

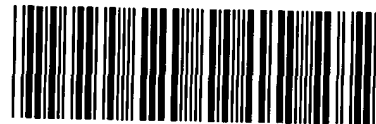
**Hadley Industries Plc**

**Annual report and consolidated  
financial statements**

Registered number 05740671

For the year ended 30 April 2019

SATURDAY



\*A8GW4QZT\*

A07

26/10/2019

#14

COMPANIES HOUSE

## Contents

Strategic Report	3
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements	5
Independent auditor's report to the members of Hadley Industries Plc	6
Consolidated Profit and Loss Account	9
Consolidated Other Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes	16

## Strategic Report

### Principal activities

The principal activity of the Group is cold rolling of steel products and the provision of associated services.

The Group manufactures and sells products from sites in the UK, Netherlands, UAE and Thailand.

There have been no significant changes in the Group's principal activities in the year under review.

### Business review and future developments

FY2019 has been an exciting year of growth for the Hadley Group, completing the acquisitions of EWS (Manufacturing) Limited and Hadley Steel Framing Limited. This has contributed to the growth in turnover to £171m (2018: £130m).

Market conditions continue to be challenging in our key markets with volatile steel prices and an uncertain global economic outlook. This has seen our Gross Margin decline to 23.7% (2018: 25.9%) and our net profit reduce to £5.3m (2018: £6.5m).

The financial position of the Group remains strong both in the UK and overseas and the Board are confident about the challenges and opportunities to be faced in the years ahead.

Research and development remains a key area of focus which the Board believes will provide a strong platform for the future. The Group will continue to explore new products and markets which will be the pillars of our future success.

### Principal risks and uncertainties

The financial risks the directors consider relevant to the Group are currency risk, liquidity risk, credit risk and price risk.

Currency risk arises on export sales. Where possible the Group mitigates its currency risk by entering into appropriate hedging arrangements.

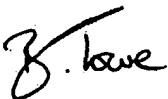
The Group is vulnerable to liquidity risk if short term funds are not available to meet current liabilities. This risk is mitigated by detailed cash flow forecasting and short term borrowing facilities.

Credit risk arises when customers do not settle their accounts in a timely manner. The Group maintains rigorous credit control procedures and a credit control department to mitigate credit risk.

Raw material costs are a significant proportion of final selling price so volatility in steel prices can have a material effect on margins. This risk is mitigated by entering into fixed purchase deals for a proportion of the steel bought and the Group is aware of pricing trends thanks to its excellent supplier relations both in the UK and overseas.

Britain's decision to leave the European Union may lead to some short term disruption in our core markets and will have an uncertain impact on wider economic conditions. The Group is monitoring the ongoing situation very closely and can respond quickly to changing circumstances. The Group is well placed to take advantage of new opportunities after Brexit through our global footprint and extensive production capabilities.

By order of the board



BS Towe  
Company Director

PO Box 92  
Downing Street  
Smethwick  
West Midlands  
B66 2PA  
23rd October 2019

## Directors' report

### Directors

The directors of the company who were in office during the year and up to date of signing the financial statements were as follows:

SR Towe CBE DL  
SS Heer (resigned - 30 April 2019)  
BS Towe  
GA Towe  
RG Neale  
MA Castellucci  
JM Jaggard

### Dividends

The directors paid a dividend of £49.26 per share totalling £2.46m. (2018: £nil)

### Research and development

The company continues to invest in research and development. Improvements in both products and processes are ongoing to ensure the continuing success of the group.

### Overseas subsidiaries

The group manufactures and sells products from sites in the UK, Netherlands, UAE and Thailand.

### Charitable and political donations

During the year the company made charitable donations of £141,000 (2018: £150,000) to various charities including The Prince's Trust and The Outward Bound Trust. There were no political donations (2018: £Nil).

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective abilities and aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The Company does not discriminate on the grounds of disability or on the grounds of sexual orientation, age or religious belief.

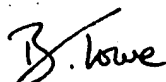
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the 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.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



BS Towe  
Company Director

PO Box 92  
Downing Street  
Smethwick  
West Midlands  
B66 2PA  
23rd October 2019

## **Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of Hadley Industries Plc**

#### **Opinion**

We have audited the financial statements of Hadley Industries Plc ("the company") for the year ended 30 April 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Independent auditor's report to the members of Hadley Industries Plc *(continued)***

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

## **Independent auditor's report to the members of Hadley Industries Plc (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

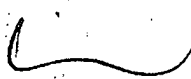
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Xavier Timmermans (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

