

HIGSON EDWARDS (STEELSTOCK) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

HIGSON EDWARDS (STEELSTOCK) LIMITED
REGISTERED NUMBER: 01768764

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	5	<u>2,763,408</u>	<u>1,669,871</u>
		2,763,408	1,669,871
CURRENT ASSETS			
Stocks	6	474,828	277,065
Debtors: amounts falling due within one year	7	1,877,054	1,557,236
Cash at bank and in hand	8	<u>127,397</u>	<u>188,870</u>
		2,479,279	2,023,171
Creditors: amounts falling due within one year	9	<u>(2,391,910)</u>	<u>(1,715,038)</u>
NET CURRENT ASSETS		<u>87,369</u>	<u>308,133</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,850,777</u>	<u>1,978,004</u>
Creditors: amounts falling due after more than one year	10	(1,229,287)	(430,347)
PROVISIONS FOR LIABILITIES			
Deferred tax	14	(57,100)	(56,237)
Other provisions	15	<u>(11,766)</u>	<u>(15,685)</u>
		(68,866)	(71,922)
NET ASSETS		<u><u>1,552,624</u></u>	<u><u>1,475,735</u></u>

HIGSON EDWARDS (STEELSTOCK) LIMITED
REGISTERED NUMBER: 01768764

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
CAPITAL AND RESERVES			
Called up share capital		1,500	1,500
Revaluation reserve	16	535,138	542,293
Capital redemption reserve	16	1,500	1,500
Profit and loss account	16	1,014,486	930,442
		<u>1,552,624</u>	<u>1,475,735</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 May 2018.

S.P. Ross

Director

The notes on pages 3 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. GENERAL INFORMATION

The company is a private company limited by shares, which is incorporated under the Companies Act 2006 and registered in England (no.01768764). The address of the registered office is Luton Street, Liverpool, Merseyside L5 9XR.

These financial statements present information about the company as an individual undertaking; it is not a member of a group of companies. The principal activity of the company is that of steel stockholders.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The company depends on its existing bank facilities to meet its day to day working capital requirements. Current forecasts indicate that the company expects to be able to operate within these facilities for whole of the foreseeable future. These facilities are renewed annually and are not guaranteed for the period covered by the going concern review. The director is not aware, however, of any circumstances that may adversely affect the renewal of these facilities. Accordingly, the director believes it is appropriate to prepare the financial statements on the going concern basis.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 TANGIBLE FIXED ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.4 TANGIBLE FIXED ASSETS (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land and buildings	-
	25 - 50 years
Plant and equipment	-
	5 - 10 years
Motor vehicles	-
	5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.6 DEVELOPMENT COSTS

Development costs are expenses to the Profit and Loss accounts as incurred.

2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.9 CASH AND CASH EQUIVALENTS

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

2.10 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.12 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 BORROWING COSTS

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.16 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.17 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The director has made judgments regarding the depreciation of fixed assets, the carrying value of stocks and the provision for bad and doubtful debts.

4. EMPLOYEES

The average monthly number of employees, including directors, during the year was 27 (2016 - 26).

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Total £
COST OR VALUATION				
At 1 January 2017	1,270,031	637,177	518,459	2,425,667
Additions	1,119,872	175,491	-	1,295,363
At 31 December 2017	2,389,903	812,668	518,459	3,721,030
DEPRECIATION				
At 1 January 2017	73,931	382,559	299,305	755,795
Charge for the year on owned assets	91,010	39,097	71,719	201,826
At 31 December 2017	164,941	421,656	371,024	957,621
NET BOOK VALUE				
At 31 December 2017	<u>2,224,962</u>	<u>391,012</u>	<u>147,435</u>	<u>2,763,409</u>
<i>At 31 December 2016</i>	<u>1,196,100</u>	<u>254,617</u>	<u>219,154</u>	<u>1,669,871</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	260,836	125,284
Motor vehicles	80,389	133,937
	<u>341,225</u>	<u>259,221</u>

The freehold property is carried at a valuation of £720,000 plus subsequent additions at a cost of £1,559,530.

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. TANGIBLE FIXED ASSETS (CONTINUED)

The freehold property was revalued in March 2014 by Mason Owen & Partners Limited, Chartered Surveyors, on an open market existing use basis; the valuation does not include notional directly attributable acquisition costs nor have expected selling costs been deducted as neither are anticipated to be material. The director is not aware of any material change in that valuation.

If the freehold property had been sold for its revalued amount at the balance sheet date it is estimated that no tax charge would arise.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	2016 £
Cost	1,600,410	1,048,511
Accumulated depreciation	(502,815)	(466,347)
NET BOOK VALUE	1,097,595	582,164

6. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	474,828	277,066
	474,828	277,066

7. DEBTORS

	2017 £	2016 £
Trade debtors	1,823,394	1,482,302
Other debtors	2,150	1,083
Prepayments and accrued income	51,510	73,852
	1,877,054	1,557,237

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

8. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	127,397	188,870
	<u>127,397</u>	<u>188,870</u>

9. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Bank loans	206,464	113,888
Trade creditors	1,764,195	1,253,457
Corporation tax	125,407	138,135
Other taxation and social security	110,633	72,122
Obligations under finance lease and hire purchase contracts	98,700	107,248
Other creditors	57,222	3,646
Accruals and deferred income	29,289	26,542
	<u>2,391,910</u>	<u>1,715,038</u>

10. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	1,031,946	288,788
Net obligations under finance leases and hire purchase contracts	197,341	141,562
	<u>1,229,287</u>	<u>430,350</u>

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. LOANS

Analysis of the maturity of loans is given below:

	2017 £	2016 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	206,464	113,888
	<u>206,464</u>	<u>113,888</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	219,901	116,957
	<u>219,901</u>	<u>116,957</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	812,046	171,833
	<u>812,046</u>	<u>171,833</u>
	<u>1,238,411</u>	<u>402,678</u>

12. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	130,721	99,814
Between 1-5 years	110,642	94,279
Over 5 years	141,196	81,744
	<u>382,559</u>	<u>275,837</u>

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. FINANCIAL INSTRUMENTS

	2017 £	2016 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	127,397	188,870
Financial assets that are debt instruments measured at amortised cost	1,825,544	1,483,385
	<u>1,952,941</u>	<u>1,672,255</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(3,089,117)	(1,683,312)
	<u>(3,089,117)</u>	<u>(1,683,312)</u>

Financial assets measured at fair value through profit or loss comprise of bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals and loans and overdrafts

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. DEFERRED TAXATION

	2017 £
At beginning of year	(56,237)
Charged to the profit or loss	(863)
AT END OF YEAR	(57,100)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(57,100)	(56,237)
	<u>(57,100)</u>	<u>(56,237)</u>

15. PROVISIONS

	Government grants £
At 1 January 2017	15,685
Utilised in year	(3,919)
AT 31 DECEMBER 2017	11,766

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

16. RESERVES

Revaluation reserve

The revaluation reserve arose on the revaluation of the land and buildings less amounts transferred to profit & loss account.

Capital redemption reserve

The capital redemption reserve arose when the company repurchased it's own shares in December 2005.

Profit & loss account

Retained earnings includes all current and prior period retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £74,212 (2016: £54,443). Contributions totalling £nil (2015: £nil) were payable to the fund at the balance sheet date.

18. AUDITOR'S INFORMATION

The auditor's report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 29 May 2018 by Stephen Talbot (Senior Statutory Auditor) on behalf of Langtons Professional Services Limited.

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.