key business risks can be summarised as follows:

Risk	Potential impact	Mitigation
Competition	The market in which the company operates is subject to strong competition. The impact of such competition could impact on margins.	The company continues to invest heavily in its range of stock, providing customers with a wide choice of product. This, coupled with a strong focus on customer service, results in a high level of repeat business.
People	The business could be impacted by the loss of key individuals.	The business looks to increase staff engagement through regular opportunities to give feedback and to influence the future business developments and training and progression opportunities
Economic uncertainty	In light of the situation within the UK and the global economy in respect of the current economic uncertainty including the cost of living crisis. The full extent of the impact remains unclear.	The directors have prepared forecasts for the forthcoming year and the directors continually monitor the situation, to manage the company's cashflow requirements during the periods of uncertainty and to enable the business to meet its obligations as they fall due.

FINANCIAL RISK MANAGEMENT

The business is exposed to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk, and interest rate risk. The directors seek to limit these adverse effects on the financial performance of the business by monitoring levels of debt finance and related finance costs. Given the size of the business the directors do not delegate responsibility for monitoring financial risk management to a subcommittee of the board. The policies set by the board of directors are implemented by the company's finance department.

PRICE RISK

The business is exposed to commodity price risk as a result of its operations. The directors monitor market movements in material prices on a regular basis but do not consider it to be beneficial to undertake any formal hedging arrangements. The business has no exposure to equity securities price risk as it holds no listed or other equity instruments.

CREDIT RISK

The business has implemented policies that require appropriate credit checks to be made both on existing and potential customers before sales are made. The amount of exposure to any individual counterparty is continually monitored in line with credit control procedures.

LIQUIDITY AND INTEREST RATE RISK

The business actively maintains short term debt finance that is designed to ensure the business has sufficient available funds for operations and planned expansions. The business has interest bearing assets comprising cash amounts, all of which earn interest at variable rates.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

SECTION 172(1) STATEMENT

The following statement details the considerations required to be carried out by the directors in their performance of their duties in relation to s172 of the Companies Act 2006.

The Board of Directors consider that they have acted in ways that they believe in good faith to be most likely to promote the success of the company and the group for the benefit of its members as a whole.

The directors have had regard to the matters set out in section 172 (1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006.

- (a) The likely consequences of any decision in the long-term ;
- (b) The interests of the group's employees ;
- (c) The need to foster the group's business relationships with suppliers, customers and others ;
- (d) The impact of the group's operations on the community and the environment ;
- (e) The desirability of the group maintaining a reputation for high standards of business conduct ; and
- (f) The need to act fairly as between members of the group.

DECISION-MAKING

Our plans are formulated to have a positive, beneficial impact on the group over the mid to long-term.

The Board takes into consideration the interests of stakeholders in their decision-making.

ENGAGEMENT WITH EMPLOYEES

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The directors are committed to developing and maintaining strong relationships with the group's customers and suppliers.

The Board takes into consideration the interests of stakeholders in their decision-making

LOCAL COMMUNITY AND ENVIRONMENT

Our strategies consider the impact of our operations on the community and environment, including how we comply with environmental legislation.

The group recognises the importance of its environmental responsibilities and accepts that concern for the environment and employees is an integral and fundamental part of its corporate business strategy.

The group endeavours to reduce the environmental impact of its business activities and improve environmental efficiency through using the latest technologies and innovation. Initiatives include reducing the consumption of energy and other natural resources where possible.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

The Directors believe that a commitment to strong corporate governance standards is an essential element of enhancing long-term shareholder value in a sustainable manner.

As a Board of Directors, our intention is always to ensure that the business operates in a responsible manner, adhering to high standards of business conduct and good governance. We recognise that the maintenance of our good reputation, founded on responsible behaviour, is fundamental to our continuing ability to achieve sustainable growth for the benefit of our stakeholders.

ON BEHALF OF THE BOARD:

D W Thomas - Director

6 September 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of metal stockholders.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2022 will be £ 254,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

D W Thomas
D J Thomas
R Thomas-Owen
J P Scourfield

FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise bank balances, bank loans, invoice discounting, trade debtors and creditors and finance lease agreements.