23rd October 2019



## Consolidated Profit and Loss Account

for the year ended 30 April 2019

	Note	2019 £000	2018 £000
Turnover	4	171,157	129,655
Cost of sales		(130,653)	(96,086)
		<hr/>	<hr/>
Gross profit		40,504	33,569
Distribution costs		(2,338)	(1,971)
Administrative expenses		(30,741)	(24,585)
		<hr/>	<hr/>
Group operating profit		7,425	7,013
Group's share of profit in Associates	5	783	1,273
Interest receivable and similar income	9	1	3
Interest payable and similar expenses	10	(1,178)	(892)
		<hr/>	<hr/>
Profit before taxation		7,031	7,397
Tax on profit	11	(1,743)	(908)
		<hr/>	<hr/>
Profit after taxation		5,288	6,489
		<hr/>	<hr/>
Profit attributable to:			
Shareholders of the parent company		5,281	6,464
Non-controlling interests		7	25
		<hr/>	<hr/>
Profit after taxation		5,288	6,489
		<hr/>	<hr/>

The notes on pages 16 to 40 form part of these financial statements.

**Consolidated Other Comprehensive Income**  
*for the year ended 30 April 2019*

	2019 £000	2018 £000
<b>Profit for the financial year</b>	<b>5,288</b>	<b>6,489</b>
<b>Other Comprehensive Income</b>		
Foreign exchange differences on translation of foreign operations	653	(580)
Remeasurement of the net defined benefit liability/(asset)	(912)	(1,082)
Tax on net defined liability	155	184
<b>Other comprehensive income for the year, net of income tax</b>	<b>(104)</b>	<b>(1,478)</b>
<b>Total comprehensive income for the year</b>	<b>5,184</b>	<b>5,011</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the parent company	5,228	4,988
Non-controlling interests	(44)	23
<b>Total comprehensive income for the year</b>	<b>5,184</b>	<b>5,011</b>

## Consolidated Balance Sheet at 30 April 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	12	17,671	2,625
Tangible assets	13	50,396	50,393
Investments	14	953	4,276
		<u>69,020</u>	<u>57,294</u>
<b>Current assets</b>			
Stocks	15	15,127	13,529
Debtors	16	46,199	31,925
Cash at bank and in hand	17	8,049	8,140
		<u>69,375</u>	<u>53,594</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(50,216)</u>	<u>(30,157)</u>
<b>Net current assets</b>		<u>19,159</u>	<u>23,437</u>
<b>Total assets less current liabilities</b>		<u>88,179</u>	<u>80,731</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(17,372)</u>	<u>(13,605)</u>
Provisions for liabilities	22,23	<u>(788)</u>	<u>(221)</u>
<b>Net assets excluding pension liabilities</b>		<u>70,019</u>	<u>66,905</u>
Pensions and similar obligations	24	<u>(13,119)</u>	<u>(12,726)</u>
<b>Net assets including pension liabilities</b>		<u>56,900</u>	<u>54,179</u>
<b>Capital and reserves</b>			
Called up share capital	25	50	50
Share premium account		1,384	1,384
Profit and loss account		55,466	52,701
<b>Equity attributable to the parent's shareholders</b>		<u>56,900</u>	<u>54,135</u>
Non-controlling interests		-	44
<b>Shareholders' funds</b>		<u>56,900</u>	<u>54,179</u>

These financial statements were approved by the board of directors on 23rd October 2019 and were signed on its behalf by:



BS Towe  
Director

Company registered number: 05740671

## Company Balance Sheet

at 30 April 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	14	65,592	52,000
Investments in associated undertakings	14	-	3,385
		<u>65,592</u>	<u>55,385</u>
<b>Current assets</b>			
Debtors	16	13,014	4,553
Creditors: amounts falling due within one year	18	(55,667)	(39,241)
<b>Net current liabilities</b>		<u>(42,653)</u>	<u>(34,688)</u>
<b>Total assets less current liabilities</b>		<u>22,939</u>	<u>20,697</u>
Creditors: amounts falling due after more than one year	19	(6,613)	(1,670)
<b>Net assets</b>		<u>16,326</u>	<u>19,027</u>
<b>Capital and reserves</b>			
Called up share capital	25	50	50
Share premium account		1,384	1,384
Profit and loss account		14,892	17,593
<b>Shareholders' funds</b>		<u>16,326</u>	<u>19,027</u>

These financial statements were approved by the board of directors on 23rd October 2019 and were signed on its behalf by:



**BS Towe**  
Director

Company registered number: 05740671

## Consolidated Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit & loss account £000	Total shareholder's equity £000	Non- controlling interest £000	Total equity £000
Balance at 1 May 2017	50	1,384	47,713	49,147	21	49,168
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	6,464	6,464	25	6,489
Other comprehensive income	-	-	(1,476)	(1,476)	(2)	(1,478)
<b>Total comprehensive income for the period</b>	-	-	4,988	4,988	23	5,011
Dividends	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-
<b>Balance at 30 April 2018</b>	<b>50</b>	<b>1,384</b>	<b>52,701</b>	<b>54,135</b>	<b>44</b>	<b>54,179</b>
Balance at 1 May 2018	50	1,384	52,701	54,135	44	54,179
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	5,281	5,281	7	5,288
Other comprehensive income	-	-	(53)	(53)	(51)	(104)
<b>Total comprehensive income for the period</b>	-	-	5,228	5,228	(44)	5,184
Dividends	-	-	(2,463)	(2,463)	-	(2,463)
Total distributions to owners	-	-	(2,463)	(2,463)	-	(2,463)
<b>Balance at 30 April 2019</b>	<b>50</b>	<b>1,384</b>	<b>55,466</b>	<b>56,900</b>	<b>-</b>	<b>56,900</b>

