

Company Registration No. 00563681 (England and Wales)

NEWBERY METALS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NEWBERY METALS LIMITED

COMPANY INFORMATION

Directors	Mrs P M Toghill Mr R A Toghill Mr M A Crocker
Company number	00563681
Registered office	Orchard Works 4 Ashton Road Marsh Barton Exeter Devon EX2 8LN
Auditor	Darnells Chartered Accountants Quay House Quay Road Newton Abbot Devon TQ12 2BU

NEWBERY METALS LIMITED

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NEWBERY METALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Fair review of the business

The directors consider that the key performance indicators are Turnover, Gross margin, Earnings before interest, tax, depreciation and amortisation (EBITDA) and Net assets. Together these demonstrate the financial performance and strength of the company. An overview of these indicators for both the current and prior periods are given below:

Turnover: £25,357,003 (2018 - £25,430,344)

Gross profit: £3,770,669 (2018 - £4,403,668)

Gross margin: 14.9% (2018 - 17.3%)

EBITDA: £2,669,551 (2018 - £3,016,619)

Net assets: £9,608,990 (2018 - £9,075,932)

The company's sales have decreased by 0.29% compared with 2018, with a decrease of 1.9% in tonnage sold, as a result of the decrease in metal prices over the year.

The company's gross profit has decreased by £0.63 million compared to 2018 as a result of the decrease in sales and a reduction in metal prices over the year. The gross margin achieved is dependent on the performance of metal commodity prices on the London Metal Exchange and the levels of market supply and demand for each type of metal. The decrease in the gross margin from 17.3% to 14.9% reflects the level of competitive fixed margins on contracts in a challenging market.

The decrease in both EBITDA and Profit before tax compared with the previous year (the latter decreasing by £0.36 million) is a result of the decrease in gross profit.

At the end of the year the retained profit of the company is £0.53 million compared with £0.48 million for the previous year, after voting dividends to transfer reserves to the parent company of £1.5 million (2018 - £1.8 million).

The company has maintained a strong financial position with net current assets of £8.97 million compared with £8.56 million at 30 June 2018. Net assets are up £0.53 million from £9.08 million at 30 June 2018 to £9.61 million.

Principal risks and uncertainties

The company's principal operational risks include foreign currency risk from the exposure to metal prices denominated in US dollars, and the health and safety of employees. The company's principal operational uncertainties include global economic factors creating fluctuating metal prices and reduced supply and demand, which provide challenges for businesses operating in this sector and make long-term prediction of performance difficult.

Britain leaving the European Union ("Brexit") is one of the most significant economic events for the UK in recent history, and its effects at the date of these financial statements are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. The impact of Brexit upon the company's operations is therefore uncertain, and may take years to become known. In the short term the company manages the foreign currency risk from its exposure to metal prices denominated in US dollars by entering into contracts to supply scrap metal where the price is not fixed by the company on delivery but at some specified future date.

The company manages price fluctuations, together with pressures on supply and demand, through tight control of both prices paid to suppliers and the margin charged to customers. The company continues to diversify its supplier and customer bases to provide further resilience against market uncertainties.

The management of health and safety risks includes a Health and Safety Manual, risk assessments and periodic inspection visits by an external organisation.

NEWBERY METALS LIMITED

STRATEGIC REPORT (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2019**

Future developments

Since its low in December 2015, the copper price in sterling has since recovered to levels not seen since the second quarter of 2013. Although global economic uncertainties, including "Brexit", make future market predictions difficult, the directors are confident that metal prices will continue to recover, and that through shrewd pricing management the company can continue to trade profitably in the years ahead.

On behalf of the board

Mr R A Toghill
Director

26 March 2020

NEWBERY METALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company continued to be that of metal merchanting and processing.

Directors

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

Mrs P M Toghill

Mr R A Toghill

Mr M A Crocker

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,500,000. The directors do not recommend payment of a further dividend.