The main purpose of these financial instruments is to raise funds for the business operations and to provide finance for the group.

Financial instrument risks and the measures implemented by the group to address these risks are set out in the summary of principal risks and uncertainties in the Strategic Report.

POLITICAL DONATIONS AND EXPENDITURE

The Group made £nil political donations in the year.

GOING CONCERN

In preparing the financial statements the directors have considered the current financial position of the group and likely future cash flows.

It is difficult to evaluate all the potential implications of the current economic uncertainty on the group's trade, customers, suppliers, and the wider economy. The directors have prepared forecasts for the year ahead and taken steps to manage the group's cash flow requirements during this period of uncertainty.

At the time of approving the financial statements the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis.

DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged.

STREAMLINED ENERGY AND CARBON REPORTING

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficacy activities.

DISCLOSURE IN THE STRATEGIC REPORT

Included in the group's strategic report is a review of business and a description of the principal risks and uncertainties facing the company. Details in relation to the use of financial instruments, employee involvement and environmental policies are also included in the group's strategic report.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

On 1 December 2022 as a result of a merger, Gerald Thomas resigned as auditors in accordance with Section 516 of the Companies Act 2006 and re-engaged its services as MHA.

The auditors, MHA, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D W Thomas - Director

6 September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DYFED STEELS LIMITED

Opinion

We have audited the financial statements of Dyfed Steels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2022 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DYFED STEELS LIMITED

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 Group Strategic Report or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page seven, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DYFED STEELS LIMITED

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Detecting Irregularities

The objectives of our audit in relation to fraud are as follows :

- to identify and assess the risks of material mis-statement of the financial statements due to fraud ;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material mis-statement due to fraud, through designing and implementing appropriate responses ;
- and to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both Those Charged With Governance of the entity and management.

Auditor's approach to assessing the risks of material mis-statement due to irregularities, including fraud

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the UK.

We assessed the risks of material misstatement in respect of fraud and considered the extent to which non-compliance with laws and regulations might have a material effect on the financial statements.

Audit procedures designed to respond to the risks of non-compliance with laws and regulations

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. We made enquiries of management to understand how the group and the company is complying with those frameworks.

Audit procedures performed by the engagement team also included a review of the financial statements disclosures to underlying supporting documentation.

Audit procedures designed to respond to the risks of fraud

We assessed the susceptibility of the group's financial statements to material mis-statement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud.

As well as adopting an attitude of professional scepticism, we have obtained information for use in identifying the risk of fraud when performing risk assessment procedures and performed the following procedures in light of the risk of fraud:

- Discussion amongst the engagement team regarding the susceptibility of the company to fraud;
- Consideration of the risk of fraud when documenting and testing internal controls;
- Enquiring of management how they: assess the risk of fraud; identify and respond to the risks of fraud;
- Enquiring of management and directors whether they have any knowledge of actual or suspected fraud;
- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statements or the operations of the group through enquiry and inspection;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Remaining alert to inconsistent or contradictory information and obtaining evidence to support information provided.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DYFED STEELS LIMITED

Management override of controls

We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries into our audit approach. The audit engagement team performed journal entry testing using a risk-based approach and evaluating whether there was evidence of bias, with a focus on any journals indicating large or unusual transactions based on our understanding of the group and the company.

Considerations around likelihood of detection

However owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material mis-statements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Brian Garland BA ACA (Senior Statutory Auditor)
for and on behalf of MHA
Chartered Accountants and Statutory Auditor
Swansea, United Kingdom

