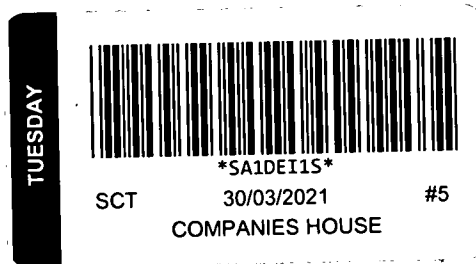


REGISTERED NUMBER: SC332613 (Scotland)

Companies House

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**



**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

DIRECTORS:

S T Kelly
G Higgins
J Murdoch
A Finlay
C Hodge

SECRETARY:

J Murdoch

REGISTERED OFFICE:

Dunivaig Road
Easter Queenslie Industrial Estate
Glasgow
G33 4TP

REGISTERED NUMBER:

SC332613 (Scotland)

AUDITORS:

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

BANKERS:

Royal Bank of Scotland plc
Corporate Banking
Kirkstane House
139 St. Vincent Street
Glasgow
G2 5JF

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The key financial highlights are as follows:

	2020 £	2019 £	2018 £
Turnover	25,015,318	26,568,732	24,727,089
Turnover growth	-5.85%	7.45%	18.07%
Profit before tax	-84,970	220,800	134,606

The net assets of the company have increased from £1,420,743 at 31 March 2019 to £1,250,468 at 31 March 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure continues in the market place and the directors strive to ensure that margins and profitability remain consistent year on year.

In addition the directors seek to control overhead costs in order to maintain the profitability of the company.

On the 24 March 2020, the UK entered lockdown in response to the COVID-19 pandemic. In line with the Government edicts, the company has implemented social distancing measures within all locations.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the period ended 31st March 2020 and consider the company to be well placed to take advantage of opportunities which may arise in the current year.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

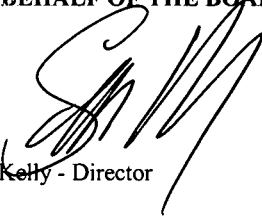
**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S T Kelly', written over the printed name.

S T Kelly - Director

10 March 2021

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of stockholders of non-ferrous metals. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

DIVIDENDS

During the year the company paid a dividend totally £75,000 relating to the year ended 31 March 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

S T Kelly
G Higgins
J Murdoch
A Finlay
C Hodge

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

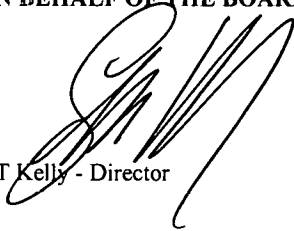
**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

AUDITORS

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S T Kelly', written over the printed name.

S T Kelly - Director

10 March 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

Opinion

We have audited the financial statements of Richard Austin Alloys (South West) Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 March 2020 and of its loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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
RICHARD AUSTIN ALLOYS (SOUTH WEST)
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 four, 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.

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.

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.

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.



Kirsty Mackie BAcc CA (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

10 March 2021

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER	3	25,015,318	26,568,732
Cost of sales		(21,999,113)	(23,440,081)
GROSS PROFIT		3,016,205	3,128,651
Distribution costs		(2,131,173)	(2,105,710)
Administrative expenses		(874,593)	(711,513)
OPERATING PROFIT		10,439	311,428
Interest payable and similar expenses	5	(95,409)	(90,628)
(LOSS)/PROFIT BEFORE TAXATION	6	(84,970)	220,800
Tax on (loss)/profit	7	(10,305)	(42,177)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(95,275)	178,623

