Registered number: 00056547

ABRAM PULMAN & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Directors	J C Horner M D Walton M A Welden
Company secretary	J C Horner
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

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report on the company for the year ended 31 December 2020.

Principal activities

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

Business review

The company has reported turnover of £10,780,680 (2019 -£13,426,637), a decrease of 20% from the 2019 due to the challenges in the year.

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 increase Gross Profit Margins to 31.09% (2019 – 29.20%).

Profit before tax has increased to £134,469 (2019 - £73,588). At the year end the company had net assets of £2,924,745 (2019 - £2,821,260).

Future developments

2021 has started on a positive note and we have seen further increases in turnover, mostly due to the price of steel going up.

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.

Covid-19 impact statement

The global Coronavirus pandemic has caused unprecedented uncertainty across the manufacturing sector with the direct impact and ripple effect of the economic fallout currently unknown.

During this time the health & safety and welfare of our staff and suppliers was of paramount importance. The Company has invested in relevant PPE and implemented safety measures to ensure that the staff can attend work premises together.

The Company continues to monitor closely the government and WHO guidance and to ensure compliance with those guidelines in providing a safe environment for all concerned.

The Company has also taken certain financial measures to ensure that the it remains in a position where it can continue to meet its forecast liabilities as they fall due. As a result of the measures taken by the Company to combat the pandemic it remains in a position where it can continue to meet its forecast liabilities as they fall due.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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 outcome of Brexit and its impact on the supply chain and demand is not yet known. Our approach is to assume that the challenging market conditions will prevail for a lengthy period. As well as our continued customer service ethos, we continue to focus on overhead control and have already substantially reduced overheads in 2020 in response to the Covid 19 impact on the economy. We retain significant facility headroom to meet these challenges.

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 are expected to rise in the short to medium term, but the Company is well placed to deal with any such increases.

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

M A Welden
Director

Date: 30 September 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £103,485 (2019 -£8,326).

Directors

The directors who served during the year were:

J C Horner
M D Walton
M A Welden

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.

Matters covered in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Company has chosen to set out in the Company's Strategic Report information required by schedule 7 of the Large ad Medium-sized Companies and Groups Regulations 2008.

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 30 September 2021 and signed on its behalf.

M A Welden
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 2020, 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 2020 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.

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 and distributable profits legislation;
- the timing of the recognition of commercial income;
- compliance with legislation relating to health and safety and ISO9001 accreditation;
- compliance with legislation relating to employment law;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries;
- manipulation of specific performance measures to meet remuneration targets; and
- 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:

- inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;
- review of up-to-date accreditation certificates;
- 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;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash;
- assessing 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;
- 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

30 September 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	10,780,680	13,426,637
Cost of sales		(7,429,285)	(9,505,836)
Gross profit		3,351,395	3,920,801
Distribution costs		(2,995,898)	(3,135,109)
Administrative expenses		(515,079)	(616,471)
Other operating income	5	434,573	13,940
Operating profit	6	274,991	183,161
Interest payable and expenses	10	(140,522)	(109,573)
Profit before tax		134,469	73,588
Tax on profit	11	(30,984)	(65,262)
Profit for the financial year		103,485	8,326

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 14 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	12		3,062,260		3,260,439
Investment property	13		75,000		75,000
			3,137,260		3,335,439
Current assets					
Stocks	14	955,007		1,065,341	
Debtors: amounts falling due within one year	15	5,598,475		5,795,972	
Cash at bank and in hand	16	2,535		571,454	
		6,556,017		7,432,767	
Creditors: amounts falling due within one year	17	(4,892,552)		(6,456,496)	
Net current assets			1,663,465		976,271
Total assets less current liabilities			4,800,725		4,311,710
Creditors: amounts falling due after more than one year	18		(1,670,300)		(1,260,754)
Provisions for liabilities					
Deferred tax	22	(205,680)		(229,696)	
			(205,680)		(229,696)
Net assets			2,924,745		2,821,260
Capital and reserves					
Called up share capital	23		7,020		7,020
Share premium account	24		188		188
Revaluation reserve	24		974,854		974,854
Capital redemption reserve	24		17,327		17,327
Profit and loss account	24		1,925,356		1,821,871
			2,924,745		2,821,260