6 September 2023

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
TURNOVER	4	107,804,729	89,104,941
Cost of sales		<u>77,490,769</u>	<u>63,354,373</u>
GROSS PROFIT		30,313,960	25,750,568
Administrative expenses		<u>19,461,018</u>	<u>16,581,980</u>
		10,852,942	9,168,588
Other operating income		<u>109,687</u>	<u>345,829</u>
OPERATING PROFIT	6	10,962,629	9,514,417
Interest payable and similar expenses	7	<u>90,644</u>	<u>96,004</u>
PROFIT BEFORE TAXATION		10,871,985	9,418,413
Tax on profit	8	<u>2,011,914</u>	<u>1,459,274</u>
PROFIT FOR THE FINANCIAL YEAR		8,860,071	7,959,139
OTHER COMPREHENSIVE INCOME			
Revaluation of tangible fixed assets		-	497,263
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>497,263</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>8,860,071</u>	<u>8,456,402</u>
Profit attributable to: Owners of the parent		<u>8,860,071</u>	<u>7,959,139</u>
Total comprehensive income attributable to: Owners of the parent		<u>8,860,071</u>	<u>8,456,402</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11	-	-	-	-
Tangible assets	12	14,790,636		14,931,816	
Investments	13	-	-	-	-
		<u>14,790,636</u>		<u>14,931,816</u>	
CURRENT ASSETS					
Stocks	14	19,452,476		15,501,285	
Debtors	15	20,082,963		17,496,172	
Cash at bank and in hand		<u>342,097</u>		<u>1,302,093</u>	
		39,877,536		34,299,550	
CREDITORS					
Amounts falling due within one year	16	<u>21,669,020</u>		<u>25,191,127</u>	
NET CURRENT ASSETS			<u>18,208,516</u>		<u>9,108,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,999,152		24,040,239
CREDITORS					
Amounts falling due after more than one year	17		(2,063,462)		(2,040,620)
PROVISIONS FOR LIABILITIES	21		<u>(1,509,000)</u>		<u>(1,179,000)</u>
NET ASSETS			<u>29,426,690</u>		<u>20,820,619</u>
CAPITAL AND RESERVES					
Called up share capital	22	45,000		45,000	
Revaluation reserve	23	4,087,875		4,087,875	
Retained earnings	23	<u>25,293,815</u>		<u>16,687,744</u>	
SHAREHOLDERS' FUNDS			<u>29,426,690</u>		<u>20,820,619</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2023 and were signed on its behalf by:

D W Thomas - Director

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

		2022	2021
	Notes	£	£
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	14,790,636	14,931,816
Investments	13	-	-
		<u>14,790,636</u>	<u>14,931,816</u>
CURRENT ASSETS			
Stocks	14	19,452,476	15,501,285
Debtors	15	20,082,963	17,496,172
Cash at bank and in hand		<u>342,097</u>	<u>1,302,093</u>
		<u>39,877,536</u>	<u>34,299,550</u>
CREDITORS			
Amounts falling due within one year	16	<u>21,669,020</u>	<u>25,191,127</u>
NET CURRENT ASSETS		<u>18,208,516</u>	<u>9,108,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,999,152</u>	<u>24,040,239</u>
CREDITORS			
Amounts falling due after more than one year	17	(2,063,462)	(2,040,620)
PROVISIONS FOR LIABILITIES	21	<u>(1,509,000)</u>	<u>(1,179,000)</u>
NET ASSETS		<u>29,426,690</u>	<u>20,820,619</u>
CAPITAL AND RESERVES			
Called up share capital	22	45,000	45,000
Revaluation reserve	23	3,737,875	3,737,875
Retained earnings	23	<u>25,643,815</u>	<u>17,037,744</u>
SHAREHOLDERS' FUNDS		<u>29,426,690</u>	<u>20,820,619</u>
Company's profit for the financial year		<u>8,860,071</u>	<u>7,959,139</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2023 and were signed on its behalf by:

D W Thomas - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2021	45,000	8,982,605	3,590,612	12,618,217
Changes in equity				
Dividends	-	(254,000)	-	(254,000)
Total comprehensive income	-	7,959,139	497,263	8,456,402
Balance at 31 December 2021	45,000	16,687,744	4,087,875	20,820,619
Changes in equity				
Dividends	-	(254,000)	-	(254,000)
Total comprehensive income	-	8,860,071	-	8,860,071
Balance at 31 December 2022	45,000	25,293,815	4,087,875	29,426,690