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR		(95,275)	178,623
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(95,275)</u></u>	<u><u>178,623</u></u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**STATEMENT OF FINANCIAL POSITION
31 MARCH 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	9	269,629	262,188
CURRENT ASSETS			
Stocks	10	4,951,225	4,574,715
Debtors	11	6,996,395	7,225,276
Cash in hand		305	221
		<u>11,947,925</u>	<u>11,800,212</u>
CREDITORS			
Amounts falling due within one year	12	<u>10,878,301</u>	<u>10,592,340</u>
NET CURRENT ASSETS		<u>1,069,624</u>	<u>1,207,872</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,339,253</u>	<u>1,470,060</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>88,785</u>	<u>49,317</u>
NET ASSETS		<u><u>1,250,468</u></u>	<u><u>1,420,743</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	100,000	100,000
Retained earnings	20	<u>1,150,468</u>	<u>1,320,743</u>
SHAREHOLDERS' FUNDS		<u><u>1,250,468</u></u>	<u><u>1,420,743</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 March 2021 and were signed on its behalf by:


S T Kelly - Director

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	100,000	1,142,120	1,242,120
Changes in equity			
Total comprehensive income	-	178,623	178,623
Balance at 31 March 2019	100,000	1,320,743	1,420,743
Changes in equity			
Dividends	-	(75,000)	(75,000)
Total comprehensive income	-	(95,275)	(95,275)
Balance at 31 March 2020	100,000	1,150,468	1,250,468

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	616,028	182,678
Interest paid		(88,147)	(86,258)
Interest element of hire purchase payments paid		(7,262)	(4,370)
Tax paid		(34,714)	(167)
Net cash from operating activities		<u>485,905</u>	<u>91,883</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(157,945)	(171,854)
Sale of tangible fixed assets		6,000	4,300
Net cash from investing activities		<u>(151,945)</u>	<u>(167,554)</u>
Cash flows from financing activities			
Capital repayments in year		60,318	(50,149)
Equity dividends paid		(75,000)	-
Net cash from financing activities		<u>(14,682)</u>	<u>(50,149)</u>
Increase/(decrease) in cash and cash equivalents		<u>319,278</u>	<u>(125,820)</u>
Cash and cash equivalents at beginning of year	2	(2,930,056)	(2,804,236)
Cash and cash equivalents at end of year	2	<u><u>(2,610,778)</u></u>	<u><u>(2,930,056)</u></u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
(Loss)/profit before taxation	(84,970)	220,800
Depreciation charges	150,503	79,618
Profit on disposal of fixed assets	(6,000)	(4,300)
Finance costs	95,409	90,628
	<u>154,942</u>	<u>386,746</u>
Increase in stocks	(376,510)	(68,967)
Decrease in trade and other debtors	222,071	187,648
Increase/(decrease) in trade and other creditors	615,525	(322,749)
	<u>616,028</u>	<u>182,678</u>
Cash generated from operations	<u><u>616,028</u></u>	<u><u>182,678</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2020

	31/3/20 £	1/4/19 £
Cash and cash equivalents	305	221
Bank overdrafts	(2,611,083)	(2,930,277)
	<u>(2,610,778)</u>	<u>(2,930,056)</u>

Year ended 31 March 2019

	31/3/19 £	1/4/18 £
Cash and cash equivalents	221	587
Bank overdrafts	(2,930,277)	(2,804,823)
	<u>(2,930,056)</u>	<u>(2,804,236)</u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/19 £	Cash flow £	At 31/3/20 £
Net cash			
Cash at bank and in hand	221	84	305
Bank overdrafts	(2,930,277)	319,194	(2,611,083)
	<u>(2,930,056)</u>	<u>319,278</u>	<u>(2,610,778)</u>
Debt			
Finance leases	(95,077)	(60,318)	(155,395)
	<u>(95,077)</u>	<u>(60,318)</u>	<u>(155,395)</u>
Total	<u>(3,025,133)</u>	<u>258,960</u>	<u>(2,766,173)</u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. STATUTORY INFORMATION

Richard Austin Alloys (South West) Limited, is a private company, limited by shares, registered in Scotland. The company's registered number is SC332613 and registered office address is Block 24, Easter Queenslie Industrial Estate, Glasgow, G33 4TP.

