

COMPANY REGISTRATION NUMBER: 00791122

**C & S Steels (Wolverhampton) Limited**  
**Abbreviated Financial Statements**  
**29th February 2016**



**GARRATTS WOLVERHAMPTON LIMITED**

Chartered Accountant & Statutory Auditor  
29 Waterloo Road  
Wolverhampton  
WV1 4DJ

# **C & S Steels (Wolverhampton) Limited**

## **Abbreviated Financial Statements**

**Year ended 29th February 2016**

<b>Contents</b>	<b>Pages</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>3 to 4</b>
Independent auditor's report to the company	<b>5</b>
Abbreviated statement of comprehensive income	<b>6</b>
Statement of financial position	<b>7</b>
Statement of cash flows	<b>8</b>
Notes to the abbreviated financial statements	<b>9 to 19</b>

# **C & S Steels (Wolverhampton) Limited**

## **Officers and Professional Advisers**

### **The Board of Directors**

Mr R G R Cook  
Mr J G R Cook

### **Company Secretary**

Miss M Bratch

### **Registered Office**

Highfields Road  
Bilston  
West Midlands  
WV14 0LQ

### **Accountants**

Garratts Wolverhampton Limited  
Chartered Accountant & Statutory Auditor  
29 Waterloo Road  
Wolverhampton  
WV1 4DJ

### **Bankers**

HSBC Bank Plc  
9 Queen Square  
Wolverhampton  
West Midlands  
WV1 1TE

# **C & S Steels (Wolverhampton) Limited**

## **Strategic Report**

**Year ended 29th February 2016**

### **Principal activity**

The principal activity of the company during the year was the manufacture and stockholding of bright bar and steel stockholding.

### **Business review**

The directors report that the company has maintained its position within the market place. Turnover year-on-year decreased by 20.2%, but gross margin increased due mainly to a continued focus on margin and cost control. The market remains competitive and as such the company is continuing to focus on its cost base to ensure it remains competitive. The directors consider the company's position at the year end to be satisfactory.

### **Principal risks and uncertainties**

The key risk and uncertainty for the company is falling steel prices and the consequent reduction in margins.

### **Future Developments**

The company is extending its range of products and related services to help achieve an increase in its customer base.

This report was approved by the board of directors on 26th September 2016 and signed on behalf of the board by:



Miss M Bratch  
Company Secretary

Registered office:  
Highfields Road  
Bilston  
West Midlands  
WV14 0LQ

# **C & S Steels (Wolverhampton) Limited**

## **Directors' Report**

### **Year ended 29th February 2016**

The directors present their report and the abbreviated financial statements of the company for the year ended 29th February 2016.

#### **Directors**

The directors who served the company during the year were as follows:

Mr R G R Cook  
Mr J G R Cook

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Other matters**

##### **Financial instruments**

Details of the company's financial risk management objectives and policies are included in note 21 to the accounts.

##### **Disclosure of information in the strategic report**

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

##### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# **C & S Steels (Wolverhampton) Limited**

## **Directors' Report** *(continued)*

**Year ended 29th February 2016**

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 26th September 2016 and signed on behalf of the board by:



Miss M Bratch  
Company Secretary

Registered office:  
Highfields Road  
Bilston  
West Midlands  
WV14 0LQ

## **C & S Steels (Wolverhampton) Limited**

### **Independent Auditor's Report to C & S Steels (Wolverhampton) Limited under section 449 of the Companies act 2006**

#### **Year ended 29th February 2016**

We have examined the abbreviated financial statements which comprise the abbreviated statement of comprehensive income, statement of financial position, statement of cash flows and the related notes, together with the financial statements of C & S Steels (Wolverhampton) Limited for the year ended 29th February 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company's shareholders 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

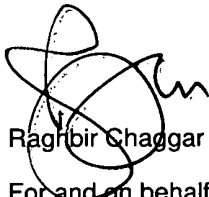
#### **Respective responsibilities of directors and auditor**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section.



