

Company Registration No. 06856483 (England and Wales)

ALLERTON STEEL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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ALLERTON STEEL LIMITED

COMPANY INFORMATION

Director	Mr J Gatenby
Secretary	Mr G Penn
Company number	06856483
Registered office	20 Leases Road Leeming Bar Northallerton North Yorkshire DL7 9AW
Auditor	Prime Auditing Limited 14 Barrington Street South Shields Tyne & Wear NE33 1AJ

ALLERTON STEEL LIMITED

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ALLERTON STEEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents the strategic report for the year ended 31 March 2016.

Fair Review of the Business from Key Performance Indicators

The key financial and other performance indicators during the year were as follows:

	2016 £'000	2015 £'000	Change %
Turnover	10,140	10,427	-3
Net Profit	187	649	-71
Shareholders' funds	2,343	2,188	7
Current assets as % of current liabilities	186	141	
Average number of employees	132	138	

The company was particularly affected by the reduction in price of oil leading to reduced turnover in that sector. Despite this, the company completed a successful project exporting steelwork to Canada.

Principal Risks and Uncertainties

Financial Risks

The main risk affecting the company has been the downturn in the oil price affecting investment in new capital projects in the offshore industry. Further risk is any downturn in the UK economy which would restrict investment in the UK and in transport infrastructure.

To mitigate this, the company generates turnover from three key sectors based in the UK, these being construction, offshore energy and bridges. Operating across these sectors restricts risk from downturn in any individual sector.

Another significant risk is the security of payment from customers. The company has credit insurance and also mitigates this risk by working with customers of a good credit rating, and developing relationships and understanding that help to resolve issues that can hinder payment.

Competitive Risk

The reduction in demand has seen all customers looking for cost reductions. The company has secured a number of new customers to try and mitigate this.


Skills Risk

Due to shortages of skills of the type required by the company, an apprenticeship scheme is operated together with other employee development practices.

Development and performance

The company intends to continue trading in the same way it has been to date. There are no intentions to significantly alter the direction of the company or the way it trades with customers and suppliers.

By order of the board



Mr G Penn

Secretary

20/9/16

ALLERTON STEEL LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The director presents his annual report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company continued to be the fabrication of bespoke, heavy steelwork including bridges.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr J Gatenby

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Prime Auditing Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

ALLERTON STEEL LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

By order of the board



Mr G Penn

Secretary

20/9/16

ALLERTON STEEL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ALLERTON STEEL LIMITED

We have audited the financial statements of Allerton Steel Limited for the year ended 31 March 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 an auditor's report 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.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on pages 2 - 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

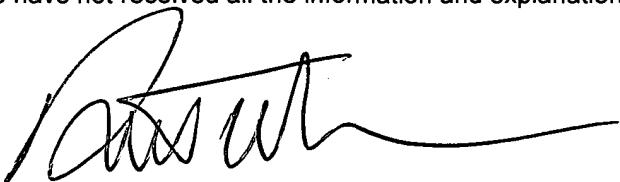
ALLERTON STEEL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ALLERTON STEEL LIMITED

Matters on which we are required to report by exception

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.



Ralph Thoburn BA FCA (Senior Statutory Auditor)
for and on behalf of Prime Auditing Limited

28/9/16

Chartered Accountants
Statutory Auditor

14 Barrington Street
South Shields
Tyne & Wear
NE33 1AJ

ALLERTON STEEL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	10,140,225	10,427,047
Cost of sales		(7,746,746)	(6,968,073)
Gross profit		2,393,479	3,458,974
Administrative expenses		(2,212,337)	(2,813,621)
Other operating income		6,861	9,318
Operating profit	4	188,003	654,671
Interest payable and similar charges	6	(1,394)	(5,267)
Profit before taxation		186,609	649,404
Taxation	7	(31,862)	(135,053)
Profit for the financial year	19	154,747	514,351

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ALLERTON STEEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	2016 £	2015 £
Profit for the year	154,747	514,351
Other comprehensive income	-	-
Total comprehensive income for the year	<u>154,747</u>	<u>514,351</u>

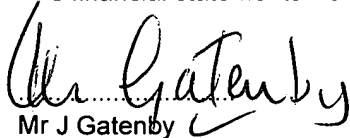
ALLERTON STEEL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	9		494,609		500,574
Current assets					
Stocks	11	529,897		1,470,011	
Debtors	12	2,892,652		3,575,948	
Cash at bank and in hand		634,434		759,881	
		<u>4,056,983</u>		<u>5,805,840</u>	
Creditors: amounts falling due within one year	13	<u>(2,179,369)</u>		<u>(4,103,700)</u>	
Net current assets			<u>1,877,614</u>		<u>1,702,140</u>
Total assets less current liabilities			<u>2,372,223</u>		<u>2,202,714</u>
Provisions for liabilities	16		<u>(29,544)</u>		<u>(14,782)</u>
Net assets			<u><u>2,342,679</u></u>		<u><u>2,187,932</u></u>
Capital and reserves					
Called up share capital	18	400,000		400,000	
Profit and loss reserves	19	1,942,679		1,787,932	
Total equity			<u><u>2,342,679</u></u>		<u><u>2,187,932</u></u>