Financial instruments

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

Due to the nature of the financial instruments used by the company, the only exposure to price risk is on sales under contracts where the price is not fixed on delivery, but at an unspecified future date to be determined by the company. The price risk is managed by daily monitoring of prices on the London Metal Exchange by the directors. Credit risk for these contracts is managed by vetting customers and carrying out credit checks.

The directors' approach to managing other risks applicable to the financial instruments concerned is shown below:

In respect of bank balances, the liquidity risk is managed by maintaining sufficient cash reserves to cover planned expenditure in the foreseeable future.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

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

Loans by the company are unsecured and interest free.

Future developments

Future developments are discussed in the strategic report.

Auditor

The auditor, Darnells Chartered Accountants, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

NEWBERY METALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of directors' responsibilities

The directors are responsible for preparing the annual report 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 of disclosure to auditor

So far as the directors who held office at the date of approval of these financial statements are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board

Mr R A Toghil

Director

26 March 2020

NEWBERY METALS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWBERY METALS LIMITED

Opinion

We have audited the financial statements of Newbery Metals Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and 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 FRS 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 30 June 2019 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 *Auditor's 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 included in the annual report, other than the financial statements and our auditor's report 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

NEWBERY METALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEWBERY METALS 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 and the directors' report.

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 directors' responsibilities statement on page 4, 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 is 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.

Auditor's 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 an auditor's report 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.

Sean Murphy (Senior Statutory Auditor)
for and on behalf of Darnells Chartered Accountants
Statutory Auditor

26 March 2020

Quay House
Quay Road
Newton Abbot
Devon
TQ12 2BU

NEWBERRY METALS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	2	25,357,003	25,430,344
Cost of sales		(21,586,334)	(21,026,676)
Gross profit		<u>3,770,669</u>	<u>4,403,668</u>
Administrative expenses		(1,326,473)	(1,628,994)
Other operating income		27,282	40,980
Operating profit	3	<u>2,471,478</u>	<u>2,815,654</u>
Interest receivable and similar income		1,799	15,875
Interest payable and similar expenses		-	(178)
Profit before taxation		<u>2,473,277</u>	<u>2,831,351</u>
Tax on profit	6	(440,219)	(552,239)
Profit for the financial year		<u>2,033,058</u>	<u>2,279,112</u>
Retained earnings brought forward		2,925,932	2,446,820
Dividends	7	(1,500,000)	(1,800,000)
Retained earnings carried forward		<u><u>3,458,990</u></u>	<u><u>2,925,932</u></u>

The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing operations.

NEWBERY METALS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	8		819,864		707,358
Current assets					
Stocks	9	2,918,109		2,942,449	
Debtors	10	5,001,913		7,703,949	
Cash at bank and in hand		4,638,656		307,316	
		<u>12,558,678</u>		<u>10,953,714</u>	
Creditors: amounts falling due within one year	11	<u>(3,591,693)</u>		<u>(2,397,790)</u>	
Net current assets			<u>8,966,985</u>		<u>8,555,924</u>
Total assets less current liabilities			<u>9,786,849</u>		<u>9,263,282</u>
Provisions for liabilities	12		<u>(177,859)</u>		<u>(187,350)</u>
Net assets			<u><u>9,608,990</u></u>		<u><u>9,075,932</u></u>
Capital and reserves					
Called up share capital	15	6,140,000		6,140,000	
Capital redemption reserve		10,000		10,000	
Profit and loss reserves		<u>3,458,990</u>		<u>2,925,932</u>	
Total equity			<u><u>9,608,990</u></u>		<u><u>9,075,932</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 March 2020 and are signed on its behalf by:

Mr R A Toghill
Director

Company Registration No. 00563681

NEWBERY METALS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	19		5,847,650		1,348,920
Interest paid			-		(178)
Income taxes paid			(469,799)		(789,065)
Net cash inflow from operating activities			<u>5,377,851</u>		<u>559,677</u>
Investing activities					
Purchase of tangible fixed assets	19	(30,428)		(122,443)	
Proceeds on disposal of tangible fixed assets	19	66,799		32,000	
Interest received		<u>1,799</u>		<u>15,875</u>	
Net cash generated from/(used in) investing activities			38,170		(74,568)
Financing activities					
Repayment of loans from group undertakings		(913,318)		(1,375,956)	
Non-trading loans to related parties		(171,363)		-	
Repayment of non-trading loans by related parties		-		189,020	
Payment of finance leases obligations		<u>-</u>		<u>(6,362)</u>	
Net cash used in financing activities			<u>(1,084,681)</u>		<u>(1,193,298)</u>
Net increase/(decrease) in cash and cash equivalents			4,331,340		(708,189)
Cash and cash equivalents at beginning of year			<u>307,316</u>		<u>1,015,505</u>
Cash and cash equivalents at end of year			<u><u>4,638,656</u></u>		<u><u>307,316</u></u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Newbery Metals Limited is a private company limited by shares incorporated in England and Wales. The registered office is Orchard Works, 4 Ashton Road, Marsh Barton, Exeter, Devon, EX2 8LN.

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 £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Togs Limited. These consolidated financial statements are available from its registered office at Orchard Works, 4 Ashton Road, Marsh Barton, Exeter Devon EX2 8LN.

1.2 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.

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.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Revenue from the sale of scrap metal is recognised when the significant risks and rewards of ownership of the scrap metal have passed to the buyer (usually on dispatch), 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.

Where under certain contracts for the delivery of scrap metal the price is not fixed by the company on delivery but at an unspecified future date to be determined by the company, the revenue recognised is restated based on the London Metal Exchange prices at the end of each month with any price movement being taken to Turnover.

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.

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:

Buildings freehold	2% per annum on a straight-line basis
Land & buildings short leasehold	On a straight-line basis over the term of the lease
Plant and machinery	7.5% and 15% per annum on a straight-line basis
Fixtures, fittings & equipment	20% and 33% per annum on a straight-line basis
Motor vehicles	20% per annum on a straight-line basis

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 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost comprises direct material cost and is calculated using both the LIFO (last-in, first-out) and weighted average methods. This is a departure from the requirement of FRS 102, which requires either the FIFO (first-in, first-out) or weighted average methods to be used. In the opinion of the directors the use of the LIFO method is necessary for the financial statements to give a true and fair view, as the physical limitations of the storage space in the main warehouse mean that the LIFO method is the basis actually used when stock is delivered to the warehouse and subsequently sold.

1.6 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.

Other financial assets

Other financial assets 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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

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.

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 payments 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.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.7 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.

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.

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.9 Retirement benefits

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

1.10 Leases

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.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

2 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	25,294,663	25,367,938
Plant hire, haulage and miscellaneous	62,340	62,406
	<u>25,357,003</u>	<u>25,430,344</u>
Turnover analysed by geographical market		
UK	22,970,728	22,893,740
EU	278,809	272,121
Rest of World	2,107,466	2,264,483
	<u>25,357,003</u>	<u>25,430,344</u>

3 Operating profit

	2019 £	2018 £
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	7,800	7,600
Depreciation of owned tangible fixed assets	198,073	192,632
Profit on disposal of tangible fixed assets	(58,059)	(13,269)
Amortisation of intangible assets	-	8,333
Cost of stocks recognised as an expense	20,032,828	19,586,903
Operating lease charges	242,224	214,327
	<u>20,032,828</u>	<u>19,586,903</u>

4 Employees

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

	2019 Number	2018 Number
Directors	3	3
Works	34	32
Drivers	4	4
Administration	10	10
	<u>51</u>	<u>49</u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