## Company Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit & loss account £000	Total equity £000
Balance at 1 May 2017	50	1,384	16,609	18,043
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	984	984
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	984	984
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dividends	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 April 2018	50	1,384	17,593	19,027
	<u>50</u>	<u>1,384</u>	<u>17,593</u>	<u>19,027</u>
Balance at 1 May 2018	50	1,384	17,593	19,027
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	(238)	(238)
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	(238)	(238)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dividends	-	-	(2,463)	(2,463)
	<u>-</u>	<u>-</u>	<u>(2,463)</u>	<u>(2,463)</u>
Balance at 30 April 2019	50	1,384	14,892	16,326
	<u>50</u>	<u>1,384</u>	<u>14,892</u>	<u>16,326</u>

## Consolidated Cash Flow Statement

for year ended 30 April 2019

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Profit after taxation		5,289	6,490
Adjustments for:			
Depreciation, amortisation and impairment		7,503	5,855
Income from participating investments		(783)	(1,273)
Interest receivable and similar income		(1)	(3)
Interest payable and similar expenses		1,178	892
Loss on sale of tangible fixed assets		(1,190)	60
Taxation		1,743	908
Loan arrangement fee amortisation		(35)	45
		<u>13,704</u>	<u>12,973</u>
Decrease/(Increase) in trade and other debtors		(10,064)	4,046
Decrease/(Increase) in stocks		83	(1,107)
(Decrease)/Increase in trade and other creditors		6,098	(3,568)
(Decrease) in provisions and employee benefits		(841)	(817)
		<u>8,980</u>	<u>11,528</u>
Dividends paid		(2,463)	-
Interest paid		(856)	(585)
Tax paid		(934)	(1,111)
<b>Net cash from operating activities</b>		<u>4,727</u>	<u>9,832</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		3,789	126
Interest received		1	3
Dividends received		-	1,225
Acquisition of a business		(10,608)	-
Acquisition of tangible fixed assets	13	(5,926)	(3,967)
<b>Net cash from investing activities</b>		<u>(12,744)</u>	<u>(2,613)</u>
<b>Cash flows from financing activities</b>			
(Decrease)/Increase in borrowings		8,269	(2,640)
Repayment/(Payment) of finance lease liabilities		(24)	87
<b>Net cash from financing activities</b>		<u>8,245</u>	<u>(2,553)</u>
Net increase in cash and cash equivalents		228	4,665
Effect of exchange rate fluctuations		372	(336)
Cash and cash equivalents at 1 May		7,449	3,120
<b>Cash and cash equivalents at 30 April</b>	17	<u><u>8,049</u></u>	<u><u>7,449</u></u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Hadley Industries plc (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### 1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group has long established relationships with customers and suppliers which, together with the Group's current financial strength, provide a solid foundation. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to settle any debts as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and associates are carried at cost less impairment.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

#### 1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	1% - 10% straight line basis excluding land costs from the date the property comes into use.
Long leasehold property	Written off in equal instalments over the unexpired period of the lease from the date the property comes into use.
Plant and machinery, fixtures and fittings, computers, tooling and exhibition equipment	10 – 50 % on a straight line basis
Motor vehicles	25 – 33 % on a straight line basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits. Tooling costs are capitalised net of any customer contributions.

#### 1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Step acquisitions (such as the acquisition of Hadley Steel Framing Limited in Note 3) have been accounted for following the principles of FRS 102 and this accounting policy.

#### 1.9 Intangible assets

##### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Intangible assets (continued)

##### Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date. In addition, following the principles of FRS 102 for intangibles to be separately recognised from goodwill they must be both separable and arising from contractual right. Where this is not the case the value has been included within goodwill.

##### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Goodwill 10 years
- Customer relationships 10 years
- Licenses 10 years

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversal of impairment losses are also recognised in profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Impairment, excluding stocks, and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### 1.12 Employee benefits

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Net defined benefit liability is recognised in other comprehensive income in the period in which it occurs.

#### 1.13 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.15 Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax expenses or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors the following are the critical judgements made in the process of applying the company's accounting policies:

#### *Impairment of fixed assets*

At each reporting date, the group is required to assess whether there is any indication that, in management's judgement, the carrying value of tangible or intangible assets may not be recoverable. If any indication exists, the relevant assets recoverable value is estimated, being the greater of its value in use and fair value less cost to sell. Where the carrying value exceeds the recoverable value, the asset's carrying value is reduced to the recoverable value.