The financial statements were approved and signed by the director and authorised for issue on 20/9/16



Mr J Gatenby
Director

Company Registration No. 06856483

ALLERTON STEEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2014		400,000	1,273,581	1,673,581
Year ended 31 March 2015:				
Profit and total comprehensive income for the year		-	514,351	514,351
Balance at 31 March 2015		400,000	1,787,932	2,187,932
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	154,747	154,747
Balance at 31 March 2016		400,000	1,942,679	2,342,679

ALLERTON STEEL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	23	242,865		219,871	
Interest paid		(1,394)		(5,267)	
Income taxes paid		(144,526)		(220,274)	
Net cash inflow/(outflow) from operating activities		96,945		(5,670)	
Investing activities					
Purchase of tangible fixed assets		(166,118)		(136,329)	
Proceeds on disposal of tangible fixed assets		18,100		6,000	
Net cash used in investing activities		(148,018)		(130,329)	
Financing activities					
Payment of finance leases obligations		(74,374)		(94,269)	
Net cash used in financing activities		(74,374)		(94,269)	
Net decrease in cash and cash equivalents		(125,447)		(230,268)	
Cash and cash equivalents at beginning of year		759,881		990,149	
Cash and cash equivalents at end of year		634,434		759,881	

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Allerton Steel Limited is a company limited by shares incorporated in England and Wales. The registered office is 20 Leases Road, Leeming Bar, Northallerton, North Yorkshire, DL7 9AW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Allerton Steel Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	
Plant and machinery	12.5% - 33.3% on cost
Fixtures, fittings & equipment	25% - 33.3% on cost
Motor vehicles	25% - 33.3% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Steel fabrication	10,140,225	10,427,047

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	8,362,211	7,985,649
North America	1,778,014	2,441,398
	10,140,225	10,427,047

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	12,501	12,022
Depreciation of owned tangible fixed assets	155,483	110,189
Depreciation of tangible fixed assets held under finance leases	-	55,587
Profit on disposal of tangible fixed assets	(1,500)	(4,893)
Cost of stocks recognised as an expense	2,584,549	1,043,672
Operating lease charges	233,812	237,765

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Office and management	19	20
Production	113	118
	<u>132</u>	<u>138</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,787,074	4,413,055
Social security costs	366,727	454,886
Pension costs	63,533	84,713
	<u>4,217,334</u>	<u>4,952,654</u>

6 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	30	-
Interest on finance leases and hire purchase contracts	1,364	5,267
	<u>1,394</u>	<u>5,267</u>

7 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	17,100	144,526
Adjustments in respect of prior periods	-	(1,726)
Total current tax	<u>17,100</u>	<u>142,800</u>
Deferred tax		
Origination and reversal of timing differences	14,762	(7,747)
Total tax charge	<u>31,862</u>	<u>135,053</u>

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	186,609	649,404
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	37,322	136,375
Tax effect of expenses that are not deductible in determining taxable profit	(7,525)	592
Tax effect of income not taxable in determining taxable profit	(300)	(1,028)
Permanent capital allowances in excess of depreciation	(15,166)	6,807
Depreciation on assets not qualifying for tax allowances	2,769	1,932
Under/(over) provided in prior years	-	(1,726)
Tax at marginal rate	-	(152)
Deferred tax movement	14,762	(7,747)
Tax expense for the year	31,862	135,053

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2015 and 31 March 2016	6,254
Amortisation and impairment	
At 1 April 2015 and 31 March 2016	6,254
Carrying amount	
At 31 March 2016	-
At 31 March 2015	-

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2015	154,220	1,064,976	58,783	78,413	1,356,392
Additions	1,955	144,396	-	19,767	166,118
Disposals	-	(3,475)	(499)	(40,924)	(44,898)
At 31 March 2016	156,175	1,205,897	58,284	57,256	1,477,612
Depreciation and impairment					
At 1 April 2015	37,130	725,714	45,525	47,449	855,818
Depreciation charged in the year	14,796	114,562	8,054	18,071	155,483
Eliminated in respect of disposals	-	(3,475)	(499)	(24,324)	(28,298)
At 31 March 2016	51,926	836,801	53,080	41,196	983,003
Carrying amount					
At 31 March 2016	104,249	369,096	5,204	16,060	494,609
At 31 March 2015	117,090	339,262	13,258	30,964	500,574

The carrying value of land and buildings comprises:

	2016 £	2015 £
Short leasehold	104,249	117,090

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

	2016 £	2015 £
Plant and machinery	-	179,741
Depreciation charge for the year in respect of leased assets	-	55,587