4 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,112,451	1,106,690
Social security costs	93,335	91,331
Pension costs	20,767	13,268
	<u>1,226,553</u>	<u>1,211,289</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	134,000	155,657
Company pension contributions to defined contribution schemes	4,927	4,051
	<u>138,927</u>	<u>159,708</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

6 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	449,710	550,004
Adjustments in respect of prior periods	-	(10,777)
Total current tax	<u>449,710</u>	<u>539,227</u>
Deferred tax		
Origination and reversal of timing differences	<u>(9,491)</u>	<u>13,012</u>
Total tax charge	<u>440,219</u>	<u>552,239</u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

6 Taxation

(Continued)

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

	2019 £	2018 £
Profit before taxation	2,473,277	2,831,351
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	469,923	537,957
Tax effect of expenses that are not deductible in determining taxable profit	5,355	6,255
Adjustments in respect of prior years	-	(10,777)
Group relief	(32,971)	-
Permanent capital allowances in excess of depreciation	(6,695)	17,000
Depreciation on assets not qualifying for tax allowances	2,692	1,804
Other permanent differences	1,915	-
Taxation charge for the year	440,219	552,239

7 Dividends

	2019 £	2018 £
Final dividend paid	1,500,000	1,800,000

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

8 Tangible fixed assets

	Buildings freehold	Land & buildings short leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2018	100,460	190,769	731,807	114,218	388,862	1,526,116
Additions	-	-	425,772	3,066	179,372	608,210
Disposals	-	-	(314,353)	-	(34,793)	(349,146)
At 30 June 2019	100,460	190,769	843,226	117,284	533,441	1,785,180
Depreciation and impairment						
At 1 July 2018	6,725	67,373	455,426	101,795	187,439	818,758
Depreciation charged in the year	1,200	26,921	89,032	4,710	76,210	198,073
Eliminated in respect of disposals	-	-	(20,875)	-	(30,640)	(51,515)
At 30 June 2019	7,925	94,294	523,583	106,505	233,009	965,316
Carrying amount						
At 30 June 2019	92,535	96,475	319,643	10,779	300,432	819,864
At 30 June 2018	93,735	123,396	276,381	12,423	201,423	707,358

9 Stocks

	2019 £	2018 £
Finished goods and goods for resale	2,918,109	2,942,449

The value of stock as stated above is lower than its equivalent replacement cost by £410,428 (2018 - £1,023,240).

10 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	4,557,445	7,355,036
Other debtors	189,561	76,545
Prepayments and accrued income	254,907	272,368
	5,001,913	7,703,949

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

10 Debtors

(Continued)

Included in Trade debtors are amounts totalling £2,894,839 (2018 - £4,962,088) due under contracts for the delivery of scrap metal where the price was not fixed by the company at the date of delivery, accounted for at fair value based on metal prices on the London Metal Exchange at the year-end date.

11 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,223,855	1,119,999
Amounts owed to group undertakings	1,582,560	741,477
Corporation tax	79,915	100,004
Other taxation and social security	477,657	218,423
Other creditors	2,232	455
Accruals and deferred income	225,474	217,432
	<u>3,591,693</u>	<u>2,397,790</u>

12 Provisions for liabilities

	Notes	2019 £	2018 £
Provisions		100,000	100,000
Deferred tax liabilities	13	77,859	87,350
		<u>177,859</u>	<u>187,350</u>

Movements on provisions apart from deferred tax liabilities:

	Provisions £
At 1 July 2018 and 30 June 2019	<u>100,000</u>

Provisions represent an estimate of the costs of maintaining the concreting of the yard and decontaminating the land under the terms of the company's occupation of the sites.

13 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 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	<u>77,859</u>	<u>87,350</u>

NEWBERRY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

13	Deferred taxation	(Continued)
		2019
	Movements in the year:	£
	Liability at 1 July 2018	87,350
	Credit to profit or loss	(9,491)
	Liability at 30 June 2019	<u>77,859</u>

The deferred tax liability set out relates to accelerated capital allowances that are expected to mature within the foreseeable future.

