

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2022
for
Shearline Steel Strip Limited**

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for the Year Ended 31 December 2022**

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Shearline Steel Strip Limited

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS:

M T Oehler
M Wooldridge
J T Coleman
Frau M Rensinghoff

REGISTERED OFFICE:

Unit 3 Gibbons Industrial Park
Dudley Road
Kingswinford
West Midlands
DY6 8XF

REGISTERED NUMBER:

04969312 (England and Wales)

SENIOR STATUTORY AUDITOR:

Geoffrey Hopwood BCOM ACA

AUDITORS:

Haines Watts Wolverhampton Limited
Statutory Auditors
Keepers Lane
The Wergs
Wolverhampton
West Midlands
WV6 8UA

**Strategic Report
for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

Shearline Steel Strip Ltd is part of the BILSTEIN group of companies - a German owned producer of cold rolled steel strip, with plants in Germany, Czech Republic and the USA. Shearline employs 24 people at 3 sites in Kingswinford, West Midlands, with slitting and rolling facilities enabling the company to both stock, and process materials from within the group range, and from outside. The majority of sales are conducted within the UK.

Shearline has been consistently profitable year on year since 2009. And whilst part of a very successful group operates on a feasible standalone basis. Shearline sells cold rolled mild and carbon steels in a variety of grades & tempers, in addition to case hardening, micro-alloyed, and Hardened and Tempered, materials, purchased from within the group. Additionally, the company sells many grades of hot rolled, cold reduced and coated products, purchased from a selected number of quality assured external suppliers. Customers are generally second and third tier suppliers to the automotive sector, as well as electronic, construction and rail, amongst others.

The materials purchased by Shearline are produced by companies using state of the art machinery, supplied by well known machinery manufacturers. Shearline uses a purpose-built slitting line to produce the bulk of the material processed, supported by some smaller machines, which have been upgraded over the last few years. Tooling from world leading suppliers has been purchased at great cost and the result of this, is a first class product which has enabled the company to grow considerably since the BILSTEIN group's involvement.

The company's revenue for 2022 was £12,740,110, an increase from the previous year (2021: £11,404,598), despite sales tonnage reducing. Prices increased dramatically throughout 2021 and 2022 but the company expects this trend to reverse in 2023.

The company was able to show a gross profit for the year of £1,519,460 (2021: £1,763,020) and an operating profit after tax of £4438,073. The main reason for the profits achieved, was the ability to sustain margins for longer than expected.

The balance sheet net asset value at 31st December 2022 was £4,163,550 (2021: £3,725,477)

The company considers that 2023 will likely be a less profitable year as global demand is reduced, and prices are also declining in line with that demand. However, the company still expects to make a profit and the management are optimistic that if the market improves, Shearline will be in a good position to capitalise on any opportunities - especially as some competitors are expected to leave the market shortly. Shearline continues to benefit from the support of the BILSTEIN group and with this in mind, the financial statements have been prepared on the going concern basis.

**Strategic Report
for the Year Ended 31 December 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

As always, there are some potential risks and uncertainties which may influence the performance of the company.

Global, political and economic conditions

Shearline buys material from Europe and as such, is exposed to changes in legislation and political policy, such as BREXIT. Changes of this type, can affect the value of currencies and also, create extra regulatory requirements, operational procedures, and costs.

The current political climate in the UK is very turbulent, with regular changes within government, both in terms of people and policies. Inflationary pressures are felt by individuals and companies of all sizes.

The ongoing war between Russia and Ukraine also continues to impact many factors and the recovery from the impact of Covid-19 is still being felt.

The company's management attempt to mitigate these risks by utilising internal and group wide experience, external expertise, and adjusting internal procedures accordingly, ensuring legal requirements are complied with. The majority of transactions are performed in £ Sterling, to minimise currency fluctuation risks.

Raw material, energy and packaging

The company primarily purchases steel for its operations and whilst we get excellent information concerning the likely direction of prices for a 6month period, the actual level of increase or decrease is out of our control.

Further to the pricing of raw materials, dramatic changes in lead time can also cause serious problems.