#### *Actuarial assumptions on pension obligations*

In determining the valuation of the defined benefit pension liability, certain assumptions about the scheme have been made, notably the expected return on assets, inflation, discount rates, mortality and pension increases. The factors affecting these assumptions are largely outside the Group's control.

## Notes (continued)

### 3 Acquisitions of businesses

#### *Acquisitions in the current period – Hadley Steel Framing Limited*

On 1st October 2018 the Company acquired the remaining 50% of the business of Hadley Steel Framing Limited. The cost of the acquisition was £10,206,673. The principal activity of the company is the design and sale of steel framing solutions. The business contributed revenue of £8,400,000 and net loss of £587,000 to the revenue and net profit for the year.

#### *Effect of acquisition*

The acquisition had the following effect on the Company's assets and liabilities:

	Recognised values on acquisition £000
<b>Acquiree's share of net assets at the acquisition date:</b>	
Tangible fixed assets	85
Intangible assets	65
Stocks	441
Trade and other debtors	2,823
Cash	714
Trade and other creditors	(3,051)
	<hr/>
	1,077
	<hr/>
<b>Total cost of business combination:</b>	
Initial cash consideration relating to business combination	5,425
Debt instruments issued	4,575
Costs directly attributable to the business combination	207
	<hr/>
Total consideration	10,207
Goodwill transferred from investment in associate	1,926
	<hr/>
<b>Goodwill on acquisition</b>	<b>11,056</b>
	<hr/>

The expected useful life of goodwill stemming from this acquisition is 10 years.



## Notes (continued)

### 3 Acquisitions of businesses (continued)

#### Acquisitions in the current period – EWS (Manufacturing) Limited

On 1st July 2018 the Company acquired 100% of the business of EWS (Manufacturing) Limited. The cost of the acquisition was £2,236,045. The company is a manufacturer of cold rolled steel sections. The business contributed revenue of £15,827,000 and net profit of £1,925,000 to the revenue and net profit for the year.

#### Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities:

	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>	
Tangible fixed assets	2,180
Intangible assets	3,578
Stocks	834
Trade and other debtors	4,701
Cash	406
Interest-bearing loans and borrowings	(6,538)
Trade and other creditors	(4,774)
Deferred tax liabilities	(76)
<b>Net identifiable assets and liabilities</b>	<b>311</b>
<b>Total cost of business combination:</b>	
Initial cash consideration relating to business combination	2,010
Costs directly attributable to the business combination	226
<b>Total consideration</b>	<b>2,236</b>
<b>Goodwill on acquisition</b>	<b>1,925</b>

The expected useful life of goodwill stemming from this acquisition is 10 years.

### 4 Turnover

The directors consider that the group's activities represent one class of business, being the manufacture of cold rolled sections and profiled sheets. A geographical analysis of turnover by origin is given below:

	2019 £000	2018 £000
United Kingdom	126,798	86,596
Rest of Europe	20,297	18,813
Middle East and Far East	24,062	24,246
<b>Total turnover</b>	<b>171,157</b>	<b>129,655</b>

## Notes (continued)

### 5 Share of operating profit of associates

	2019 £000	2018 £000
Continuing operations	783	1,273

### 6 Expenses and auditor's remuneration

	2019 £000	2018 £000
<i>Profit before taxation is stated after charging:</i>		
Profit / (Loss) on disposal of fixed assets	1,387	(60)
Depreciation charge for the year:		
Tangible owned fixed assets	5,639	5,169
Tangible leased fixed assets	177	171
Amortisation of intangibles	1,671	516
Operating lease rentals:		
Land and buildings	934	394
Plant and machinery	128	59
Other	281	202
Research and other development expenditure	1,000	800

#### *Auditor's remuneration:*

	2019 £000	2018 £000
Audit of these financial statements	150	120

Auditor's remuneration for the company was £7,500 (2018: £7,000) with no remuneration paid to auditors for non-audit services relating to services provided to the company (2018: £Nil).

### 7 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Production	436	411
Sales, distribution and administration	235	195
	671	606

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	22,226	20,432
Social security costs	2,596	2,456
Expenses related to defined benefit plans	978	813
	25,800	23,701

## Notes (continued)

### 8 Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration	2,061	2,289
Company contributions to money purchase pension plans	40	40
	<u>2,101</u>	<u>2,329</u>

Four (2018: four) directors participated in the defined contribution pension schemes operated by the company and none (2018: none) of the directors participated in the Hadley Pension Fund. All pension contributions disclosed above are to these schemes.

The aggregate emoluments of the highest paid director were £442,000 (2018: £478,000). The accrued pension at the end of the year was £nil (2018: £Nil) and pension contributions of £nil (2018: £Nil) were paid on his behalf in respect of his defined contribution scheme.

