

ABRAM PULMAN & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ABRAM PULMAN & SONS LIMITED

COMPANY INFORMATION

Directors	E Fuji T Nonaka K Greenwood
Registered number	00056547
Registered office	Walton Street Sowerby Bridge West Yorkshire HX6 1AN
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 14th Floor 33 Cavendish Square London W1G 0PW

ABRAM PULMAN & SONS LIMITED

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

Introduction

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

Principal activities

The company's principal activity continues to be that of steel stockholders.

Business review

The company has reported turnover of £18,302,755 (2021 - £16,787,488), an increase of 9% from 2021 this was mainly due to seeing the benefits of our growth strategy and favourable steel prices.

Competition has been as fierce as always, but we have managed to keep our share of the market through a concentrated emphasis on customer service and maintaining our Gross Profit Margins around 34%.

Profit before tax has increased to £2,122,656 (2021 - £1,869,362). At the year end the company had net assets of £6,292,044 (2021 - £4,374,336).

The company was acquired by Marubeni-Itochu Steels Inc on the 4th October 2022 as part of a wider acquisition of the Barclay & Mathieson group of businesses. The acquisition by the large Japanese corporation will further strengthen our position and help support our future growth plans.

Future developments

We are currently working on the integration of the business into the Marubeni-Itochu Steel group.

Our focus on increasing efficiency through training and appraisals is ongoing, as is our strong health and safety regime. We are continuously looking for new markets to keep the business moving forward and investigating further opportunities to invest in the future.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management objectives and policies

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Price Risk

The price of steel fluctuates due to raw material cost and demand. Any tariffs imposed can also impact cost. This is a risk common to all companies operating within the steel industry. The Company's strategy on this is to maintain a prudent approach to stock levels, actively managing stock using detailed system information to ensure that excess inventory is not carried, whilst also ensuring the stock range covers all our customer requirements. The Company also has a range of suppliers and so has no concerns regarding continuity of supply.

UK Market Demand

The company has benefited on delivering on its growth strategy. However, we assume market conditions will remain challenging, as inflationary pressures feed into our supply chain. Nevertheless, we continuously review and manage our cost base to reduce our overheads, whilst continuously deploying our customer service ethos. We also retain significant headroom in our facility.

Credit and liquidity risk

The Company's principal financial assets are trade debtors, the majority of which are fully insured. The Company has no significant concentration of credit risk with a single counterparty as exposure is spread over a number of counterparties.

The Company's principal financial liabilities are its bank loans and trade creditors, which are managed through detailed cash forecasting.

Interest rate risk

The Company monitors the financial risk of interest rate movements on a regular basis, and the impact rises would have on profitability. Interest rates have risen sharply over the year in review, but the Company is well placed to deal with any such increases.

This report was approved by the board on 31 March 2023 and signed on its behalf.

K Greenwood
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,717,708 (2021 - £1,449,593).

Directors

The directors who served during the year were:

J C Horner (resigned 4 October 2022)
M D Walton (resigned 15 March 2023)
M A Welden (resigned 4 October 2022)
E Fuji (appointed 4 October 2022)
T Nonaka (appointed 4 October 2022)
K Greenwood (appointed 15 March 2023)

Matters covered in the Strategic report

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be

included in the Directors' Report, within the Strategic Report, found on pages 1 and 2:

- information on financial risk management and policies; and
- information on regarding future developments of the business.

ABRAM PULMAN & SONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 March 2023 and signed on its behalf.

K Greenwood
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED

Opinion

We have audited the financial statements of Abram Pulman & Sons Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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.

Opinion 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 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.

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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED (CONTINUED)

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 an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the company, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the company's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation;
- the timing of the recognition of commercial income;
- compliance with legislation relating to health and safety and ISO accreditation 45001;
- compliance with legislation relating to employment law;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries;
- recoverability of debtors.

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED (CONTINUED)

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims;
- discussion with the same regarding any known or suspected instances of non-compliance with laws and regulation and fraud;
- inspection of relevant legal correspondence;
- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the relevant controls during the period;
- obtaining an understanding of the policies and controls over the recognition of income and testing their implementation during the year;
- review documentation relating to compliance with the regulations relating to health and safety including review of certificates held;
- challenging assumptions made by management in their specific accounting policies and estimates, in particular relation to purchase accruals and depreciation;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash;
- accessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- challenging key assumptions made by management;
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- reviewing the minutes of Board meetings and correspondence with HMRC;
- evaluating the underlying business reasons for any unusual transactions; and
- considered the implementation of controls during the year.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED (CONTINUED)

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 Auditors' 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.

Daryush Farshchi-Heidari (FCA) (Senior statutory auditor)

for and on behalf of

Simmons Gainsford LLP

Chartered Accountants

Statutory Auditors

14th Floor

33 Cavendish Square

London

W1G 0PW

31 March 2023

ABRAM PULMAN & SONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	18,302,755	16,787,488
Cost of sales		(12,121,264)	(11,082,870)
Gross profit		6,181,491	5,704,618
Distribution costs		(3,261,609)	(3,182,523)
Administrative expenses		(632,497)	(581,940)
Other operating income	5	18,343	81,212
Operating profit	6	2,305,728	2,021,367
Interest payable and similar expenses	10	(183,072)	(152,005)
Profit before tax		2,122,656	1,869,362
Tax on profit	11	(404,948)	(419,769)
Profit for the financial year		<u>1,717,708</u>	<u>1,449,593</u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 14 to 27 form part of these financial statements.