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2021	45,000	9,332,605	3,240,612	12,618,217
Changes in equity				
Dividends	-	(254,000)	-	(254,000)
Total comprehensive income	-	7,959,139	497,263	8,456,402
Balance at 31 December 2021	45,000	17,037,744	3,737,875	20,820,619
Changes in equity				
Dividends	-	(254,000)	-	(254,000)
Total comprehensive income	-	8,860,071	-	8,860,071
Balance at 31 December 2022	45,000	25,643,815	3,737,875	29,426,690

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022 £	2021 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	1,144,416	5,510,770
Interest paid		(15,262)	(17,860)
Interest element of hire purchase payments paid		(75,382)	(78,144)
Tax paid		(1,609,274)	-
Net cash from operating activities		<u>(555,502)</u>	<u>5,414,766</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		400,377	(3,911,898)
Sale of tangible fixed assets		39,608	69,401
Net cash from investing activities		<u>439,985</u>	<u>(3,842,497)</u>
Cash flows from financing activities			
Loan repayments in year		(80,346)	(111,381)
Capital repayments in year		(1,272,725)	(91,957)
Equity dividends paid		(254,000)	(254,000)
Net cash from financing activities		<u>(1,607,071)</u>	<u>(457,338)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,722,588)</u>	<u>1,114,931</u>
Cash and cash equivalents at beginning of year	2	1,302,093	187,162
Cash and cash equivalents at end of year	2	<u>(420,495)</u>	<u>1,302,093</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**
1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	10,871,985	9,418,413
Depreciation charges	1,170,717	1,242,385
Profit on disposal of fixed assets	(22,978)	(67,680)
Depreciation eliminated on revaluations	-	(36,563)
Dilapidations provisions	330,000	100,000
Finance costs	90,644	96,004
	<u>12,440,368</u>	<u>10,752,559</u>
Increase in stocks	(3,951,191)	(5,396,786)
Increase in trade and other debtors	(2,578,227)	(5,977,685)
(Decrease)/increase in trade and other creditors	(4,766,534)	6,132,682
Cash generated from operations	<u><u>1,144,416</u></u>	<u><u>5,510,770</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	342,097	1,302,093
Bank overdrafts	(762,592)	-
	<u>(420,495)</u>	<u>1,302,093</u>

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>1,302,093</u>	<u>187,162</u>

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**
3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/22 £	Cash flow £	Other non-cash changes £	At 31/12/22 £
Net cash				
Cash at bank and in hand	1,302,093	(959,996)		342,097
Bank overdrafts	-	(762,592)		(762,592)
	<u>1,302,093</u>	<u>(1,722,588)</u>		<u>(420,495)</u>
Debt				
Finance leases	(2,331,663)	1,272,725	-	(2,505,482)
Debts falling due within 1 year	(114,613)	26,561	-	(88,052)
Debts falling due after 1 year	(547,285)	53,785	-	(493,500)
	<u>(2,993,561)</u>	<u>1,353,071</u>	-	<u>(3,087,034)</u>
Total	<u>(1,691,468)</u>	<u>(369,517)</u>	-	<u>(3,507,529)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

Dyfed Steels Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

Monetary amounts in these financial statements are rounded to the nearest £.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which assumes the group will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the statement of financial position, the likely future cashflows of the business and have considered the working capital facilities that are in place at the date of signing the report. As at 31 December 2022 the group has net assets of £29.4m.

The current economic climate remains uncertain. However based on the information that is currently known, the directors have prepared forecasts covering the period of 12 months from the date of signing the financial statements, and taken steps to manage the group's cash flow requirements during this period of uncertainty.

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

Basis of consolidation

The consolidated financial statements incorporate those of Dyfed Steels 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 December 2022. .

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.

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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue recognition

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 despatch 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment provisions. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold land and buildings	2% straight line for buildings, land is not depreciated
Plant and machinery	5 - 10% straight line
Fixtures, fittings & equipment	20 - 33% straight line
Motor vehicles	10 - 12.5% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of company.