Ragbir Chaggar (Senior Statutory Auditor)

For and on behalf of  
Garratts Wolverhampton Limited  
Chartered Accountant & Statutory Auditor  
29 Waterloo Road  
Wolverhampton  
WV1 4DJ

26th September 2016

# **C & S Steels (Wolverhampton) Limited**

## **Abbreviated Statement of Comprehensive Income**

**Year ended 29th February 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Turnover</b>	<b>2</b>	<b>9,073,063</b>	<b>11,376,463</b>
Cost of sales and other operating income		<b>7,994,214</b>	10,152,780
Administrative expenses		<u><b>1,051,961</b></u>	<u>1,208,036</u>
<b>Operating profit</b>	<b>3</b>	<b>26,888</b>	<b>15,647</b>
Interest payable and similar charges	<b>7</b>	<u><b>4,279</b></u>	<u>13,217</u>
<b>Profit on ordinary activities before taxation</b>		<b>22,609</b>	<b>2,430</b>
Tax on profit on ordinary activities	<b>8</b>	<u><b>15,219</b></u>	<u>2,207</u>
<b>Profit for the financial year and total comprehensive income</b>		<u><b>7,390</b></u>	<u><b>223</b></u>

All the activities of the company are from continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

All of the profit/(loss) for the period and total comprehensive income for the period is attributable to the owners.

The notes on pages 9 to 19 form part of these financial statements.



# C & S Steels (Wolverhampton) Limited

## Statement of Financial Position

29th February 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	9	754,385	680,299
<b>Current assets</b>			
Stocks	10	2,067,363	2,450,552
Debtors	11	2,115,868	2,719,105
Cash at bank and in hand		197,616	26,489
		<u>4,380,847</u>	<u>5,196,146</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>1,574,302</u>	<u>2,329,051</u>
<b>Net current assets</b>		<u>2,806,545</u>	<u>2,867,095</u>
<b>Total assets less current liabilities</b>		<u>3,560,930</u>	<u>3,547,394</u>
<b>Provisions</b>			
Taxation including deferred tax	14	<u>84,795</u>	<u>78,649</u>
<b>Net assets</b>		<u>3,476,135</u>	<u>3,468,745</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,500	1,500
Share premium account	17	3,750	3,750
Capital redemption reserve	17	500	500
Profit and loss account	17	<u>3,470,385</u>	<u>3,462,995</u>
<b>Shareholders funds</b>		<u>3,476,135</u>	<u>3,468,745</u>

These financial statements have been prepared in accordance with the special provisions of section 445(3) Companies Act 2006 in regard to medium-sized companies.

These abbreviated financial statements were approved by the board of directors and authorised for issue on 26th September 2016, and are signed on behalf of the board by:



Mr R G R Cook  
Director

Company registration number: 00791122

The notes on pages 9 to 19 form part of these financial statements.

# C & S Steels (Wolverhampton) Limited

## Statement of Cash Flows

Year ended 29th February 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	7,390	223
<i>Adjustments for:</i>		
Depreciation of tangible assets	63,165	42,674
Interest payable and similar charges	4,279	13,217
Gains on disposal of tangible assets	(391)	–
Tax on profit on ordinary activities	15,219	2,207
Accrued income	(21,650)	(897)
<i>Changes in:</i>		
Stocks	383,189	(19,840)
Trade and other debtors	594,164	342,585
Trade and other creditors	(343,407)	(258,625)
Cash generated from operations	701,958	121,544
Interest paid	(4,279)	(13,217)
Tax received	–	7,323
Net cash from operating activities	<u>697,679</u>	<u>115,650</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(137,361)	(49,884)
Proceeds from sale of tangible assets	501	–
Net cash used in investing activities	<u>(136,860)</u>	<u>(49,884)</u>
<b>Net increase in cash and cash equivalents</b>	560,819	65,766
<b>Cash and cash equivalents at beginning of year</b>	<u>(612,701)</u>	<u>(678,467)</u>
<b>Cash and cash equivalents at end of year</b>	<u>(51,882)</u>	<u>(612,701)</u>

The notes on pages 9 to 19 form part of these financial statements.