The Directors are considered to be the key management personnel of the business.

### 9 Interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	1	3
	<u>1</u>	<u>3</u>

### 10 Interest payable and similar expenses

	2019 £000	2018 £000
Bank loans and overs	791	465
Finance lease interest payable	(3)	18
Net interest expense on net defined benefit liabilities	390	409
	<u>1,178</u>	<u>892</u>
Total other interest payable and similar expenses	<u>1,178</u>	<u>892</u>

## Notes (continued)

### 11 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £000	2018 £000
<i>Current tax</i>		
Current tax on income for the period	1,475	1,177
Adjustments in respect of prior periods	(27)	(297)
Share of associates current tax	147	-
Other reliefs	8	-
<b>Total current tax</b>	<b>1,603</b>	<b>880</b>
<i>Deferred tax (see note 20)</i>		
Origination and reversal of timing differences	(174)	79
Change in tax rate	21	(8)
Adjustment in respect of prior year	293	(43)
<b>Total deferred tax</b>	<b>140</b>	<b>28</b>
<b>Total tax</b>	<b>1,743</b>	<b>908</b>

#### Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit before taxation	7,031	7,397
Tax using the UK corporation tax rate of 19% (2018: 19%)	1,336	1,405
Effect of tax rates in foreign jurisdictions	(131)	131
Non-deductible expenses	568	1,060
Tax exempt revenues	(369)	(1,494)
(Over) provided in prior years	340	(339)
Transfer pricing adjustment	48	7
Tax losses carried forward	-	138
Difference in tax rates	11	-
Patent Box relief	(60)	-
<b>Total tax expense included in profit or loss</b>	<b>1,743</b>	<b>908</b>

#### Factors that may affect future current and total tax expenses

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax, at 30 April 2019 has been calculated based on these rates.

## Notes (continued)

### 12 Intangible assets and goodwill

Group	Goodwill £000	Licence £000	Customer relationships £000	Negative goodwill £000	Total £000
<b>Cost</b>					
Balance at 1 May	1,269	92	2,193	(2,376)	1,178
Transfer	1,926	-	-	-	1,926
Acquisition	14,633	130	-	-	14,633
Effects of movements in foreign exchange	(24)	-	(42)	-	(66)
<b>Balance at 30 April</b>	<b>17,804</b>	<b>222</b>	<b>2,151</b>	<b>(2,376)</b>	<b>17,801</b>
<b>Amortisation and impairment</b>					
Balance at 1 May	307	92	530	(2,376)	(1,447)
Amortisation for the year	1,372	10	220	-	1,602
Effects of movements in foreign exchange	(9)	-	(16)	-	(25)
<b>Balance at 30 April</b>	<b>1,670</b>	<b>102</b>	<b>734</b>	<b>(2,376)</b>	<b>130</b>
<b>Net book value</b>					
At 1 May	962	-	1,663	-	2,625
<b>At 30 April</b>	<b>16,134</b>	<b>120</b>	<b>1,417</b>	<b>-</b>	<b>17,671</b>

#### Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2019 £000	2018 £000
Administrative expenses	1,602	349

## Notes (continued)

### 13 Tangible fixed assets

Group	Land and buildings	Plant and Equipment	Motor vehicles	Under construction	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
Balance at 1 May	32,835	50,611	515	3,817	87,778
Acquisitions	-	2,227	123	-	2,350
Additions	57	1,440	127	4,302	5,926
Disposals	(1,516)	(1,367)	(130)	(920)	(3,933)
Exchange adjustments	152	482	33	-	667
Transfers	6	1,611	-	(1,617)	-
<b>Balance at 30 April</b>	<b>31,534</b>	<b>55,004</b>	<b>668</b>	<b>5,582</b>	<b>92,788</b>
<b>Depreciation and impairment</b>					
Balance at 1 May	5,098	32,008	149	130	37,385
Depreciation charge for the year	801	4,765	250	-	5,816
Disposals	(599)	(617)	(120)	(130)	(1,466)
Exchange adjustments	60	437	14	-	511
Impairment losses	-	-	-	146	146
<b>Balance at 30 April</b>	<b>5,360</b>	<b>36,593</b>	<b>293</b>	<b>146</b>	<b>42,392</b>
<b>Net book value</b>					
At 1 May	27,787	18,553	366	3,687	50,393
<b>At 30 April</b>	<b>26,174</b>	<b>18,411</b>	<b>375</b>	<b>5,436</b>	<b>50,396</b>

#### *Leased plant and machinery*

At 30 April 2019 the net carrying amount of tangible fixed assets leased under a finance lease was £663,000 (2018: £668,000). The leased equipment secures lease obligations (see note 20).