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M A Welden
Director

Date: 30 September 2021

The notes on pages 14 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	7,020	188	17,327	978,988	1,809,411	2,812,934
Profit for the year	-	-	-	-	8,326	8,326
Transfer to/from profit and loss account	-	-	-	(4,134)	4,134	-
At 1 January 2020	7,020	188	17,327	974,854	1,821,871	2,821,260
Profit for the year	-	-	-	-	103,485	103,485
At 31 December 2020	7,020	188	17,327	974,854	1,925,356	2,924,745

The notes on pages 14 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 Breal Capital (Pulman) Limited as at 31 December 2020 and these financial statements may be obtained from 14th Floor 33 Cavendish Square, London, W1G 0PW.

2.3 Going concern and Covid-19

As a result of the measures taken by the Company to combat the pandemic it remains in a position where it can continue to meet its forecast liabilities as they fall due.

Steps taken included:

• Additional CBILS funding;

• Enhanced cost reduction measures; and

• Making use of relevant government support including the Coronavirus Job Retention Scheme.

Based on the steps undertaken and with the continued support of the Company's bank, the financial statements have been prepared on a going concern basis.

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.

Performance model

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

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

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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.

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 the directors 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.

2. Accounting policies (continued)

2.17 Finance leases and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 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:

	2020	2019
	£	£
Sale of goods	10,780,680	13,426,637

All turnover arose within the United Kingdom.

5. Other operating income

	2020	2019
	£	£
Rents receivable	8,585	11,440
Government grants receivable	425,988	2,500
	434,573	13,940

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	274,425	263,105
Other operating lease rentals	27,092	32,950

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,700	12,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	2020 £	2019 £
Wages and salaries	2,070,159	2,055,692
Social security costs	192,223	189,338
Cost of defined contribution scheme	65,817	67,865
	2,328,199	2,312,895

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

	2020 No.	2019 No.
Production staff	52	53
Administrative staff	29	33
Director	3	3
	84	89

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	99,344	40,707
Company contributions to defined contribution pension schemes	10,000	17,500
	109,344	58,207

During the year retirement benefits were accruing to 1 director (2019 -2) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest payable	113,885	75,978
Finance leases and hire purchase contracts	26,637	33,595
	140,522	109,573

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	55,000	35,000
Deferred tax		
Origination and reversal of timing differences	(24,016)	30,262
Taxation on profit on ordinary activities	30,984	65,262

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 -higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	134,469	73,588
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 -19%)	25,549	13,982
Effects of:		
Expenses not deductible for tax purposes	-	30,351
Capital allowances for year in excess of depreciation	29,451	31,413
Utilisation of tax losses	-	(40,746)
Deferred tax	(24,016)	30,262
Total tax charge for the year	30,984	65,262

Factors that may affect future tax charges

On 3 March 2021, the Government announced an increase in the rate of corporation tax to 25% from 1 April 2023 on all profits when they exceed £250,000 and this change in rate was enacted on 10 June 2021. The effect of this change on the net deferred tax balances carried forward will not be material for the financial statements.

12. Tangible fixed assets

	Freehold property	Plant and machinery	Motor vehicles	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2020	2,542,438	1,920,240	625,036	258,849	5,346,563
Additions	120	54,000	-	22,126	76,246
At 31 December 2020	2,542,558	1,974,240	625,036	280,975	5,422,809
Depreciation					
At 1 January 2020	735,791	827,755	342,120	180,458	2,086,124
Charge for the year on owned assets	27,821	133,032	94,198	19,374	274,425
At 31 December 2020	763,612	960,787	436,318	199,832	2,360,549
Net book value					
At 31 December 2020	1,778,946	1,013,453	188,718	81,143	3,062,260
At 31 December 2019	1,806,647	1,092,485	282,916	78,391	3,260,439

Included in freehold property is £480,000 (2019: £480,000) of land which is not depreciated.