# **C & S Steels (Wolverhampton) Limited**

## **Notes to the Abbreviated Financial Statements**

**Year ended 29th February 2016**

### **1. Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention.

#### **(b) Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1st March 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 24.

#### **(c) Judgements and key sources of estimation uncertainty**

In the preparation of the financial statements, management makes certain judgements and estimates that impact the financial statements. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company as at 29 February 2016 are discussed below:-

##### **Carrying value of stocks**

Allowance for slow moving and loss making stock is based on estimates determined by market knowledge and past experience.

##### **Taxation**

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

##### **Carrying value of trade and other receivables**

Allowance for doubtful debt and provisions against other receivables, are made on a specific basis, based on estimates or irrecoverability determined by market knowledge and past experience.

#### **(d) Revenue recognition**

The turnover shown in the profit and loss account represents the sale of goods during the year, exclusive of Value Added Tax.

#### **(e) Income tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **(f) Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

# **C & S Steels (Wolverhampton) Limited**

## **Notes to the Abbreviated Financial Statements *(continued)***

### **Year ended 29th February 2016**

#### **1. Accounting policies *(continued)***

##### **(g) Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost or deemed cost less any accumulated depreciation and impairment losses. Some classes of assets have been measured at fair value as deemed cost on transition to FRS 102 as at 1 March 2014 in accordance with the transition procedures of FRS 102.

##### **(h) Depreciation**

Depreciation is calculated so as to write off the cost or deemed cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Between 4 and 10 years
Plant & Machinery	-	Between 4 and 10 years
Fixtures & Fittings	-	Between 4 and 10 years
Motor Vehicles	-	Between 4 and 10 years

##### **(i) Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

##### **(j) Stocks**

Stocks are stated at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items. Cost represents materials, direct labour and appropriate production overheads.

##### **(k) Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

### Year ended 29th February 2016

#### 1. Accounting policies *(continued)*

##### (l) Defined contribution plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

##### (m) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### (n) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### Trade and other debtors

Trade and other debtors are recognised and carried forward at invoices less provisions for any doubtful debts. Bad debts are written off when identified.

##### Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with a maturity of three months or less.

##### Trade and other creditors

Trade and other creditors are recognised and carried forward at the amount of the obligation to transfer economic benefits as a result of a past transaction or events.

#### 2. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>9,073,063</u>	<u>11,376,463</u>

#### 3. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	63,165	42,674
Gains on disposal of tangible assets	(391)	—
Foreign exchange differences	(11,193)	(5,053)
Defined contribution plans expense	<u>4,926</u>	<u>1,899</u>

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year ended 29th February 2016

### 4. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>12,875</u>	<u>12,875</u>

### 5. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No	No
Production staff	39	41
Distribution staff	14	13
Administrative staff	9	9
	<u>62</u>	<u>63</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	1,019,260	1,062,142
Social security costs	78,789	87,762
Other pension costs	4,926	1,899
	<u>1,102,975</u>	<u>1,151,803</u>

During the year, redundancy payments of £43,000 (2015: £Nil) were made to employees. The payments are expensed in the year they were incurred.

### 6. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	<u>43,958</u>	<u>140,000</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No	No
Defined contribution plans	<u>2</u>	<u>2</u>

### 7. Interest payable and similar charges

	2016	2015
	£	£
Other interest payable and similar charges	<u>4,279</u>	<u>13,217</u>

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year ended 29th February 2016

### 8. Tax on profit on ordinary activities

#### Major components of tax expense

	2016 £	2015 £
<b>Current tax:</b>		
Adjustments in respect of prior periods	9,073	292
<b>Deferred tax:</b>		
Origination and reversal of timing differences	6,146	1,915
<b>Tax on profit on ordinary activities</b>	<b>15,219</b>	<b>2,207</b>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	22,609	2,430
Profit on ordinary activities by rate of tax	(7,331)	486
Adjustment to tax charge in respect of prior periods	9,073	292
Effect of expenses not deductible for tax purposes	1,499	1,271
Effect of capital allowances and depreciation	(10,069)	(10,024)
Unused tax losses	15,901	8,267
<b>Tax on profit on ordinary activities</b>	<b>9,073</b>	<b>292</b>

The amount of unused tax losses at the year end amounts to £120,842 (2015: £41,337).