ABRAM PULMAN & SONS LIMITED
REGISTERED NUMBER: 00056547

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	3,011,485	2,876,803
Investment property	13	75,000	75,000
		<u>3,086,485</u>	<u>2,951,803</u>
Current assets			
Stocks	14	1,653,283	1,654,554
Debtors: amounts falling due within one year	15	6,451,987	6,759,418
Cash at bank and in hand	16	208,053	3,152
		<u>8,313,323</u>	<u>8,417,124</u>
Creditors: amounts falling due within one year	17	(3,874,780)	(5,637,258)
Net current assets		<u>4,438,543</u>	<u>2,779,866</u>
Total assets less current liabilities		<u>7,525,028</u>	<u>5,731,669</u>
Creditors: amounts falling due after more than one year	18	(944,577)	(1,117,926)
Provisions for liabilities			
Deferred tax	21	(288,407)	(239,407)
		<u>(288,407)</u>	<u>(239,407)</u>
Net assets		<u><u>6,292,044</u></u>	<u><u>4,374,336</u></u>
Capital and reserves			
Called up share capital	22	7,020	7,020
Share premium account	23	188	188
Revaluation reserve	23	974,854	974,854
Capital redemption reserve	23	17,327	17,327
Other reserves	23	200,000	-
Profit and loss account	23	5,092,655	3,374,947
		<u>6,292,044</u>	<u>4,374,336</u>

ABRAM PULMAN & SONS LIMITED
REGISTERED NUMBER: 00056547

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2023.

K Greenwood
Director

The notes on pages 14 to 27 form part of these financial statements.

ABRAM PULMAN & SONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Capital redemption reserve	evaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2021	7,020	188	17,327	974,854	-	1,925,354	2,924,743
Profit for the year	-	-	-	-	-	1,449,593	1,449,593
At 1 January 2022	7,020	188	17,327	974,854	-	3,374,947	4,374,336
Profit for the year	-	-	-	-	-	1,717,708	1,717,708
Capital contribution	-	-	-	-	200,000	-	200,000
At 31 December 2022	<u>7,020</u>	<u>188</u>	<u>17,327</u>	<u>974,854</u>	<u>200,000</u>	<u>5,092,655</u>	<u>6,292,044</u>

The notes on pages 14 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Abram Pulman & Sons Ltd Registered No. 00056547 is a limited by shares company incorporated in England and Wales. The registered office is Walton Street, Sowerby Bridge, West Yorkshire, HX6 1AN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentational currency is GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Barclay & Mathieson Limited as at 31 December 2022 and these financial statements may be obtained from their registered address, 180 Hardgate Road, Glasgow, Scotland, G51 4TB.

2.3 Going concern

After reviewing the Company's forecasts and projections the directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Revenue

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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Government grants

Accruals model

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Operating leases

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	-	2%	straight line
Plant and machinery	-	10%	reducing balance
Motor vehicles	-	25%	reducing balance
Office equipment	-	10%	& 25% straight line

2.12 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

The company makes estimates and assumptions concerning the future. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Carrying value of stock

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of steel stock	<u>18,302,755</u>	<u>16,787,488</u>

All turnover arose within the United Kingdom.

ABRAM PULMAN & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

	2022	2021
	£	£
Net rents receivable	13,343	11,440
Government grants receivable	5,000	69,772
	<u>18,343</u>	<u>81,212</u>

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	197,901	190,129
Other operating lease rentals	<u>37,655</u>	<u>34,979</u>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	20,000	17,500

ABRAM PULMAN & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	2,239,975	2,159,563
Social security costs	221,865	208,110
Cost of defined contribution scheme	64,316	64,212
	<u>2,526,156</u>	<u>2,431,885</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Production staff	58	50
Administrative staff	21	28
Director	3	3
	<u>82</u>	<u>81</u>

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	109,965	113,336
Company contributions to defined contribution pension schemes	8,333	9,167
	<u>118,298</u>	<u>122,503</u>

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

ABRAM PULMAN & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	139,768	152,984
Finance leases and hire purchase contracts	43,304	(979)
	<u>183,072</u>	<u>152,005</u>

11. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	359,500	385,000
Adjustments in respect of previous periods	(3,552)	1,042
Deferred tax		
Deferred tax	49,000	33,727
Taxation on profit on ordinary activities	<u>404,948</u>	<u>419,769</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	<u>2,122,656</u>	<u>1,869,362</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	403,305	355,179
Effects of:		
Expenses not deductible for tax purposes	711	3,021
Change in deferred tax rates	-	57,457
Other differences leading to an (decrease)/increase in the tax charge	932	4,112
Total tax charge for the year	<u>404,948</u>	<u>419,769</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors that may affect future tax charges

In 2022 the Government confirmed the previously enacted increase in Corporation Tax to 25% will come in to effect from 1 April 2023. Deferred tax has been applied at this rate.