**Notes (continued)**

**14 Fixed asset investments**

**Fixed asset investments – Group**

	Interests in associated undertakings
	£000
<b>Group</b>	
<i>Cost</i>	
At beginning of year	5,479
Additions	637
Transfer	(5,163)
	<hr/>
At end of year	953
	<hr/>
<i>Accumulated amortisation of goodwill</i>	
At beginning of year	1,203
Charge for the year	69
Transfer	(1,272)
	<hr/>
At end of year	-
	<hr/>
<i>Net book value</i>	
At 30 April 2019	953
	<hr/>
At 1 May 2018	4,276
	<hr/>

**Fixed asset investments in associated undertakings – Company**

	£000
<i>Net book value</i>	
Balance brought forward	3,385
Transfer to subsidiary undertakings	(3,385)
	<hr/>
Balance carried forward	-
	<hr/>

The associated undertakings of the Group are as follows:

<i>Associated undertakings</i>	Country of incorporation	Principal activity	Percentage of ordinary shares held
George Green Transport Limited*	England and Wales	Road Haulage	50
Hadley Steel Framing Limited	England and Wales	Design and fitting of steel framing solutions	100

All of the above associates are held directly by Hadley Industries plc unless marked by an asterisk.

During the year Hadley Steel Framing Limited became a subsidiary and a transfer of goodwill and net assets relating to the associate were transferred out of fixed asset investments, see Note 3 for details.

The directors believe that the carrying value of the investments is supported by their underlying net assets. The registered address of George Green Transport Limited is PO Box 92 Downing Street, Smethwick, West Midlands, B66 2PA and the registered address of Hadley Steel Framing Limited is 123 West Bromwich Street, Oldbury, West Midlands, B69 3AZ.

The subsidiary entities Overeem B.V and Hadley Steel Framing Limited are exempt from the requirements of Companies Act 2006 relating to the audit of individual accounts by virtue of the s479A exemption.

## Notes (continued)

### 14 Fixed asset investments (continued)

#### Fixed asset investments in subsidiary undertakings – Company

	£000
<i>Net book value</i>	
At the beginning of the year	52,000
Additions	10,207
Transfers from investments in associates	<u>3,385</u>
<b>Total investments in subsidiary undertakings</b>	<b>65,592</b>

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Country of incorporation	Principal activity	Percentage of ordinary shares held	Key
<i>Subsidiary undertakings</i>				
Hadley Industries Overseas Holdings Limited	England and Wales	Holding Company	100	A
Hadley Industries Holdings Limited	England and Wales	Rolling of metal sections	100	A
Overeem BV *	Netherlands	Rolling of metal sections	100	F
Hadley Industries (Middle East) FZE *	UAE	Rolling of metal sections	100	B
Hadley Industries (Thailand) Limited *	Thailand	Rolling of metal sections	100	C
Hadley Profitechnik GmbH *	Germany	Rolling of metal sections	100	D
Hadley Steel Framing FZCO *	UAE	Steel framing solutions	75	E
Hadley Rolled Products Limited *	England and Wales	Dormant	100	A
Hadley Rollform Celik Profit Satıcı Uretim A.S	Turkey	Rolling of metal sections	100	G
Hadsec Limited *	England and Wales	Dormant	100	A
Bridge Steel Sections Limited *	England and Wales	Dormant	100	A
Rollform Sections Limited *	England and Wales	Dormant	100	A
Precision Sections Limited *	England and Wales	Dormant	100	A
Ultrasteel Products Limited *	England and Wales	Dormant	100	A
Cladding Sheets and Profiles Limited *	England and Wales	Dormant	100	A
Sections & Profiles Limited *	England and Wales	Dormant	100	A
Hadley Sections Limited *	England and Wales	Dormant	100	A
Corrugated Steel Sheets Limited *	England and Wales	Dormant	100	A
Steel Fence Suppliers Limited *	England and Wales	Dormant	100	A
Structural Sections Limited *	England and Wales	Dormant	100	A
Hill Top Sections Limited *	England and Wales	Dormant	100	A
EWS (Manufacturing) Limited	England and Wales	Dormant	100	H
Hadley Steel Framing Limited	England and Wales	Dormant	100	A

Key	Registered Office
A	PO Box 92 Downing Street, Smethwick, West Midlands, B66 2PA
B	P Box 61322, Jebel Ali Free Zone, Dubai, UAE
C	Laem Chabang Industrial Estate, Si Racha, Chonburi 20230, Thailand
D	Buernerhelfstraße 9, D-44379, Germany
E	P Box 61322, Jebel Ali Free Zone, Dubai
F	Randon Straat 16, 6718 WS Eile, Netherlands
G	Tuzla Deri OSB, Gergef Sokak No 7, Tuzla Istanbul, Turkey
H	Headway Road, Wolverhampton, West Midlands, WV10 6PZ

\*All of the above subsidiaries owned directly by Hadley Industries plc unless marked by an asterisk.

