Registered number: 01768764

HIGSON EDWARDS (STEELSTOCK) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2021

HIGSON EDWARDS (STEELSTOCK) LIMITED
REGISTERED NUMBER: 01768764

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	4		**2,439,858**		*2,552,978*
			2,439,858		*2,552,978*
Current assets					
Stocks	5	**1,147,209**		*637,234*	
Debtors: amounts falling due within one year	6	**2,992,879**		*1,918,238*	
Cash at bank and in hand	7	**3,066,386**		*804,839*	
		7,206,474		*3,360,311*	
Creditors: amounts falling due within one year	8	**(5,618,647)**		*(2,612,611)*	
Net current assets			**1,587,827**		*747,700*
Total assets less current liabilities			**4,027,685**		*3,300,678*
Creditors: amounts falling due after more than one year	9		**(1,079,792)**		*(1,389,624)*
Provisions for liabilities					
Deferred tax	13	**(71,500)**		*(68,000)*	
			(71,500)		*(68,000)*
Net assets			**2,876,393**		*1,843,054*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital		**1,500**	*1,500*
Revaluation reserve	14	**585,262**	*588,930*
Capital redemption reserve	14	**1,500**	*1,500*
Profit and loss account	14	**2,288,131**	*1,251,124*
		2,876,393	*1,843,054*

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

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 4 July 2022.

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 2021

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

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. 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
Office equipment	-	3 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 profit or loss.

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 reporting date.

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

Revaluation gains and losses are recognised in other 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 OPERATING LEASES: THE COMPANY AS LESSEE

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. ACCOUNTING POLICIES (CONTINUED)

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.

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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL INSTRUMENTS (continued)

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.

2.12 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.13 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.14 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.

2.15 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 profit or loss 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.

2.16 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

2.18 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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. EMPLOYEES

The average monthly number of employees, including the director, during the year was as follows:

	2021 **No.**	*2020* *No.*
Administration	**13**	*11*
Production	**17**	*19*
	30	*30*

4. TANGIBLE FIXED ASSETS

	Freehold property	Plant & machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2021	2,418,861	1,063,562	318,001	3,800,424
Additions	21,944	16,437	-	38,381
Disposals	-	-	(120,842)	(120,842)
At 31 December 2021	2,440,805	1,079,999	197,159	3,717,963
Depreciation				
At 1 January 2021	307,578	625,035	314,835	1,247,448
Charge for the year on owned assets	47,937	32,595	-	80,532
Charge for the year on financed assets	-	67,801	3,166	70,967
Disposals	-	-	(120,842)	(120,842)
At 31 December 2021	355,515	725,431	197,159	1,278,105
Net book value				
At 31 December 2021	2,085,290	354,568	-	2,439,858
At 31 December 2020	*2,111,284*	*438,528*	*3,166*	*2,552,978*

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

	2021	*2020*
	£	*£*
Plant and machinery	216,460	*278,137*
Motor vehicles	-	*3,166*
Furniture, fittings and equipment	6,124	*12,248*
	222,584	*293,551*

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

4. 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:

	2021	*2020*
	£	*£*
Cost	**2,219,285**	*2,197,341*
Accumulated depreciation	**(719,255)**	*(674,987)*
Net book value	**1,500,030**	*1,522,354*

5. STOCKS

	2021	*2020*
	£	*£*
Finished goods and goods for resale	**1,147,209**	*637,234*
	1,147,209	*637,234*

6. DEBTORS

	2021	*2020*
	£	*£*
Trade debtors	**2,966,178**	*1,900,911*
Other debtors	**8,520**	*7,080*
Prepayments and accrued income	**18,181**	*10,247*
	2,992,879	*1,918,238*

7. CASH AND CASH EQUIVALENTS

	2021	*2020*
	£	*£*
Cash at bank and in hand	**3,066,386**	*804,839*
	3,066,386	*804,839*

8. CREDITORS: Amounts falling due within one year

	2021	*2020*
	£	*£*
Bank loans	**281,578**	*195,623*
Trade creditors	**2,955,982**	*1,779,726*
Corporation tax	**683,119**	*151,530*
Other taxation and social security	**240,272**	*235,225*
Obligations under finance lease and hire purchase contracts	**56,835**	*79,240*
Other creditors	**1,346,993**	*130,006*
Accruals and deferred income	**53,868**	*41,261*
	5,618,647	*2,612,611*

The following liabilities were secured:

	2021	*2020*
	£	*£*
Bank loans and overdrafts	**281,578**	*195,623*
Obligations under finance lease and hire purchase contracts	**56,835**	*79,240*
	338,413	*274,863*

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.

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

	2021	*2020*
	£	*£*
Bank loans	**1,015,716**	*1,269,268*
Net obligations under finance leases and hire purchase contracts	**64,076**	*120,356*
	1,079,792	*1,389,624*

The following liabilities were secured:

	2021	*2020*
	£	*£*
Bank loans	**1,015,716**	*1,269,268*
Net obligations under finance leases and hire purchase contracts	**64,076**	*120,356*
	1,079,792	*1,389,624*

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:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	**281,578**	*195,623*
	281,578	*195,623*
Amounts falling due 1-2 years		
Bank loans	**253,805**	*814,268*
	253,805	*814,268*
Amounts falling due 2-5 years		
Bank loans	**639,699**	*420,000*
	639,699	*420,000*
Amounts falling due after more than 5 years		
Bank loans	**122,212**	*35,000*
	122,212	*35,000*
	1,297,294	*1,464,891*

11. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£	£
Within one year	**66,863**	*90,979*
Between 1-5 years	**71,031**	*137,894*
	137,894	*228,873*

12. FINANCIAL INSTRUMENTS

	2021	2020
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	3,066,386	804,839
Financial assets that are debt instruments measured at amortised cost	2,974,698	1,907,991
	6,041,084	2,712,830
Financial liabilities		
Financial liabilities measured at amortised cost	(5,654,137)	(3,415,884)

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

13. DEFERRED TAXATION

	2021
	£
At beginning of year	**(68,000)**
Charged to the profit or loss	**(3,500)**
At end of year	**(71,500)**

The provision for deferred taxation is made up as follows:

	2021	*2020*
	£	*£*
Accelerated capital allowances	**(71,500)**	*(68,100)*
Short term timing differences	**-**	*100*
	(71,500)	*(68,000)*

14. 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.

15. 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 £20,185 (*2020:* £17,598). Contributions totalling £nil (*2020:* £nil) were payable to the fund at the balance sheet date.

16. AUDITOR'S INFORMATION

The auditor's report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 4 July 2022 by Stephen Talbot (Senior Statutory Auditor) on behalf of Langtons Professional Services Limited.