Additionally, the wood, plastic and cardboard used for packaging, are prone to the same price and availability fluctuations.

Energy prices are again, out of the control of the company, but the management continually work to reduce the energy used and use the expertise of external consultants to try and purchase energy at the right time.

Legal

The company is potentially at risk of litigation from third parties, as with any other business. External legal experts are used when drafting policies and contracts, in addition to group expertise.

Environmental

The company operates within the applicable laws and uses an external consultant to ensure awareness of any changes to legislation.

Employees

Remuneration and conditions are regularly reviewed and staff training is continual. The management are very aware of the importance of the employees to the company and consider low staff turnover to be an important factor in the success of the business.

Future trading and liquidity risk

The company regularly prepare and adjust cash flow forecasts and sales budgets, usually on a quarterly basis, for discussion at board level. The financial stability of the business depends not only on its own results, but also on the continued support of BILSTEIN.

Quality

**Strategic Report
for the Year Ended 31 December 2022**

The business supplies materials to sectors such as automotive, where quality and traceability are vital and failures could lead to liability claims. With that in mind, the company operates a full quality system, performing comprehensive checks and recording data as part of this. Quality department staff are in close contact with experienced technicians from parent and sister companies in Europe and management are informed and involved on a regular basis. The company also utilises an external consultant to ensure compliance.

Health & Safety

The business is primarily concerned with the slitting and rolling of steel and those operations are inherently dangerous, using fast moving machinery, and involving heavy and sharp materials.

The company mitigates these risks by employing a qualified Health & Safety team, using an external consultant, performing regular risk assessments and providing regular training.

Employees

The company operates in the West Midlands with 3 units situated in Kingswinford. The workforce is small with a fairly even spread of factory and office staff, including a small management team. The company prides itself on the fact that many employees have worked for the company for an average of nearly 15 years and recognises that employees are key to the business. With that in mind, remuneration and conditions are regularly reviewed and staff training is continual. Staff welfare is paramount with a defibrillator on site with a quarter of the staff trained in its use and several other members are first aid trained. The company employs 2 UK based directors and there are also 2 directors based in Germany.

Quality control

The company positions itself as a supplier of quality products and has a good reputation within the market. The company holds BS9001 accreditation. The business supplies materials to sectors such as automotive, where quality and traceability are vital and failures could lead to liability claims. With that in mind, the company operates a full quality system, performing comprehensive checks and recording data as part of this. Quality department staff are in close contact with experienced technicians from parent and sister companies in Europe and management are informed and involved on a regular basis. The company also utilises an external consultant to ensure compliance.

Supplier and customer relationships

The company is wholly owned by BILSTEIN, a large global producer of cold rolled steel strip, with a headquarters in Germany. As such, much of the material purchased by the company, is from within the group, ensuring the quality of material and enabling a strong connection, sharing of information, and a shared vision. It is clear that customer relationships, where mutual success and co-operation is most important, are vital to the continued success of the company. Strategy is focussed on long term partnerships and regular contact with customers is key to this. Reporting on current developments and future opportunities are shared with management on a regular basis. Existing customers are able to audit Shearline to ensure standards and products meet their requirements.

Environmental & sustainability

The company operates in line with relevant laws and regulations and furthermore, is in the process of working towards both environmental accreditation BS14001, and a Net Zero policy. External consultants are assisting the company with these matters.

Corporate governance

In line with the group culture and values, business is conducted in an ethical manner, complying with all relevant laws and according to a group wide code of conduct.

**Strategic Report
for the Year Ended 31 December 2022**

KEY PERFORMANCE INDICATORS

Data from areas such as Health & Safety, production, sales, quality, stock, and financial, are all reported to management regularly and at quarterly board meetings. Some aspects, such as sales data, are discussed on daily basis, with production data looked at weekly. Quality and H&S data is looked at and internally reviewed regularly by an external consultant to ensure we are both compliant and also, up to date with training and the latest changes.

Financial KPI are reviewed on a monthly basis and shared with our parent company. Quarterly board meetings are both on location in Germany and at Shearline as well as virtually. KPI's such as Sales revenue, GP% £NP as well as working cashflow requirements, stock value review and debtor levels (to include insured value, potential bad debts etc.)