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.

Accrual for annual leave

The Group accrue for annual leave that was earned but not taken by employees at the statement of financial position date, as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The accrual is measured at the salary cost payable for the period of absence.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for dilapidations

Provisions for dilapidations are provided when the Group becomes obligated and the liability can be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022
3. CRITICAL ACCOUNTING 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.

Key sources of estimation uncertainty

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Inventory provisioning

The group operates as metal stockholders, and as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of metal stocks.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sale of metal	107,804,729	89,104,941
	<u>107,804,729</u>	<u>89,104,941</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	107,804,729	89,104,941
	<u>107,804,729</u>	<u>89,104,941</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	8,664,113	8,014,015
Social security costs	875,521	779,758
Other pension costs	245,914	226,174
	<u>9,785,548</u>	<u>9,019,947</u>

The average number of employees during the year was as follows:

	2022	2021
Sales & administration	88	95
Production & distribution	168	174
	<u>256</u>	<u>269</u>

	2022	2021
	£	£
Directors' remuneration	<u>259,121</u>	<u>177,267</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2022 is as follows:

	2022
	£
Emoluments etc	<u>72,875</u>

Directors' remuneration in the prior year includes an apportionment of emoluments from the date of the directors' appointment.

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Other operating leases	85,909	145,334
Depreciation - owned assets	736,811	1,004,479
Depreciation - assets on hire purchase contracts	433,906	237,906
Profit on disposal of fixed assets	(22,978)	(67,680)
Auditors' remuneration	24,500	30,000
Taxation compliance services	3,500	3,000
Foreign exchange differences	<u>62,592</u>	<u>4,003</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	15,262	17,860
Hire purchase	75,382	78,144
	<u>90,644</u>	<u>96,004</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	2,020,478	1,059,274
Corporation tax - prior year	(8,564)	-
Total current tax	<u>2,011,914</u>	<u>1,059,274</u>
Deferred tax	-	400,000
Tax on profit	<u>2,011,914</u>	<u>1,459,274</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>10,871,985</u>	<u>9,418,413</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	2,065,677	1,789,498
Effects of:		
Expenses not deductible for tax purposes	2,214	6,397
Capital allowances in excess of depreciation	(43,030)	(336,621)
Adjustments to tax charge in respect of previous periods	(8,564)	-
Other	(4,383)	-
Total tax charge	<u>2,011,914</u>	<u>1,459,274</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2022.

	Gross	2021 Tax	Net
	£	£	£
Revaluation of tangible fixed assets	<u>497,263</u>	<u>-</u>	<u>497,263</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022
9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. DIVIDENDS

The total distribution of dividends for the year ended 31 December 2022 will be £254,000.

11. INTANGIBLE FIXED ASSETS**Group**

Goodwill
£

COST

At 1 January 2022
and 31 December 2022

476,882

AMORTISATION

At 1 January 2022
and 31 December 2022

476,882

NET BOOK VALUE

At 31 December 2022
At 31 December 2021

-
-

Company

Goodwill
£

COST

At 1 January 2022
and 31 December 2022

476,882

AMORTISATION

At 1 January 2022
and 31 December 2022

476,882

NET BOOK VALUE

At 31 December 2022
At 31 December 2021

-
-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2022	7,400,559	8,965,316	442,173
Additions	28,891	689,685	12,203
Disposals	-	(56,700)	-
Reclassification/transfer	-	2,308,648	-
At 31 December 2022	7,429,450	11,906,949	454,376
DEPRECIATION			
At 1 January 2022	106,463	5,648,712	441,631
Charge for year	73,099	764,618	-
Eliminated on disposal	-	(43,048)	-
At 31 December 2022	179,562	6,370,282	441,631
NET BOOK VALUE			
At 31 December 2022	7,249,888	5,536,667	12,745
At 31 December 2021	7,294,096	3,316,604	542

