

HIGSON EDWARDS (STEELSTOCK) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

HIGSON EDWARDS (STEELSTOCK) LIMITED
REGISTERED NUMBER: 01768764

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	5	<u>2,616,994</u>	<u>2,763,409</u>
		2,616,994	2,763,409
CURRENT ASSETS			
Stocks		648,090	474,828
Debtors: amounts falling due within one year	6	1,890,052	1,877,053
Cash at bank and in hand	7	<u>357</u>	<u>127,397</u>
		2,538,499	2,479,278
Creditors: amounts falling due within one year	8	<u>(2,577,236)</u>	<u>(2,391,909)</u>
NET CURRENT (LIABILITIES)/ASSETS		(38,737)	87,369
TOTAL ASSETS LESS CURRENT LIABILITIES		2,578,257	2,850,778
Creditors: amounts falling due after more than one year	9	(913,826)	(1,229,288)
PROVISIONS FOR LIABILITIES			
Deferred tax	13	(51,450)	(57,100)
Other provisions	14	<u>(7,847)</u>	<u>(11,766)</u>
		(59,297)	(68,866)
NET ASSETS		<u>1,605,134</u>	<u>1,552,624</u>

HIGSON EDWARDS (STEELSTOCK) LIMITED
REGISTERED NUMBER: 01768764

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
CAPITAL AND RESERVES			
Called up share capital		1,500	1,500
Revaluation reserve	15	526,277	535,138
Capital redemption reserve	15	1,500	1,500
Profit and loss account	15	1,075,857	1,014,486
		<u>1,605,134</u>	<u>1,552,624</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 22 May 2019.

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 2018**

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 presentation currency of these financial statements is £ sterling; the financial statements are rounded to the nearest £.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

2.7 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 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.8 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.

2.9 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.

2.10 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 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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.

2.13 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.

2.14 BORROWING COSTS

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

2.15 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 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.16 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.

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 (2017 - 27).

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Total £
COST OR VALUATION				
At 1 January 2018	2,389,904	812,668	518,459	3,721,031
Additions	28,958	21,128	-	50,086
Disposals	-	-	(81,994)	(81,994)
At 31 December 2018	2,418,862	833,796	436,465	3,689,123
DEPRECIATION				
At 1 January 2018	164,941	421,657	371,024	957,622
Charge for the year on owned assets	48,411	22,712	26,608	97,731
Charge for the year on financed assets	-	34,485	25,601	60,086
Disposals	-	-	(43,310)	(43,310)
At 31 December 2018	213,352	478,854	379,923	1,072,129
NET BOOK VALUE				
At 31 December 2018	<u>2,205,510</u>	<u>354,942</u>	<u>56,542</u>	<u>2,616,994</u>
At 31 December 2017	<u>2,224,963</u>	<u>391,011</u>	<u>147,435</u>	<u>2,763,409</u>

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

	2018 £	2017 £
Plant and machinery	252,510	300,757
Motor vehicles	50,598	130,799
	<u>303,108</u>	<u>431,556</u>

The freehold property is carried at a valuation of £720,000 plus subsequent additions at a cost of £1,698,862..

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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:

	2018 £	2017 £
Cost	2,197,341	2,168,383
Accumulated depreciation	(628,509)	(543,354)
NET BOOK VALUE	1,568,832	1,625,029

6. DEBTORS

	2018 £	2017 £
Trade debtors	1,845,710	1,823,394
Other debtors	6,054	2,150
Prepayments and accrued income	38,288	51,508
	1,890,052	1,877,052

7. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	357	127,397
Less: bank overdrafts	(20,993)	-
	(20,636)	127,397

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	20,993	-
Bank loans	219,901	206,464
Trade creditors	2,025,409	1,764,195
Corporation tax	95,502	125,407
Other taxation and social security	87,324	110,633
Obligations under finance lease and hire purchase contracts	85,359	98,700
Other creditors	18,632	57,222
Accruals and deferred income	24,116	29,288
	<u>2,577,236</u>	<u>2,391,909</u>

The following liabilities were secured:

	2018 £	2017 £
Bank loans and overdrafts	240,894	206,464
Obligations under finance lease and hire purchase contracts	85,359	98,700
	<u>326,253</u>	<u>305,164</u>

Details of security provided:

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

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

HIGSON EDWARDS (STEELSTOCK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	2018 £	2017 £
Bank loans	812,124	1,031,947
Net obligations under finance leases and hire purchase contracts	101,702	197,341
	<u>913,826</u>	<u>1,229,288</u>

The following liabilities were secured:

	2018 £	2017 £
Bank loans	812,124	1,031,947
Net obligations under finance leases and hire purchase contracts	101,702	197,341
	<u>913,826</u>	<u>1,229,288</u>

Details of security provided:

Bank loans are secured by a fixed and floating charge over the undertaking and assets of the company.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

10. LOANS

Analysis of the maturity of loans is given below:

	2018 £	2017 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	219,901	206,464
	<u>219,901</u>	<u>206,464</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	123,807	219,901
	<u>123,807</u>	<u>219,901</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	688,318	812,046
	<u>688,318</u>	<u>812,046</u>
	<u>1,032,026</u>	<u>1,238,411</u>

HIGSON EDWARDS (STEELSTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	96,727	130,721
Between 1-5 years	119,258	110,642
Over 5 years	-	141,196
	<u>215,985</u>	<u>382,559</u>

12. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	357	127,397
Financial assets that are debt instruments measured at amortised cost	1,851,761	1,825,544
	<u>1,852,118</u>	<u>1,952,941</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(3,121,175)</u>	<u>(3,089,117)</u>

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

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 2018

13. DEFERRED TAXATION

	2018 £
At beginning of year	(57,100)
Charged to the profit or loss	5,650
AT END OF YEAR	(51,450)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(51,920)	(64,000)
Short term timing differences	470	6,900
	<u>(51,450)</u>	<u>(57,100)</u>

14. PROVISIONS

	Government grants £
At 1 January 2018	11,766
Utilised in year	(3,919)
AT 31 DECEMBER 2018	7,847

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. 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 its own shares in December 2005.

Profit & loss account

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

16. 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 £62,039 (2017: £74,212). Contributions totalling £nil (2017: £nil) were payable to the fund at the balance sheet date.

17. AUDITOR'S INFORMATION

The auditor's report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 22 May 2019 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.