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

	2020	2019
	£	£
Plant and machinery	670,446	754,252
Motor vehicles	172,788	259,182
	843,234	1,013,434

13. Investment property

	Freehold investment property £
Valuation	
At 1 January 2020	75,000
At 31 December 2020	75,000

The most recent valuation of the investment property by an independent, professionally qualified valuer was obtained at 4 December 2018. The directors are of the opinion that there has been no significant change in market value since that date.

14. Stocks

	2020 £	2019 £
Raw materials and consumables	955,007	1,065,341

15. Debtors

	2020 £	2019 £
Trade debtors	2,505,569	2,821,685
Amounts owed by group undertakings	2,944,306	2,944,306
Other debtors	13,392	4,762
Prepayments and accrued income	135,208	25,219
	5,598,475	5,795,972

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,535	571,454

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	370,500	355,000
Trade creditors	2,426,244	2,493,579
Other loans	200,000	299,000
Invoice financing	975,820	2,621,887
Corporation tax	90,012	35,012
Other taxation and social security	557,087	293,304
Obligations under finance lease and hire purchase contracts	205,560	331,128
Other creditors	271	272
Accruals and deferred income	67,058	27,314
	4,892,552	6,456,496

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.

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

	2020 £	2019 £
Bank loans	1,446,771	927,500
Net obligations under finance leases and hire purchase contracts	111,029	218,254
Government grants received	112,500	115,000
	1,670,300	1,260,754

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:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	370,500	355,000
Other loans	200,000	299,000
Amounts falling due 1-2 years		
Bank loans	1,092,771	927,500
Amounts falling due 2-5 years		
Bank loans	354,000	-
	2,017,271	1,581,500

20. Finance leases and hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	205,560	331,128
Between 1-5 years	111,029	218,254
	316,589	549,382

21. Government grants

The amounts recognised in the financial statements for government grants measured on the accruals basis are as follows:

	2020 £	2019 £
Recognised in creditors:		
Deferred government grants due within one year	2,500	2,500
Deferred government grants due after more than one year	112,500	115,000
	115,000	117,500

22. Deferred taxation

	2020 £
At beginning of year	229,696
Charged to profit or loss	(24,016)
At end of year	205,680

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	205,680	229,696

23. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
804 (2019 -804) Ordinary A shares shares of £5.00 each	4,020	4,020
200 (2019 -200) Ordinary B shares shares of £5.00 each	1,000	1,000
200 (2019 -200) Ordinary C shares shares of £5.00 each	1,000	1,000
200 (2019 -200) Ordinary D shares shares of £5.00 each	1,000	1,000
	7,020	7,020

All shares rank pari-passu. There are no restrictions on distribution of dividends and the repayment of capital.

24. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold less transaction costs.

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.

Profit and loss account

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

25. 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 £65,817 (2019 - £67,865). No contributions were payable to the fund at the balance sheet date.

26. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	15,616	24,399
Later than 1 year and not later than 5 years	5,990	21,576
	21,606	45,975

27. Related party transactions

At the balance sheet date, included within debtors is an amount of £2,944,306 (2019: £2,944,306) due from the parent company. The loan is interest free.

At the balance sheet date, included within other loans in creditors is an amount of £200,000 (2019: £299,000) owed to a shareholder of the company. This loan is unsecured, interest free and repayable on demand.

At the balance sheet date, inlcuded in creditors is an amount of £197,083 (2019: £130,129) due to a company under common control.

28. Controlling party

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

The ultimate parent undertaking is Breal Capital (Pulman) Limited which is registered in England and Wales. The consolidated statements of Breal Capital (Pulman) Limited are held and available at 14th Floor, 33 Cavendish Square, London, United Kingdom, W1G 0PW.