### 9. Tangible assets

	Long leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or deemed cost</b>					
At 1 Mar 2015	378,967	556,537	1,149,070	97,754	2,182,328
Additions	—	61,744	7,567	68,050	137,361
Disposals	—	—	—	(23,577)	(23,577)
<b>At 29 Feb 2016</b>	<b>378,967</b>	<b>618,281</b>	<b>1,156,637</b>	<b>142,227</b>	<b>2,296,112</b>
<b>Depreciation</b>					
At 1 Mar 2015	375,820	13,629	1,019,595	92,985	1,502,029
Charge for the year	629	20,403	26,922	15,211	63,165
Disposals	—	—	—	(23,467)	(23,467)
<b>At 29 Feb 2016</b>	<b>376,449</b>	<b>34,032</b>	<b>1,046,517</b>	<b>84,729</b>	<b>1,541,727</b>
<b>Carrying amount</b>					
<b>At 29 Feb 2016</b>	<b>2,518</b>	<b>584,249</b>	<b>110,120</b>	<b>57,498</b>	<b>754,385</b>
At 28 Feb 2015	3,147	542,908	129,475	4,769	680,299

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year ended 29th February 2016

### 10. Stocks

	2016 £	2015 £
Steel stocks	<u>2,067,363</u>	<u>2,450,552</u>

Stock recognised in cost of sales during the year as an expense was £6,570,027 (2015: £8,623,421).

Stock impairment losses during the year within cost of sales was £4,900 (2015: reversal of impairment losses of (£60,956)).

### 11. Debtors

	2016 £	2015 £
Trade debtors	2,031,407	2,649,493
Prepayments and accrued income	66,316	42,394
Corporation tax repayable	18,145	27,218
	<u>2,115,868</u>	<u>2,719,105</u>

### 12. Creditors: amounts falling due within one year

	2016 £	2015 £
Advances against trade debtors	249,498	639,190
Trade creditors	917,707	1,216,386
Accruals and deferred income	38,081	59,731
Social security and other taxes	269,016	313,744
Director loan accounts	100,000	100,000
	<u>1,574,302</u>	<u>2,329,051</u>

The advances against trade debtors of £249,498 (2015: £639,190) are secured by the company on its trade debtors and by a debenture.

### 13. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 14)	<u>84,795</u>	<u>78,649</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	108,963	86,916
Unused tax losses	(24,168)	(8,267)
	<u>84,795</u>	<u>78,649</u>



# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year ended 29th February 2016

### 14. Provisions

	Deferred tax (note 13) £
At 1st March 2015	78,649
Additions	6,146
At 29th February 2016	<u>84,795</u>

### 15. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £4,926 (2015: £1,899).

### 16. Called up share capital

#### Authorised share capital

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

#### Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

The Ordinary shares entitle the holders to vote at general meetings of the company and rank *pari passu* on dissolution. The shares have no restrictions on the distribution of dividends and the repayment of capital.

### 17. Reserves

Called up share capital - This reserve represents the nominal value of shares that have been issued.

Share premium account - This reserve represents the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve includes all current and prior period retained profits and losses and measurement of fair value as deemed cost on transition to FRS 102 of some classes of fixed assets.

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year ended 29th February 2016

### 18. Company information

C & S Steels (Wolverhampton) Limited is a Limited company incorporated in England. Its registered office is Highfields Road, Bilston, West Midlands, WV14 0LQ.

The financial statements are presented in Sterling (£).

### 19. Analysis of changes in net debt

	At 1 Mar 2015	Cash flows	At 29 Feb 2016
	£	£	£
Cash at bank and in hand	26,489	171,127	197,616
Debt due within one year	(639,190)	389,692	(249,498)
	<u>(612,701)</u>	<u>560,819</u>	<u>(51,882)</u>

### 20. Reconciliation of net cash flow to movement in net debt

	2016 £	2015 £
Increase/(decrease) in cash and cash equivalents in the year	560,819	65,766
Change in net debt	560,819	65,766
Net debt at 1st March 2015	<u>(612,701)</u>	<u>(678,467)</u>
Net debt at 29th February 2016	<u>(51,882)</u>	<u>(612,701)</u>

# **C & S Steels (Wolverhampton) Limited**

## **Notes to the Abbreviated Financial Statements** *(continued)*

### **Year ended 29th February 2016**

#### **21. Financial risk management objectives and policies**

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

#### ***Credit risk***

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

#### ***Liquidity risk***

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, invoice discounting and directors loans.