The nature of the company's operations and its principal activities was that of stockholders of non-ferrous metals.

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.

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 £.

Going concern

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

Critical accounting judgments & key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Turnover

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. Consideration is given to the point at which the company is entitled to receive the income, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably..

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	-	over 4 years
Plant and machinery	-	over 5 years
Fixtures and fittings	-	over 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value where cost is defined as the cost incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

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 balance sheet 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 transactions 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.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are in the profit and loss account.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Cash and cash equivalents

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

3. TURNOVER

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020 £	2019 £
Sales of non-ferrous metals	25,015,318	26,568,732
	<u>25,015,318</u>	<u>26,568,732</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
UK and Republic of Ireland	25,015,318	26,568,732
	<u>25,015,318</u>	<u>26,568,732</u>

4. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	1,322,779	1,255,006
Social security costs	119,198	107,444
Other pension costs	84,107	86,333
	<u>1,526,084</u>	<u>1,448,783</u>

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

	2020	2019
Sales and administration	11	11
Warehouse and drivers	29	27
	<u>40</u>	<u>38</u>

	2020 £	2019 £
Directors' remuneration	160,500	108,083
Directors' pension contributions to money purchase schemes	13,964	9,403
	<u>174,464</u>	<u>117,486</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020	2019
Money purchase schemes	<u>2</u>	<u>2</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank overdraft interest	88,314	86,425
Other interest	(167)	(167)
Hire purchase interest	7,262	4,370
	<u>95,409</u>	<u>90,628</u>

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6. (LOSS)/PROFIT BEFORE TAXATION

The loss (2019 - profit) is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	75,374	24,499
Depreciation - assets on hire purchase contracts	75,130	55,119
Profit on disposal of fixed assets	(6,000)	(4,300)
Auditors' remuneration	4,600	4,625
Auditors' remuneration for non audit work	2,783	2,458
	<u> </u>	<u> </u>

7. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	-	41,303
Adjustment in respect of prior years	135	(302)
Total current tax	<u>135</u>	<u>41,001</u>
Deferred tax:		
Origination and reversal of timing differences	12,745	3,891
Effect of changes in tax rates	(2,575)	(2,715)
Total deferred tax	<u>10,170</u>	<u>1,176</u>
Tax on (loss)/profit	<u>10,305</u>	<u>42,177</u>

UK corporation tax has been charged at 19% (2019 - 19%).

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
(Loss)/profit before tax	(84,970)	220,800
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(16,144)	41,952
Effects of:		
Expenses not deductible for tax purposes	549	667
Adjustments to tax charge in respect of previous periods	135	(302)
Group relief surrendered	28,340	-
Deferred tax rate changes	(2,575)	(140)
Total tax charge	10,305	42,177

8. DIVIDENDS

	2020 £	2019 £
Final	75,000	-

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2019	552,958	28,240	473,479	1,054,677
Additions	-	-	157,945	157,945
Disposals	-	-	(76,339)	(76,339)
At 31 March 2020	552,958	28,240	555,085	1,136,283
DEPRECIATION				
At 1 April 2019	505,416	28,240	258,833	792,489
Charge for year	9,750	-	140,754	150,504
Eliminated on disposal	-	-	(76,339)	(76,339)
At 31 March 2020	515,166	28,240	323,248	866,654
NET BOOK VALUE				
At 31 March 2020	37,792	-	231,837	269,629
At 31 March 2019	47,542	-	214,646	262,188

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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9. TANGIBLE FIXED ASSETS - continued

The net book value of tangible fixed assets includes £153,832 (2019 - £96,617) in respect of assets held under hire purchase contracts.