ON BEHALF OF THE BOARD:

J T Coleman - Director

23 August 2023

**Report of the Directors
for the Year Ended 31 December 2022**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of cold rolled steel strip.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

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

M T Oehler
M Wooldridge
J T Coleman
Frau M Rensinghoff

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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). 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 of the profit or loss of the company 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;
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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 company'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 company's auditors are aware of that information.

Shearline Steel Strip Limited (Registered number: 04969312)

**Report of the Directors
for the Year Ended 31 December 2022**

AUDITORS

The auditors, Haines Watts Wolverhampton Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J T Coleman - Director

23 August 2023

Report of the Independent Auditors to the Members of Shearline Steel Strip Limited

Opinion

We have audited the financial statements of Shearline Steel Strip Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 December 2022 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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 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 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 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 Shearline Steel Strip Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 six, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Shearline Steel Strip 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Identifying and obtaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and made enquiry of the Company's management to understand the Company's compliance with that framework;
- Obtaining an understanding of the internal controls established to mitigate risks relating to fraud or other error which could affect the financial reporting process;
- Making enquiries of management to determine whether they have knowledge of any actual or suspected fraud;
- Reviewing assumptions and judgements made by the management in its significant accounting estimates;
- In addition to transaction-based testing, on a sample basis, of sales, purchases and payroll costs, we have undertaken a review of accounting journals and non-routine payments and receipts;

We did not identify any key audit matters relating to irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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.

**Report of the Independent Auditors to the Members of
Shearline Steel Strip Limited**

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.

Geoffrey Hopwood BCOM ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts Wolverhampton Limited
Statutory Auditors
Keepers Lane
The Wergs
Wolverhampton
West Midlands
WV6 8UA

23 August 2023

Shearline Steel Strip Limited (Registered number: 04969312)

**Income Statement
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
TURNOVER	3	12,740,110	11,404,598
Cost of sales		11,220,543	9,641,578
GROSS PROFIT		1,519,567	1,763,020
Administrative expenses		885,241	850,954
		634,326	912,066
Other operating income		-	20,650
OPERATING PROFIT	5	634,326	932,716
Interest payable and similar expenses	6	32,492	35,449
PROFIT BEFORE TAXATION		601,834	897,267
Tax on profit	7	163,761	178,388
PROFIT FOR THE FINANCIAL YEAR		438,073	718,879

The notes form part of these financial statements

Shearline Steel Strip Limited (Registered number: 04969312)

**Other Comprehensive Income
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		438,073	718,879
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>438,073</u>	<u>718,879</u>

The notes form part of these financial statements

Shearline Steel Strip Limited (Registered number: 04969312)

**Balance Sheet
31 December 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		<u>2,918,925</u>		<u>2,675,806</u>
			<u>2,918,925</u>		<u>2,675,806</u>
CURRENT ASSETS					
Stocks	10	5,076,071		3,708,097	
Debtors	11	2,382,137		3,145,064	
Cash at bank and in hand		<u>1,685,048</u>		<u>1,460,076</u>	
		9,143,256		8,313,237	
CREDITORS					
Amounts falling due within one year	12	<u>7,099,795</u>		<u>6,528,635</u>	
NET CURRENT ASSETS			<u>2,043,461</u>		<u>1,784,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,962,386</u>		<u>4,460,408</u>
CREDITORS					
Amounts falling due after more than one year	13		(568,581)		(573,090)
PROVISIONS FOR LIABILITIES	16		<u>(230,255)</u>		<u>(161,841)</u>
NET ASSETS			<u>4,163,550</u>		<u>3,725,477</u>
CAPITAL AND RESERVES					
Called up share capital	17	750,000		750,000	
Retained earnings	18	<u>3,413,550</u>		<u>2,975,477</u>	
SHAREHOLDERS' FUNDS		<u>4,163,550</u>		<u>3,725,477</u>	

The financial statements were approved by the Board of Directors and authorised for issue on 23 August 2023 and were signed on its behalf by:

J T Coleman - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	750,000	2,256,598	3,006,598
Changes in equity			
Total comprehensive income	-	718,879	718,879
Balance at 31 December 2021	<u>750,000</u>	<u>2,975,477</u>	<u>3,725,477</u>
Changes in equity			
Total comprehensive income	-	438,073	438,073
Balance at 31 December 2022	<u>750,000</u>	<u>3,413,550</u>	<u>4,163,550</u>

Shearline Steel Strip Limited (Registered number: 04969312)

**Cash Flow Statement
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	840,485	330,826
Interest paid		(32,492)	(35,449)
Tax paid		(192,061)	(34,588)
Net cash from operating activities		<u>615,932</u>	<u>260,789</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(376,873)</u>	<u>(7,655)</u>
Net cash from investing activities		<u>(376,873)</u>	<u>(7,655)</u>
Increase in cash and cash equivalents		<u>239,059</u>	<u>253,134</u>
Cash and cash equivalents at beginning of year	2	<u>1,445,989</u>	<u>1,192,855</u>
Cash and cash equivalents at end of year	2	<u><u>1,685,048</u></u>	<u><u>1,445,989</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022 £	2021 £
Profit before taxation	601,834	897,267
Depreciation charges	133,754	137,793
Finance costs	32,492	35,449
	<u>768,080</u>	<u>1,070,509</u>
Increase in stocks	(1,367,973)	(829,676)
Decrease/(increase) in trade and other debtors	762,927	(1,177,485)
Increase in trade and other creditors	677,451	1,267,478
Cash generated from operations	<u>840,485</u>	<u>330,826</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22 £	1.1.22 £
Cash and cash equivalents	1,685,048	1,460,076
Bank overdrafts	-	(14,087)
	<u>1,685,048</u>	<u>1,445,989</u>

Year ended 31 December 2021

	31.12.21 £	1.1.21 £
Cash and cash equivalents	1,460,076	1,192,855
Bank overdrafts	(14,087)	-
	<u>1,445,989</u>	<u>1,192,855</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	At 31.12.22 £
Net cash			
Cash at bank and in hand	1,460,076	224,972	1,685,048
Bank overdrafts	(14,087)	14,087	-
	<u>1,445,989</u>	<u>239,059</u>	<u>1,685,048</u>
Total	<u>1,445,989</u>	<u>239,059</u>	<u>1,685,048</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2022**

1. STATUTORY INFORMATION

Shearline Steel Strip 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 Company Information page.

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.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised on despatch of goods.

Intangible fixed assets and amortisation

Intangible fixed assets relate to purchased customer lists and are stated at cost less amortisation. The company policy is to amortise customer lists on a straight line basis over 10 years.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold	- 2% straight line
Slitting line	- 5% reducing balance
Plant and machinery	- 20% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures and fittings	- 20% reducing balance
Office equipment	- 20% reducing balance
Computer equipment	- 33% straight line

Stocks

Stocks and work in progress are valued on a first in, first out basis at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Pension costs and other post-retirement benefits

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

3. TURNOVER

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

4. EMPLOYEES AND DIRECTORS

	2022 £	2021 £
Wages and salaries	1,074,517	1,070,396
Social security costs	15,451	18,469
Other pension costs	18,038	22,108
	<u>1,108,006</u>	<u>1,110,973</u>

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

	2022	2021
Average Number of Employees	<u>24</u>	<u>24</u>

	2022 £	2021 £
Directors' remuneration	<u>269,325</u>	<u>213,739</u>

Information regarding the highest paid director is as follows:

	2022 £	2021 £
Emoluments etc	<u>173,119</u>	<u>146,976</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

5. OPERATING PROFIT

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

	2022	2021
	£	£
Depreciation - owned assets	133,754	137,792
Auditors' remuneration	11,500	9,575
Foreign exchange differences	(97,197)	(20,148)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Mortgage	32,492	35,449

7. 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	95,347	191,946
Deferred tax	68,414	(13,558)
Tax on profit	163,761	178,388

