

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

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

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

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

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3 to 4
Report of the Independent Auditors	5 to 8
Income Statement	9
Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15 to 24

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

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022**

DIRECTORS:	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 110 Queen Street Glasgow G1 3BX

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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

REVIEW OF BUSINESS

The key financial highlights are as follows:

	2022 £	2021 £	2020 £
Turnover	39,906,825	24,411,189	25,015,318
Turnover growth	63.48%	-2.42%	-5.85%
Profit before tax	4,182,368	704,735	-84,970

Rising metal prices and the continued economic recovery following COVID has contributed to the company's strong performance in the year. The net assets of the company have increased from £1,849,319 at 31 March 2021 to £5,170,212 at 31 March 2022.

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.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the period ended 31 March 2022 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.

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 Finlay - Director

16 December 2022

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

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

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 totalling £70,000 (2021- £nil) relating to the year ended 31 March 2022.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

G Higgins
J Murdoch
A Finlay
C Hodge

Other changes in directors holding office are as follows:

S T Kelly (Deceased) - deceased 9 May 2021

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 2022**

AUDITORS

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

ON BEHALF OF THE BOARD:

A Finlay - Director

16 December 2022

**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 2022 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 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
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 three, 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
RICHARD AUSTIN ALLOYS (SOUTH WEST)
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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we consider the following:

- the nature of the industry and sector, control environment and business performance including the key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we consider the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the cut-off of revenue recognition due to fact that products are shipped to a large number of countries and there are significant amounts of goods in transit. In common with all audits under ISAs(UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosure in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, tax legislation and Health and Safety legislation.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meeting of those charged with governance;
- in addressing the fraud risk in revenue recognition, we have reviewed sales around the year end and agreed to goods despatch notes to assess whether recorded in correct period, and we have assessed the accuracy and completeness of sales rebates/discounts by comparing balances with prior year and agreeing calculations to signed customer agreements; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

16 December 2022

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	31/3/22 £	31/3/21 £
TURNOVER	3	39,906,825	24,411,189
Cost of sales		<u>(32,061,364)</u>	<u>(20,803,180)</u>
GROSS PROFIT		7,845,461	3,608,009
Distribution costs		(2,727,206)	(2,113,317)
Administrative expenses		<u>(906,661)</u>	<u>(882,999)</u>
		4,211,594	611,693
Other operating income		<u>-</u>	<u>120,538</u>
OPERATING PROFIT		4,211,594	732,231
Interest payable and similar expenses	5	<u>(29,225)</u>	<u>(27,496)</u>
PROFIT BEFORE TAXATION	6	4,182,369	704,735
Tax on profit	7	<u>(791,476)</u>	<u>(105,884)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>3,390,893</u>	<u>598,851</u>

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 2022**

	Notes	31/3/22 £	31/3/21 £
PROFIT FOR THE YEAR		3,390,893	598,851
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,390,893</u>	<u>598,851</u>

The notes form part of these financial statements

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

**STATEMENT OF FINANCIAL POSITION
31 MARCH 2022**

	Notes	31/3/22 £	£	31/3/21 £	£
FIXED ASSETS					
Tangible assets	9		112,492		196,419
CURRENT ASSETS					
Stocks	10	9,896,836		5,265,867	
Debtors	11	10,774,401		7,543,638	
Cash in hand		<u>642</u>		<u>649</u>	
		20,671,879		12,810,154	
CREDITORS					
Amounts falling due within one year	12	<u>15,602,951</u>		<u>11,113,223</u>	
NET CURRENT ASSETS			<u>5,068,928</u>		<u>1,696,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,181,420		1,893,350
CREDITORS					
Amounts falling due after more than one year	13		<u>11,208</u>		<u>44,031</u>
NET ASSETS			<u><u>5,170,212</u></u>		<u><u>1,849,319</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		100,000		100,000
Retained earnings	20		<u>5,070,212</u>		<u>1,749,319</u>
SHAREHOLDERS' FUNDS			<u><u>5,170,212</u></u>		<u><u>1,849,319</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2022 and were signed on its behalf by:

A Finlay - 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 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	100,000	1,150,468	1,250,468
Changes in equity			
Total comprehensive income	-	598,851	598,851
Balance at 31 March 2021	100,000	1,749,319	1,849,319
Changes in equity			
Dividends	-	(70,000)	(70,000)
Total comprehensive income	-	3,390,893	3,390,893
Balance at 31 March 2022	100,000	5,070,212	5,170,212

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 2022**

	Notes	31/3/22 £	31/3/21 £
Cash flows from operating activities			
Cash generated from operations	1	(862,515)	2,582,366
Interest paid		(25,686)	(20,853)
Interest element of hire purchase payments paid		(3,539)	(6,643)
Tax paid		(664,076)	28,369
Net cash from operating activities		<u>(1,555,816)</u>	<u>2,583,239</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(7,000)</u>	<u>(73,731)</u>
Net cash from investing activities		<u>(7,000)</u>	<u>(73,731)</u>
Cash flows from financing activities			
Capital repayments in year		(44,755)	(66,609)
Equity dividends paid		<u>(70,000)</u>	<u>-</u>
Net cash from financing activities		<u>(114,755)</u>	<u>(66,609)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,677,571)</u>	<u>2,442,899</u>
Cash and cash equivalents at beginning of year	2	(167,879)	(2,610,778)
Cash and cash equivalents at end of year	2	<u><u>(1,845,450)</u></u>	<u><u>(167,879)</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 2022**