	Motor vehicles £	Assets under construction £	Totals £
COST			
At 1 January 2022	5,092,643	2,308,648	24,209,339
Additions	315,388	-	1,046,167
Disposals	(336,064)	-	(392,764)
Reclassification/transfer	-	(2,308,648)	-
At 31 December 2022	5,071,967	-	24,862,742
DEPRECIATION			
At 1 January 2022	3,080,717	-	9,277,523
Charge for year	333,000	-	1,170,717
Eliminated on disposal	(333,086)	-	(376,134)
At 31 December 2022	3,080,631	-	10,072,106
NET BOOK VALUE			
At 31 December 2022	1,991,336	-	14,790,636
At 31 December 2021	2,011,926	2,308,648	14,931,816

Included within Freehold land and buildings above is a balance of £4,014k (2021 - £4,014k) relating to land that is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. TANGIBLE FIXED ASSETS - continued

Group

The principal freehold properties (including Llanelli and Radnedge) were revalued at June 2019 by Rowland Jones Chartered Surveyors who are independent to the company. Freehold property at Bramford and Radnedge was revalued at July 2021 by Lambert Smith Hampton and R J Chartered Surveyors respectively.

The Directors consider that the remaining properties included within freehold land and buildings to accurately reflect current market values. The valuations conform to International Valuation Standards and was based on recent market transactions on arms length basis for similar properties. The directors do not consider the valuations to be materially different from the professional valuations.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows :

	2022 £'000	2021 £'000
Cost	5,301	5,272
Accumulated depreciation	<u>(1,661)</u>	<u>(1,588)</u>
Carrying value	<u>3,640</u>	<u>3,684</u>

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

	2022 £'000	2021 £'000
Plant and machinery	1,879	1,296
Motor vehicles	<u>1,132</u>	<u>1,408</u>
	<u>3,011</u>	<u>2,704</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2022	7,400,559	8,965,316	442,173
Additions	28,891	689,685	12,203
Disposals	-	(56,700)	-
Reclassification/transfer	-	2,308,648	-
At 31 December 2022	7,429,450	11,906,949	454,376
DEPRECIATION			
At 1 January 2022	106,463	5,648,712	441,631
Charge for year	73,099	764,618	-
Eliminated on disposal	-	(43,048)	-
At 31 December 2022	179,562	6,370,282	441,631
NET BOOK VALUE			
At 31 December 2022	7,249,888	5,536,667	12,745
At 31 December 2021	7,294,096	3,316,604	542

	Motor vehicles £	Assets under construction £	Totals £
COST			
At 1 January 2022	5,092,643	2,308,648	24,209,339
Additions	315,388	-	1,046,167
Disposals	(336,064)	-	(392,764)
Reclassification/transfer	-	(2,308,648)	-
At 31 December 2022	5,071,967	-	24,862,742
DEPRECIATION			
At 1 January 2022	3,080,717	-	9,277,523
Charge for year	333,000	-	1,170,717
Eliminated on disposal	(333,086)	-	(376,134)
At 31 December 2022	3,080,631	-	10,072,106
NET BOOK VALUE			
At 31 December 2022	1,991,336	-	14,790,636
At 31 December 2021	2,011,926	2,308,648	14,931,816

Included within Freehold land and buildings above is a balance of £4,014k (2021 - £4,014k) relating to land that is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. TANGIBLE FIXED ASSETS - continued

Company

The principal freehold properties (including Llanelli and Radnedge) were revalued at June 2021 by Rowland Jones Chartered Surveyors. Freehold property at Bramford was revalued at July 2021 by Lambert Smith Hampton. Both surveyors are independent to the company.