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 2022	2,542,558	1,947,231	613,036	288,361	5,391,186
Additions	10,330	40,389	273,236	14,020	337,975
Disposals	-	-	(35,000)	-	(35,000)
At 31 December 2022	2,552,888	1,987,620	851,272	302,381	5,694,161
Depreciation					
At 1 January 2022	778,928	1,044,314	472,899	218,242	2,514,383
Charge for the year on owned assets	14,742	96,531	65,269	21,359	197,901
Disposals	-	-	(29,608)	-	(29,608)
At 31 December 2022	793,670	1,140,845	508,560	239,601	2,682,676
Net book value					
At 31 December 2022	1,759,218	846,775	342,712	62,780	3,011,485
At 31 December 2021	1,763,630	902,917	140,137	70,119	2,876,803

Included in freehold property is £480,000 (2021: £480,000) of land which is not depreciated.

ABRAM PULMAN & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022	2021
	£	£
Plant and machinery	60,300	67,001
Motor vehicles	285,720	65,508
	<u>346,020</u>	<u>132,509</u>

13. Investment property

	Freehold investment property £
Valuation	
At 1 January 2022	75,000
At 31 December 2022	<u>75,000</u>

The most recent valuation of the investment property by an independent, professionally qualified valuer was obtained at 15 February 2022. The directors are of the opinion that there has been no significant change in market value since that date.

14. Stocks

	2022	2021
	£	£
Finished goods and goods for resale	<u>1,653,283</u>	<u>1,654,554</u>

ABRAM PULMAN & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Debtors

	2022	2021
	£	£
Trade debtors	3,335,306	3,655,156
Amounts owed by group undertakings	2,970,559	2,944,306
Other debtors	8,808	29,931
Prepayments and accrued income	137,314	130,025
	<u>6,451,987</u>	<u>6,759,418</u>

16. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	<u>208,053</u>	<u>3,152</u>

17. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank loans	105,000	295,500
Trade creditors	2,762,947	3,073,582
Other loans	-	200,000
Invoice financing	277,252	1,290,336
Corporation tax	359,500	385,000
Other taxation and social security	257,525	300,939
Obligations under finance lease and hire purchase contracts	78,306	54,841
Other creditors	-	26,310
Accruals and deferred income	34,250	10,750
	<u>3,874,780</u>	<u>5,637,258</u>

The bank loans and invoice financing creditor are secured by a debenture with a fixed and floating charge on all assets of the company. Finance leases and hire purchase creditors are secured on the fixed assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	612,500	971,500
Net obligations under finance leases and hire purchase contracts	227,077	36,426
Government grants received	105,000	110,000
	<u>944,577</u>	<u>1,117,926</u>

The bank loans and invoice financing creditor are secured by a debenture with a fixed and floating charge on all assets of the company. Finance leases and hire purchase creditors are secured on the fixed assets to which they relate.

19. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	105,000	295,500
Other loans	-	200,000
Amounts falling due 1-2 years		
Bank loans	612,500	908,000
Amounts falling due 2-5 years		
Bank loans	-	63,500
	<u>717,500</u>	<u>1,467,000</u>

20. Finance leases and hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	78,306	54,841
Between 1-5 years	227,077	36,426
	<u>305,383</u>	<u>91,267</u>

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Deferred taxation

	2022 £
At beginning of year	239,407
Charged to profit or loss	49,000
At end of year	<u>288,407</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>288,407</u>	<u>239,407</u>

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
804 (2021 - 804) Ordinary A shares shares of £5.00 each	4,020	4,020
200 (2021 - 200) Ordinary B shares shares of £5.00 each	1,000	1,000
200 (2021 - 200) Ordinary C shares shares of £5.00 each	1,000	1,000
200 (2021 - 200) Ordinary D shares shares of £5.00 each	1,000	1,000
	<u>7,020</u>	<u>7,020</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold less transaction costs, these are non-distributable reserves.

Revaluation reserve

This reserve records the value of asset revaluations and fair value movements on assets, these are non-distributable reserves.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company, these are non-distributable reserves.

Capital contribution

The capital contribution represents amounts arising from a debt re-organisation during the year, these are non-distributable reserves.

Profit and loss account

This reserve records retained earnings and accumulated losses. This is a distributable reserve.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £64,316 (2021 - £64,212). No contributions were payable to the fund at the balance sheet date.

25. Controlling party

The immediate parent undertaking of the company is Breal Capital (Pulman) Holdings Limited, which is registered in England and Wales.

During the prior year Breal Capital (Pulman) Holdings Limited was acquired by Barclay & Mathieson Limited and Breal Capital Limited was considered the ultimate parent undertaking. During the current year the entire share capital of Barclay & Mathieson Limited was acquired by Marubeni-Itochu Steel GmbH and Marubeni-Itochu Steel Inc is now the ultimate parent undertaking.

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.