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

	31/3/22 £	31/3/21 £
Profit before taxation	4,182,369	704,735
Depreciation charges	90,927	146,941
Finance costs	<u>29,225</u>	<u>27,496</u>
	4,302,521	879,172
Increase in stocks	(4,630,969)	(314,642)
Increase in trade and other debtors	(3,240,865)	(522,523)
Increase in trade and other creditors	<u>2,706,798</u>	<u>2,540,359</u>
Cash generated from operations	<u><u>(862,515)</u></u>	<u><u>2,582,366</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 2022

	31/3/22 £	1/4/21 £
Cash and cash equivalents	642	649
Bank overdrafts	<u>(1,846,092)</u>	<u>(168,528)</u>
	<u><u>(1,845,450)</u></u>	<u><u>(167,879)</u></u>

Year ended 31 March 2021

	31/3/21 £	1/4/20 £
Cash and cash equivalents	649	305
Bank overdrafts	<u>(168,528)</u>	<u>(2,611,083)</u>
	<u><u>(167,879)</u></u>	<u><u>(2,610,778)</u></u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/21 £	Cash flow £	At 31/3/22 £
Net cash			
Cash at bank and in hand	649	(7)	642
Bank overdrafts	<u>(168,528)</u>	<u>(1,677,564)</u>	<u>(1,846,092)</u>
	<u>(167,879)</u>	<u>(1,677,571)</u>	<u>(1,845,450)</u>
Debt			
Finance leases	<u>(88,786)</u>	<u>44,755</u>	<u>(44,031)</u>
	<u>(88,786)</u>	<u>44,755</u>	<u>(44,031)</u>
Total	<u><u>(256,665)</u></u>	<u><u>(1,632,816)</u></u>	<u><u>(1,889,481)</u></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 2022**

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.

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..

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

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

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

	31/3/22	31/3/21
	£	£
Sales of non-ferrous metals	39,906,825	24,411,189
	<u>39,906,825</u>	<u>24,411,189</u>

An analysis of turnover by geographical market is given below:

	31/3/22	31/3/21
	£	£
UK and Republic of Ireland	39,906,825	24,411,189
	<u>39,906,825</u>	<u>24,411,189</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

4. EMPLOYEES AND DIRECTORS

	31/3/22	31/3/21
	£	£
Wages and salaries	1,691,078	1,352,681
Social security costs	158,297	129,407
Other pension costs	101,039	90,541
	<u>1,950,414</u>	<u>1,572,629</u>

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

	31/3/22	31/3/21
Sales and administration	10	10
Warehouse and drivers	27	28
	<u>37</u>	<u>38</u>

	31/3/22	31/3/21
	£	£
Directors' remuneration	223,000	184,833
Directors' pension contributions to money purchase schemes	<u>19,402</u>	<u>14,081</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director for the year ended 31 March 2022 is as follows:

	31/3/22
	£
Emoluments etc	140,500
Pension contributions to money purchase schemes	<u>12,224</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31/3/22	31/3/21
	£	£
Bank overdraft interest	25,686	20,853
Hire purchase interest	3,539	6,643
	<u>29,225</u>	<u>27,496</u>

6. PROFIT BEFORE TAXATION

The profit is stated after charging:

	31/3/22	31/3/21
	£	£
Depreciation - owned assets	48,382	73,904
Depreciation - assets on hire purchase contracts	42,545	73,037
Auditors' remuneration	4,500	4,350
Auditors' remuneration for non audit work	<u>2,000</u>	<u>2,783</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

7. TAXATION

Analysis of the tax charge

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

	31/3/22 £	31/3/21 £
Current tax:		
UK corporation tax	778,014	162,333
Adjustment in respect of prior years	<u>3,360</u>	<u>(28,369)</u>
Total current tax	781,374	133,964
Deferred tax:		
Origination and reversal of timing differences	<u>10,102</u>	<u>(28,080)</u>
Tax on profit	<u><u>791,476</u></u>	<u><u>105,884</u></u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax charge included in profit and loss

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

	31/3/22 £	31/3/21 £
Profit before tax	<u>4,182,369</u>	<u>704,735</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	794,650	133,900
Effects of:		
Expenses not deductible for tax purposes	676	245
Adjustments to tax charge in respect of previous periods	3,360	(28,369)
Deferred tax rate changes	(7,129)	(39,809)
Movements in unprovided deferred tax	-	39,889
Adjustments to deferred tax in respect of previous periods	<u>(81)</u>	<u>28</u>
Total tax charge	<u><u>791,476</u></u>	<u><u>105,884</u></u>