The Directors consider that the remaining properties included within freehold land and buildings to accurately reflect current market values. The valuations conform to International Valuation Standards and was based on recent market transactions on arms length basis for similar properties. The directors do not consider the valuations to be materially different from the professional valuations.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows :

	2022 £'000	2021 £'000
Cost	5,301	5,272
Accumulated depreciation	<u>(1,661)</u>	<u>(1,588)</u>
Carrying value	<u>3,640</u>	<u>3,684</u>

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

	2022 £'000	2021 £'000
Plant and machinery	1,879	1,296
Motor vehicles	<u>1,132</u>	<u>1,408</u>
Carrying value	<u>3,011</u>	<u>2,704</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

13. FIXED ASSET INVESTMENTS

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries**D S Southwest Limited**

Registered office: England & Wales

Nature of business: Dormant

	% holding	31/1/23	31/1/22
Class of shares:		£	£
Ordinary	100.00	<u>2</u>	<u>2</u>
Aggregate capital and reserves			

Dyfed Steels (Southern) Limited

Registered office: England & Wales

Nature of business: Dormant

	% holding	31/1/23	31/1/22
Class of shares:		£	£
Ordinary	100.00	<u>(127,001)</u>	<u>(127,001)</u>
Aggregate capital and reserves			

Dyfed Steels Mid-Wales Limited

Registered office: England & Wales

Nature of business: Dormant

	% holding	31/1/23	31/1/22
Class of shares:		£	£
Ordinary	100.00	<u>(361,002)</u>	<u>(361,002)</u>
Aggregate capital and reserves			

Ex Stock Steels Limited

Registered office: England & Wales

Nature of business: Dormant

	% holding	31/1/23	31/1/22
Class of shares:		£	£
Ordinary	100.00	<u>2</u>	<u>2</u>
Aggregate capital and reserves			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 202213. **FIXED ASSET INVESTMENTS - continued****Excel (Steel Stock) Limited**

Registered office: England & Wales

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00		
		31/1/23	31/1/22
		£	£
Aggregate capital and reserves		<u>20,000</u>	<u>20,000</u>

14. **STOCKS**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials	<u>19,452,476</u>	<u>15,501,285</u>	<u>19,452,476</u>	<u>15,501,285</u>

Stocks are stated after provisions for impairment of £3,586,077 (2021 - £3,488,380).

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	19,558,278	17,170,181	19,558,278	17,170,181
Other debtors	287,624	59,059	287,624	59,059
Corporation tax recoverable	8,564	-	8,564	-
Prepayments and accrued income	<u>228,497</u>	<u>266,932</u>	<u>228,497</u>	<u>266,932</u>
	<u>20,082,963</u>	<u>17,496,172</u>	<u>20,082,963</u>	<u>17,496,172</u>

Trade debtors are stated after provisions for impairment of £525,000 (2021 - £455,000).

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts (see note 18)	850,644	114,613	850,644	114,613
Hire purchase contracts (see note 19)	1,013,526	1,034,070	1,013,526	1,034,070
Trade creditors	10,811,580	15,670,616	10,811,580	15,670,616
Corporation tax	1,470,478	1,059,274	1,470,478	1,059,274
Social security and other taxes	244,315	241,808	244,315	241,808
VAT	1,168,316	829,947	1,168,316	829,947
Other creditors	3,231,519	1,944,600	3,231,519	1,944,600
Directors' current accounts	-	127,000	-	127,000
Accrued expenses	2,760,907	4,037,574	2,760,907	4,037,574
Deferred government grants	<u>117,735</u>	<u>131,625</u>	<u>117,735</u>	<u>131,625</u>
	<u>21,669,020</u>	<u>25,191,127</u>	<u>21,669,020</u>	<u>25,191,127</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The Directors' current account balances are unsecured, interest-free and have no set repayment terms.

The company has entered into a contract that provides invoice discounting facilities in respect of its trade debts. Amounts of £2,886,445 (2021 - £1,731,918) are included in other creditors in respect of such balances.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans (see note 18)	493,500	547,285	493,500	547,285
Hire purchase contracts (see note 19)	1,491,956	1,297,593	1,491,956	1,297,593
Deferred government grants	78,006	195,742	78,006	195,742
	<u>2,063,462</u>	<u>2,040,620</u>	<u>2,063,462</u>	<u>2,040,620</u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	762,592	-	762,592	-
Bank loans	<u>88,052</u>	<u>114,613</u>	<u>88,052</u>	<u>114,613</u>
	<u>850,644</u>	<u>114,613</u>	<u>850,644</u>	<u>114,613</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>88,052</u>	<u>547,285</u>	<u>88,052</u>	<u>547,285</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>405,448</u>	<u>-</u>	<u>405,448</u>	<u>-</u>