10. STOCKS

	2020	2019
	£	£
Non ferrous metals	4,951,225	4,574,715

The difference between the purchase price of stocks and their replacement cost is not material.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	5,026,686	5,500,949
Other debtors	126,968	61,647
Amounts due by group companies	1,827,652	1,640,781
Corporation tax	3,360	-
Deferred tax asset	11,729	21,899
	<u>6,996,395</u>	<u>7,225,276</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 14)	2,611,083	2,930,277
Hire purchase contracts (see note 15)	66,610	45,760
Trade creditors	4,673,505	4,738,478
Amounts due to group companies	2,891,979	2,197,037
Corporation tax	-	31,219
Social security and other taxes	560,231	537,845
Accrued expenses	74,893	111,724
	<u>10,878,301</u>	<u>10,592,340</u>

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

	2020	2019
	£	£
Hire purchase contracts (see note 15)	<u>88,785</u>	<u>49,317</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

14. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank overdrafts	2,611,083	2,930,277

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2020 £	2019 £
Gross obligations repayable:		
Within one year	70,466	49,733
Between one and five years	96,019	53,578
	<u>166,485</u>	<u>103,311</u>
Finance charges repayable:		
Within one year	3,856	3,973
Between one and five years	7,234	4,261
	<u>11,090</u>	<u>8,234</u>
Net obligations repayable:		
Within one year	66,610	45,760
Between one and five years	88,785	49,317
	<u>155,395</u>	<u>95,077</u>

	Non-cancellable operating leases	2019 £
Within one year	2020 £	90,000
	<u>90,000</u>	<u>90,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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16. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank overdrafts	2,611,083	2,930,277
Hire purchase contracts	155,395	95,077
	<u>2,766,478</u>	<u>3,025,354</u>

The bank overdraft is secured by a bond and floating charge in favour of the Royal Bank of Scotland Group together with standard securities over the groups properties and unlimited intercompany guarantees.

The hire purchase creditors are secured over the assets to which they relate.

17. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>11,947,925</u>	<u>11,800,212</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>10,967,086</u>	<u>10,641,657</u>

18. DEFERRED TAX

	£
Balance at 1 April 2019	(21,899)
Origination and reversal of timing differences	12,745
Effect of changes in tax rates	<u>(2,575)</u>
Balance at 31 March 2020	<u>(11,729)</u>

Deferred taxation provided for at 19% (2019:17%) in the financial statements is set out below:

	2020 £	2019 £
Accelerated capital allowances	(10,393)	(20,285)
Other timing differences	(1,336)	(1,614)
	<u>(11,729)</u>	<u>(21,899)</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020 £	2019 £
Number:	Class:			
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

20. RESERVES

	Retained earnings £
At 1 April 2019	1,320,743
Deficit for the year	(95,275)
Dividends	(75,000)
	<u>1,150,468</u>
At 31 March 2020	

Profit and loss account

Includes all current and prior year retained profits and losses less dividends.

21. PENSION COMMITMENTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £84,107 (2019 - £86,333) for directors and employees.

Contributions were payable to the fund at 31 March 2020 amounting to £11,720 (2019 - £15,289).

22. ULTIMATE PARENT COMPANY

Richard Austin Alloys Limited, a company registered in Scotland, is the company's immediate and ultimate parent company.

23. CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers. At 31 March 2020, the group companies' combined bank borrowings amounted to £8,181,091 (2019 - £13,556,167).

Cross guarantees exist between all group companies in favour of three group suppliers. At 31 March 2020, the group companies' combined liabilities to these suppliers amounted to £13,078,391 (2019 - £15,817,985).

24. RELATED PARTY DISCLOSURES

During the year, total dividends of £7,500 were paid to the directors.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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24. RELATED PARTY DISCLOSURES - continued

During the year, the company sold total good to group companies of £2,944,124 (2019 - £3,154,677) and purchased total goods of £3,278,459 (2019 - £3,785,434) from group companies.

At the year end, the company owed a total of £1,064,327 (2019 - £556,256) to group companies.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £160,500 (2019 - £108,083).