The directors believe that the carrying value of the investments is supported by their underlying net assets



## Notes (continued)

### 15 Stocks

	Group 2019 £000	2018 £000
Raw materials and consumables	7,727	7,246
Finished goods	7,400	6,283
	<u>15,127</u>	<u>13,529</u>

The replacement cost of the above stocks would not be significantly different from the values stated above.

The company had no stocks at any time during the financial year (2018: £Nil).

### 16 Debtors

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Trade debtors	41,189	25,356	-	-
Amounts owed by group undertakings	-	-	13,019	4,565
Amounts owed by group undertakings in which the entity has a participating interest	6	906	-	-
Other debtors	1,406	2,221	(5)	(12)
Prepayments and accrued income	1,287	1,030	-	-
Corporation tax receivable	-	228	-	-
Deferred tax assets (see note 22)	2,311	2,184	-	-
	<u>46,199</u>	<u>31,925</u>	<u>13,014</u>	<u>4,553</u>

### 17 Cash and cash equivalents

	Group 2019 £000	2018 £000
Cash at bank and in hand	8,049	8,140
Bank overs	-	(691)
Cash and cash equivalents per cash flow statement	<u>8,049</u>	<u>7,449</u>

The Company had no cash at year end (2018: £Nil).

## Notes (continued)

### 18 Creditors: amounts falling due within one year

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Bank loans (see note 20)	7,983	3,467	5,866	1,577
Obligations under finance leases (see note 21)	151	153	-	-
Trade creditors	35,757	20,828	-	-
Amounts owed to shareholders	360	579	98	579
Amounts owed to group undertakings	-	-	30,911	20,911
Amounts owed to undertakings in which the entity has a participating interest	458	368	-	-
Corporation tax payable	742	123	-	-
Taxation and social security	792	594	-	-
Other creditors	3,152	3,126	152	13
Accruals and deferred income	821	228	-	-
Bank over	-	691	18,640	16,161
	<u>50,216</u>	<u>30,157</u>	<u>55,667</u>	<u>39,241</u>

### 19 Creditors: amounts falling after more than one year

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Bank loans (see note 20)	16,290	12,571	6,613	1,670
Obligations under finance leases (see note 21)	473	502	-	-
Other creditors	609	532	-	-
	<u>17,372</u>	<u>13,605</u>	<u>6,613</u>	<u>1,670</u>

## Notes (continued)

### 20 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
<b>Creditors falling due within less than one year</b>				
Secured bank loans	7,983	3,467	5,866	1,577
Finance lease liabilities	151	153	-	-
	<u>8,134</u>	<u>3,620</u>	<u>5,866</u>	<u>1,577</u>
<b>Creditors falling due more than one year</b>				
Secured bank loans	16,290	12,571	6,613	1,670
Finance lease liabilities	473	502	-	-
	<u>16,763</u>	<u>13,073</u>	<u>6,613</u>	<u>1,670</u>

The bank loans and over are secured by a first mortgage over land and buildings, a fixed charge over book debts and a floating charge over all other group assets. The bank loans incur interest at rates between 2.47% and 3.35% (2018: 3.21% and 3.35%).

#### Bank loans analysis:

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Less than one year	7,983	3,467	5,866	1,577
Between one and five years	13,103	11,011	4,063	1,670
More than five years	3,187	1,560	2,550	-
	<u>24,273</u>	<u>16,038</u>	<u>12,479</u>	<u>3,247</u>

## Notes (continued)

### 21 Other interest-bearing loans and borrowings

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2019 £000	Minimum Lease payments 2018 £000
Less than one year	151	153
Between one and five years	473	502
More than five years	-	-
	<u>624</u>	<u>655</u>

### 22 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	-	-	(438)	(221)	(438)	(221)
Employee benefits	2,264	2,184	-	-	2,264	2,184
Losses	47	-	-	-	47	-
	<u>2,311</u>	<u>2,184</u>	<u>(438)</u>	<u>(221)</u>	<u>1,873</u>	<u>1,963</u>

### 23 Other provisions

	2019 £000	2018 £000
Dilapidation provision	<u>350</u>	<u>-</u>

### 24 Employee benefits

The last full actuarial valuation of this scheme was carried out by an independent qualified actuary as at 30 April 2016 and updated to 30 April 2019.

The company began sponsoring the scheme following a group reorganisation on 30 April 2008.

The total contributions made over the financial year to the merged schemes have been £841,000 (2018: £817,000). The scheme became paid up with effect from 30 April 2005. Expected contributions for the coming year are £866,000 (2018: £841,000) and the directors made contributions by deductions from earnings of £Nil (2018: £Nil).

The information disclosed below is in respect of the whole of the plans for which the Company is either legally responsible or has been allocated a share of cost under an agreed group policy throughout the periods shown.