8. DIVIDENDS

	31/3/22 £	31/3/21 £
Final	<u><u>70,000</u></u>	<u><u>-</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2021	552,958	28,240	628,816	1,210,014
Additions	7,000	-	-	7,000
At 31 March 2022	<u>559,958</u>	<u>28,240</u>	<u>628,816</u>	<u>1,217,014</u>
DEPRECIATION				
At 1 April 2021	524,916	28,240	460,439	1,013,595
Charge for year	10,217	-	80,710	90,927
At 31 March 2022	<u>535,133</u>	<u>28,240</u>	<u>541,149</u>	<u>1,104,522</u>
NET BOOK VALUE				
At 31 March 2022	<u>24,825</u>	<u>-</u>	<u>87,667</u>	<u>112,492</u>
At 31 March 2021	<u>28,042</u>	<u>-</u>	<u>168,377</u>	<u>196,419</u>

The net book value of tangible fixed assets includes £ 38,250 (2021 - £ 80,795) in respect of assets held under hire purchase contracts.

10. STOCKS

	31/3/22 £	31/3/21 £
Non ferrous metals	<u>9,896,836</u>	<u>5,265,867</u>

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

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/3/22 £	31/3/21 £
Trade debtors	9,076,852	5,888,240
Other debtors	151,742	110,372
Amounts due by group companies	1,516,100	1,505,217
Deferred tax asset	29,707	39,809
	<u>10,774,401</u>	<u>7,543,638</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/3/22 £	31/3/21 £
Bank loans and overdrafts (see note 14)	1,846,092	168,528
Hire purchase contracts (see note 15)	32,823	44,755
Trade creditors	9,309,826	6,813,625
Amounts due to group companies	2,531,443	2,832,029
Corporation tax	276,271	158,973
Social security and other taxes	1,347,724	910,936
Accrued expenses	258,772	184,377
	<u>15,602,951</u>	<u>11,113,223</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

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

	31/3/22	31/3/21
	£	£
Hire purchase contracts (see note 15)	<u>11,208</u>	<u>44,031</u>

14. LOANS

An analysis of the maturity of loans is given below:

	31/3/22	31/3/21
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,846,092</u>	<u>168,528</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 31/3/22	31/3/21
	£	£
Gross obligations repayable:		
Within one year	33,872	47,032
Between one and five years	<u>11,291</u>	<u>46,275</u>
	<u>45,163</u>	<u>93,307</u>
Finance charges repayable:		
Within one year	1,049	2,277
Between one and five years	<u>83</u>	<u>2,244</u>
	<u>1,132</u>	<u>4,521</u>
Net obligations repayable:		
Within one year	32,823	44,755
Between one and five years	<u>11,208</u>	<u>44,031</u>
	<u>44,031</u>	<u>88,786</u>
	Non-cancellable operating leases	
	31/3/22	31/3/21
	£	£
Within one year	<u>90,000</u>	<u>90,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

16. SECURED DEBTS

The following secured debts are included within creditors:

	31/3/22 £	31/3/21 £
Bank overdrafts	1,846,092	168,528
Hire purchase contracts	<u>44,031</u>	<u>88,786</u>
	<u>1,890,123</u>	<u>257,314</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:

	2022 £	2021 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>20,681,981</u>	<u>12,810,154</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>15,798,090</u>	<u>11,157,254</u>

18. DEFERRED TAX

	£
Balance at 1 April 2021	(39,809)
Origination and reversal of timing differences	<u>10,102</u>
Balance at 31 March 2022	<u>(29,707)</u>

Deferred taxation provided for at 25% (2021:19%) in the financial statements is set out below:

	2022 £	2021 £
Accelerated capital allowances	(26,477)	(13,245)
Other timing differences	(3,230)	(26,564)
	<u>(29,707)</u>	<u>(39,809)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/3/22 £	31/3/21 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

20. RESERVES

	Retained earnings £
At 1 April 2021	1,749,319
Profit for the year	3,390,893
Dividends	<u>(70,000)</u>
At 31 March 2022	<u>5,070,212</u>

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 £101,039 (2021 - £90,541) for directors and employees.

Contributions were payable to the fund at 31 March 2022 amounting to £19,156 (2021 - £20,966).

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 2022, the group companies' combined bank borrowings amounted to £5,739,963 (2021 - net funds of £3,519,948).

Cross guarantees exist between all group companies in favour of three group suppliers. At 31 March 2022, the group companies' combined liabilities to these suppliers amounted to £23,761,968 (2021 - £20,373,817).

24. RELATED PARTY DISCLOSURES

During the year, the company sold total good to group companies of £4,755,888 (2021 - £3,610,153) and purchased total goods of £4,303,791 (2021 - £3,545,616) from group companies.

At the year end, the company owed a total of £1,015,343 (2021 - £1,326,812) 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 is respect of these individuals is £223,000 (2021 - £184,833).

25. POST BALANCE SHEET EVENTS

On 4 July 2022 the company paid a dividend totally £500,000 relating to the year ended 31 March 2022.

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.