8. INTANGIBLE FIXED ASSETS

	Customer lists £
COST	
At 1 January 2022	
and 31 December 2022	54,545
AMORTISATION	
At 1 January 2022	
and 31 December 2022	54,545
NET BOOK VALUE	
At 31 December 2022	-
At 31 December 2021	-

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

9. TANGIBLE FIXED ASSETS

	Long leasehold £	Slitting line £	Plant and machinery £
COST			
At 1 January 2022	2,022,562	1,114,225	431,324
Additions	230,290	-	141,539
At 31 December 2022	<u>2,252,852</u>	<u>1,114,225</u>	<u>572,863</u>
DEPRECIATION			
At 1 January 2022	337,473	327,997	312,163
Charge for year	41,655	39,311	33,695
At 31 December 2022	<u>379,128</u>	<u>367,308</u>	<u>345,858</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,873,724</u>	<u>746,917</u>	<u>227,005</u>
At 31 December 2021	<u>1,685,089</u>	<u>786,228</u>	<u>119,161</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2022	81,776	210,529	163,651	4,024,067
Additions	-	-	5,044	376,873
At 31 December 2022	<u>81,776</u>	<u>210,529</u>	<u>168,695</u>	<u>4,400,940</u>
DEPRECIATION				
At 1 January 2022	60,140	150,459	160,029	1,348,261
Charge for year	4,327	12,014	2,752	133,754
At 31 December 2022	<u>64,467</u>	<u>162,473</u>	<u>162,781</u>	<u>1,482,015</u>
NET BOOK VALUE				
At 31 December 2022	<u>17,309</u>	<u>48,056</u>	<u>5,914</u>	<u>2,918,925</u>
At 31 December 2021	<u>21,636</u>	<u>60,070</u>	<u>3,622</u>	<u>2,675,806</u>

10. STOCKS

	2022 £	2021 £
Stocks	<u>5,076,071</u>	<u>3,708,097</u>

Stock recognised in cost of sales during the year as an expense was £10,045,529 (2021: £8,518,211).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

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

	2022 £	2021 £
Trade debtors	2,349,140	3,099,536
Prepayments and accrued income	32,997	45,528
	<u>2,382,137</u>	<u>3,145,064</u>

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

	2022 £	2021 £
Bank loans and overdrafts (see note 14)	-	14,087
Trade creditors	119,513	169,846
Amounts owed to group undertakings	6,540,049	5,329,153
Corporation tax	95,347	192,061
Social security and other taxes	20,036	25,728
VAT	123,205	535,851
Accruals and deferred income	201,645	261,909
	<u>7,099,795</u>	<u>6,528,635</u>

13. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022 £	2021 £
Amounts owed to group undertakings	<u>568,581</u>	<u>573,090</u>

Included within amounts owed to group undertakings are loans of £568,581 (2021: £573,090).

14. **LOANS**

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>14,087</u>

15. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	57,881	46,872
Between one and five years	135,147	192,920
	<u>193,028</u>	<u>239,792</u>

16. **PROVISIONS FOR LIABILITIES**

	2022 £	2021 £
Deferred tax	<u>230,255</u>	<u>161,841</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

16. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2022	161,841
Charge to Income Statement during year	68,414
Balance at 31 December 2022	<u>230,255</u>

	2022 £	2021 £
Capital allowances for tax purposes in excess of book depreciation	230,255	161,841
	<u>230,255</u>	<u>161,841</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
750,000	Ordinary	£1	<u>750,000</u>	<u>750,000</u>

18. RESERVES

	Retained earnings £
At 1 January 2022	2,975,477
Profit for the year	438,073
At 31 December 2022	<u>3,413,550</u>

19. PENSION COMMITMENTS

The company operates a defined contribution 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 £18,038. Contributions totalling £5,146 were payable to the fund at the balance sheet date and are included in creditors.

20. RELATED PARTY DISCLOSURES

During the year the company made purchases of £36,479 (2021: £12,351) from Inac S.P.A. a company in which the holding company, Bilstein Beteiligung GmbH, has an interest. The year end creditor balance with this entity was £2,102 (2021 £Nil).

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Bilstein Beteiligung GmbH. In the opinion of the directors this is the company's ultimate parent company, a company incorporated in Germany.

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.