10 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,831,859	3,344,295
Carrying amount of financial liabilities		
Measured at amortised cost	1,922,526	3,515,192

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

(Continued)

10 Financial instruments

11 Stocks

	2016 £	2015 £
Raw materials and consumables	21,514	14,910
Work in progress	508,383	1,455,101
	<u>529,897</u>	<u>1,470,011</u>

12 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,394,803	2,222,295
Other debtors	1,437,056	1,122,000
Prepayments and accrued income	60,793	231,653
	<u>2,892,652</u>	<u>3,575,948</u>

13 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Obligations under finance leases	14	-	74,374
Trade creditors		383,022	642,770
Corporation tax		17,100	144,526
Other taxation and social security		239,743	443,982
Other creditors		945,427	904,091
Accruals and deferred income		594,077	1,893,957
		<u>2,179,369</u>	<u>4,103,700</u>

The company has a £250,000 agreed overdraft facility granted by Barclays Bank Plc secured primarily under a cross guarantee and debenture by Allerton Steel (Property) Limited.

All monies due or to become due to the Trustees of the John Gatenby Sub-Trust are secured by a debenture dated 1st July 2009, incorporating a fixed and floating charge over all current and future property and assets of the company.

All monies due or to become due to Barclays Bank Plc are secured by a guarantee and debenture dated 16th July 2009, incorporating a fixed and floating charge over all current and future property and assets of the company.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

14 Finance lease obligations

	2016	2015
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	74,374
	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

15 Provisions for liabilities

		2016	2015
		£	£
Deferred tax liabilities	16	29,544	14,782
		<u> </u>	<u> </u>
		29,544	14,782
		<u> </u>	<u> </u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2016	2015
	£	£
Balances:		
ACAs	29,544	14,782
	<u> </u>	<u> </u>
Movements in the year:		2016
		£
Liability at 1 April 2015		14,782
Charge to profit or loss		14,762
		<u> </u>
Liability at 31 March 2016		29,544
		<u> </u>

The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

17 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	63,533	84,713

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £63,533 (2015 - £84,713).

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
400,000 Ordinary shares of £1 each	400,000	400,000

The company has one class of ordinary shares which carry no right to fixed income.

19 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	1,787,932	1,273,581
Profit for the year	154,747	514,351
At the end of the year	1,942,679	1,787,932

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	229,007	237,879
Between two and five years	703,693	618,335
In over five years	825,000	-
	1,757,700	856,214

21 Related party transactions

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

21 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods			
	2016	2015		
	£	£		
Entities controlled by key management personnel	4,715	4,369		
	Management charges		Rent	
	2016	2015	2016	2015
	£	£	£	£
Entities controlled by key management personnel	150,001	350,000	165,000	165,000

Recharge of costs

During the year, the company recharged costs incurred on behalf of entities controlled by key management personnel totalling £28,806 (2015 : £84,361). The amounts recharged were at the original cost. Amounts owed to the company by these entities are included in the notes below.

Loans to related parties

During the year, the company advanced loans to entities controlled by key management personnel totalling £300,000 (2015 : £1,500,000). Amounts owed to the company by these entities are included in the notes below.

During the year, the company was advanced loans by entities controlled by key management personnel totalling £100,000 (2015 : £Nil). Amounts owed by the company to these entities are included in the notes below.

All loans to and from related parties are repayable on demand and are interest free.

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
Entities with control, joint control or significant influence over the company	901,000	901,000
Entities controlled by key management personnel	-	60,071
	901,000	961,071

ALLERTON STEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

21 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties 2016		Amounts owed by related parties 2015	
	Balance £	Net £	Balance £	Net £
Entities controlled by key management personnel	1,437,056	1,437,056	1,122,000	1,122,000
	<u>1,437,056</u>	<u>1,437,056</u>	<u>1,122,000</u>	<u>1,122,000</u>

The company is party to a banking arrangement under which it has provided an unlimited cross guarantee in respect of the bank borrowings of Allerton Steel (Property) Limited. The indebtedness of Allerton Steel (Property) Limited at the year end was £551,932 (2015: £608,096).

22 Controlling party

The company is under the control of Mr J Gatenby, director and beneficiary of the John Gatenby Sub-Trust.

23 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	154,747	514,351
Adjustments for:		
Taxation charged	31,862	135,053
Finance costs	1,394	5,267
Gain on disposal of tangible fixed assets	(1,500)	(4,893)
Depreciation and impairment of tangible fixed assets	155,483	165,776
Movements in working capital:		
Decrease/(increase) in stocks	940,114	(1,026,509)
Decrease/(increase) in debtors	683,296	(1,078,740)
(Decrease)/increase in creditors	(1,722,531)	1,509,566
Cash generated from operations	<u>242,865</u>	<u>219,871</u>