14	Retirement benefit schemes	2019	2018
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	<u>20,767</u>	<u>13,268</u>

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.

15	Share capital	2019	2018
		£	£
	Ordinary share capital		
	Issued and fully paid		
	6,140,000 Ordinary shares of £1 each	<u>6,140,000</u>	<u>6,140,000</u>

16 Operating lease commitments

Lessee

The company leases premises and plant and machinery under operating leases.

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:

	2019	2018
	£	£
Within one year	37,794	36,823
Between two and five years	87,010	104,112
In over five years	11,400	12,558
	<u>136,204</u>	<u>153,493</u>

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

17 Related party transactions

Transactions with related parties

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

	Purchase of goods			
	2019	2018		
	£	£		
Other related parties	971,078	1,067,568		
	Provision of services		Receipt of services	
	2019	2018	2019	2018
	£	£	£	£
Other related parties	27,282	58,980	128,000	183,500

The company is a wholly-owned subsidiary of Togs Limited, a company registered in England & Wales that prepares publicly available consolidated financial statements, and is therefore exempt under FRS 102 from disclosing intra-group related party transactions.

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts owed to related parties		
Other related parties	116,854	142,520

The following amounts were outstanding at the reporting end date:

	2019
	Balance
	£
Amounts owed by related parties	
Other related parties	145,697

	2018
	Balance
	£
Amounts owed in previous period	
Other related parties	72,274

The Other related parties above include companies controlled by the directors (or a close family member of a director), or in which the directors have an interest.

The loans to Other related parties are unsecured, interest free and repayable on demand.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Related party transactions

(Continued)

There is a cross-guarantee between the company and a company controlled by the domestic partner of a director, covering all bank borrowings of both companies in favour of National Westminster Bank Plc.

18 Ultimate controlling party

The company's ultimate parent company is Togs Limited, a company registered in England & Wales which heads the group to consolidate these financial statements. Copies of the consolidated group accounts can be obtained from its registered office at Orchard Works, Ashton Road, Marsh Barton, Exeter, Devon, EX2 8LN.

The ultimate controlling party is Mr R A Toghill, the majority shareholder.

19 Cash generated from operations

	2019 £	2018 as restated £
Profit for the year after tax	2,033,058	2,279,112
Adjustments for:		
Taxation charged	440,219	552,239
Finance costs	-	178
Investment income	(1,799)	(15,875)
Gain on disposal of tangible fixed assets	(58,059)	(13,269)
Amortisation and impairment of intangible assets	-	8,333
Depreciation and impairment of tangible fixed assets	198,073	192,632
Movements in working capital:		
Decrease/(increase) in stocks	24,340	(693,617)
Decrease/(increase) in debtors	2,850,399	(1,132,819)
Increase in creditors	361,419	172,006
Cash generated from operations	5,847,650	1,348,920

Non-cash items in Investing activities:

Purchase of tangible fixed assets in the Statement of Cash Flows excludes tangible fixed assets acquired from the parent company for non-cash consideration of £288,891 (2018 - £nil).

In addition, tangible fixed assets part-exchanged for new assets for non-cash consideration of £288,891 (2018 - £nil) have been excluded from both Purchase of tangible fixed assets and Proceeds on disposal of tangible fixed assets in the Statement of Cash Flows.

Restatement of Cash flows for 2018:

Non-cash movements on non-trading loans to related parties have been excluded from both Cash generated from operations and Financing activities in the Statement of Cash Flows. Non-cash movements of £3,138,483 have been reanalysed for the year ended 30 June 2018 and the comparatives restated accordingly.

NEWBERY METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

20 Analysis of changes in net funds

	1 July 2018 £	Cash flows £	30 June 2019 £
Cash at bank and in hand	307,316	4,331,340	4,638,656
	<u> </u>	<u> </u>	<u> </u>

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.