## Notes (continued)

### 24 Employee benefits (continued)

#### Net pension (liability)

	2019 £000	2018 £000
Defined benefit obligation	(26,577)	(26,107)
Plan assets	13,458	13,381
Net pension (liability)	(13,119)	(12,726)

#### Movements in present value of defined benefit obligation

At 1 May	26,107	25,864
Interest expense	663	657
Remeasurement: actuarial losses	1,015	787
Benefits paid	(1,208)	(1,201)
At 30 April	(26,577)	(26,107)

#### Movements in fair value of plan assets

At 1 May	13,381	13,710
Interest income	341	350
Remeasurement: return on plan assets less interest income	444	(295)
Contributions by employer	841	817
Benefits paid	(1,208)	(1,201)
At 30 April	13,458	13,381

	2019 £000	2018 £000
<i>Expense recognised in the profit and loss account</i>		
Net interest on net defined benefit liability	322	307
Total expense recognised in profit or loss	322	307

Notes (continued)

**24 Employee benefits (continued)**

The fair value of the plan assets and percentage held of those assets were as follows:

	2019 Fair value £000/%	2018 Fair value £000/%
Equities	972/7	803/6
Gilt	481/4	462/3
Property	3,263/24	2,499/19
Other	8,742/65	9,617/72
	<u>13,458</u>	<u>13,381</u>

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2019 %	2018 %
Discount rate	2.4	2.6
Inflation (RPI)	3.55	3.35
Inflation (CPI)	2.55	2.35
Allowance for pension in payment increase of CPI or 5% pa if less	2.54	2.37
Allowance for revaluation of deferred pensions of CPI or 5% pa if less	2.55	2.35
Allowance for pension in payment increase of RPI or 2.5% pa if less	2.20	2.15

In valuing the liabilities of the pension fund at 30 April 2019, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.0 years (male), 23.9 years (female).
- Future retiree upon reaching 65: 23.4 years (male), 25.4 years (female)

**25 Capital and reserves**

**Share capital**

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

**26 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Less than one year	1,077	711	-	-
Between one and five years	1,336	1,479	-	-
More than five years	15	2,973	-	-
	<u>2,428</u>	<u>5,163</u>	<u>-</u>	<u>-</u>

During the year £1,343,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £655,000).

**27 Commitments**

*Capital commitments*

Contractual commitments to purchase tangible fixed assets at the year-end were £nil (2018: £1,078,000).

The company has a fixed charge over book and other debts and a floating charge placed over all other assets of the company and its subsidiary undertakings in order to guarantee the bank loans and overs of its subsidiary undertakings.

**28 Contingencies**

The company has guaranteed the bank overs of all subsidiary companies listed in note 12.

The bank holds a fixed charge over book and other debts and a floating charge over all other assets.

Certain of the borrowings have been secured by a first legal charge over some of the group properties.

The Company has entered into a financial guarantee to guarantee the indebtedness of Overeem BV. The company treats the guarantee as a contingent liability until such time as it becomes probable that Overeem BV will be required to make a payment under the guarantee.

Notes (continued)

**29 Related parties**

**Group**

*Identity of related parties with which the Group has transacted*

The Group exerts significant influence over Spacious Place Developments Limited, an entity under common control. The transactions with this entity are summarised as follows. The loans are interest free and repayable on demand:

	Transactions with Group	2018	Transactions with Company	2018
	2019	£000	2019	£000
	£000		£000	
Sales	-	-	-	-
Purchases	-	-	-	-
Dividend received	-	-	-	-
Debtors	665	380	-	-
Creditors	-	-	-	-

The group's transactions and balances with George Green Transport Limited, its associated undertaking, are summarised as follows:

	Transactions with Group	2018	Transactions with Company	2018
	2019	£000	2019	£000
	£000		£000	
Sales	143	115	-	-
Purchases	2,407	2,041	-	-
Dividend received	-	125	-	-
Debtors	-	-	-	-
Creditors	458	309	-	-

The group's transactions and balances with Hadley Steel Framing FZCO Limited, its 75% owned subsidiary, are summarised as follows:

	Transactions with Group	2018	Transactions with Company	2018
	2019	£000	2019	£000
	£000		£000	
Sales	-	885	-	-
Purchases	-	-	-	-
Dividend received	-	-	-	-
Debtors	-	102	-	-
Creditors	-	-	-	-

Unsecured loans, repayable on demand, were made to directors and were outstanding during the year. The amount of debt including interest due to the company at the beginning of the year was £301,000 (2018: £290,000), the maximum during the year was £487,000 (2018: £301,000) and at the end of the year was £487,000 (2018: £301,000). Interest charged during the year amounted to £11,000 (2018: £11,000).

**30 Ultimate parent company and parent company of larger group**

SR Towe CBE DL, a director of Hadley Industries Plc, controls the company as a result of holding over 50% of the issued ordinary share capital of Hadley Industries Plc.