#### ***Currency risk***

The company's objective is to hedge against its exposure to exchange rate risk through the use of foreign currency bank accounts for transactions in foreign currencies and using foreign currency forward contracts.

#### ***Price risk***

The company's objective is to maintain competitiveness in pricing by closely monitoring the market price of steel.

#### **22. Directors' advances, credits and guarantees**

During the year there were no advances, credits or guarantees to directors. The director loan accounts within creditors due within 1 year at the year end amounted to £100,000 (2015: £100,000).

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

### Year ended 29th February 2016

#### 23. Related party transactions

The company is controlled by Mr R G R Cook, a director of the company.

William Corns & Son Limited and Rusco Enterprises Ltd are companies under control of Mr R G R Cook. There were no transactions with the companies during the current or prior year. There were no outstanding balances for either company at the start or end of the year.

The properties from which the company trades are owned by Mr R G R Cook, no formal lease exists. The annual rentals in respect of these is £43,092 (2015 £172,367).

#### 24. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st March 2014.

#### Reconciliation of equity

	1st March 2014			28th February 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Fixed assets	245,706	427,383	673,089	252,916	427,383	680,299
Current assets	5,710,287	–	5,710,287	5,196,146	–	5,196,146
Creditors: amounts falling due within one year	(2,838,120)	–	(2,838,120)	(2,329,051)	–	(2,329,051)
Net current assets	<u>2,872,167</u>	<u>–</u>	<u>2,872,167</u>	<u>2,867,095</u>	<u>–</u>	<u>2,867,095</u>
Total assets less current liabilities	3,117,873	427,383	3,545,256	3,120,011	427,383	3,547,394
Provisions	–	(76,734)	(76,734)	–	(78,649)	(78,649)
Net assets	<u>3,117,873</u>	<u>350,649</u>	<u>3,468,522</u>	<u>3,120,011</u>	<u>348,734</u>	<u>3,468,745</u>
Capital and reserves	<u>3,117,873</u>	<u>350,649</u>	<u>3,468,522</u>	<u>3,120,011</u>	<u>348,734</u>	<u>3,468,745</u>

# C & S Steels (Wolverhampton) Limited

## Notes to the Abbreviated Financial Statements *(continued)*

### Year ended 29th February 2016

#### 24. Transition to FRS 102 *(continued)*

##### Reconciliation of profit or loss for the year

	Year ended 28th February 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Turnover	11,376,463	–	11,376,463
Cost of sales	(10,152,780)	–	(10,152,780)
Gross profit	1,223,683	–	1,223,683
Administrative expenses	(1,208,036)	–	(1,208,036)
Operating profit	15,647	–	15,647
Interest payable and similar charges	(13,217)	–	(13,217)
Tax on profit on ordinary activities	(292)	(1,915)	(2,207)
Profit for the financial year	2,138	(1,915)	223

##### Fair Value as Deemed Cost

FRS 102 provides an optional exemption on transition that permits a company to elect for an item of property, plant or equipment to be measured at its fair value at the date of transition and for that fair value to be used as the deemed cost of the item going forward. This has resulted in the company electing for this optional exemption for its fixed assets plant and machinery class and so measured the plant and machinery at fair value on transition to FRS 102 at 1 March 2014. FRS 102 requires deferred tax recognised on the uplift of fair value of the plant and machinery. The fair value uplift was £427,383 to fair value of £548,483 at 1 March 2014 with £76,734 of deferred tax liability recognised as a result of this uplift. The fair value uplift resulted in an additional deferred tax charge of £1,915 being recognised in the profit and loss account during the year ended 28 February 2015.