Bank loans are subject to interest at 1.98% above the Bank of England base rate and are repayable in equal monthly instalments and are due to mature in 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	1,013,526	1,034,070
Between one and five years	1,491,956	1,297,593
	<u>2,505,482</u>	<u>2,331,663</u>

Company

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	1,013,526	1,034,070
Between one and five years	1,491,956	1,297,593
	<u>2,505,482</u>	<u>2,331,663</u>

Group

	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	2,577	16,249
Between one and five years	21,096	8,851
	<u>23,673</u>	<u>25,100</u>

Company

	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	2,577	16,249
Between one and five years	21,096	8,851
	<u>23,673</u>	<u>25,100</u>

Finance lease payments represent rentals payable by the company for certain items of motor vehicles. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022
20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank overdraft	762,592	-	762,592	-
Bank loans	581,552	661,898	581,552	661,898
Hire purchase contracts	2,505,482	2,331,663	2,505,482	2,331,663
Invoice discounting facility	2,886,445	1,731,918	2,886,445	1,731,918
	<u>6,736,071</u>	<u>4,725,479</u>	<u>6,736,071</u>	<u>4,725,479</u>

Bank loans and overdrafts are secured by a fixed and floating charge against the assets of the company.

Hire purchase creditors are secured over the assets to which they relate.

Invoice discounting facility is secured by a fixed charge over the assets of the company.

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax				
Deferred tax	794,000	794,000	794,000	794,000
Other timing differences	285,000	285,000	285,000	285,000
	<u>1,079,000</u>	<u>1,079,000</u>	<u>1,079,000</u>	<u>1,079,000</u>
Other provisions	<u>430,000</u>	<u>100,000</u>	<u>430,000</u>	<u>100,000</u>
Aggregate amounts	<u>1,509,000</u>	<u>1,179,000</u>	<u>1,509,000</u>	<u>1,179,000</u>

Group

	Deferred tax	Other provisions
	£	£
Balance at 1 January 2022	1,079,000	100,000
Provided during year	-	330,000
Balance at 31 December 2022	<u>1,079,000</u>	<u>430,000</u>

Company

	Deferred tax	Other provisions
	£	£
Balance at 1 January 2022	1,079,000	100,000
Balance at 31 December 2022	<u>1,079,000</u>	<u>100,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

21. PROVISIONS FOR LIABILITIES - continued

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

Other provisions relate to provisions for dilapidation costs.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value	2022 £	2021 £
36,000	Ordinary A	£1	36,000	36,000
2,250	Ordinary B	£1	2,250	2,250
2,250	Ordinary C	£1	2,250	2,250
2,250	Ordinary D	£1	2,250	2,250
2,250	Ordinary	£1	2,250	2,250
			<u>2,250</u>	<u>2,250</u>
			<u>45,000</u>	<u>45,000</u>

23. RESERVES**Group**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2022	16,687,744	4,087,875	20,775,619
Profit for the year	8,860,071		8,860,071
Dividends	(254,000)		(254,000)
At 31 December 2022	<u>25,293,815</u>	<u>4,087,875</u>	<u>29,381,690</u>

Company

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2022	17,037,744	3,737,875	20,775,619
Profit for the year	8,860,071		8,860,071
Dividends	(254,000)		(254,000)
At 31 December 2022	<u>25,643,815</u>	<u>3,737,875</u>	<u>29,381,690</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

24. PENSION COMMITMENTS

A defined contribution pension scheme is operated for the group's directors and employees.

The assets of the scheme are held separately from those of the group in an independently administered fund.

The pension cost charge represents contributions payable by the group to the fund amounting to £245,914 (2021 - £226,174). £45,589 (2021 - £45,685) contributions were outstanding at the statement of financial position date.

25. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>549,068</u>

26. RELATED PARTY DISCLOSURES

The directors are considered to be key management personnel.

27. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is D W Thomas.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.