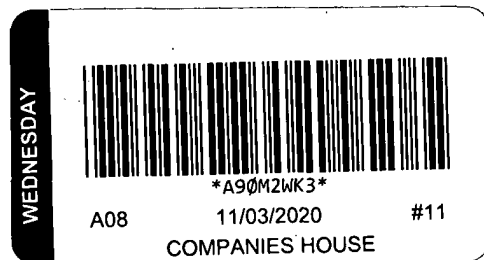


COMPANY REGISTRATION NUMBER: 06276285

UKF STAINLESS HOLDINGS LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2019



LANGARD LIFFORD HALL LIMITED

Accountants and Statutory Auditors

Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

UKF STAINLESS HOLDINGS LIMITED
GROUP FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

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UKF STAINLESS HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

A J Hudson
C T Morris
P Morris
S M Greenhill

Company Secretary

S M Greenhill

Registered Office

12 Buntsford Park Road
Bromsgrove
Worcestershire
B60 3DX

Auditor

Langard Lifford Hall Limited
Accountants and Statutory Auditor
Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

UKF STAINLESS HOLDINGS LIMITED

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2019

The directors present their strategic report for the company for the year ended 30 September 2019.

Principal activities and business review

The principal activity of the group during the year was that of a holding company, stainless steel stockholders and processors, metal tube perforation and manipulation.

The group has continued to grow over the year resulting in an increase in turnover whilst maintaining the gross profit margin, despite increasing pressure from competitors.

The company's reputation for providing excellent service and for the supply of high quality products has helped it to retain existing customers and also attract new business.

The directors use the following key performance indicators to monitor the performance of the business against prior years and competitors

| | 2019 | 2018 |
|----------------|-------|-------|
| Gross Profit % | 17.9% | 16.7% |
| EBITDA % | 4.0% | 3.4% |
| Debtor days | 79 | 80 |
| Creditor days | 109 | 102 |

Principal risks and uncertainties

The directors are of the opinion that there are no specific risks attributable to the group of which need to be highlighted other than normal commercial risks. Risks to the business are reported and reviewed at regular meetings of the directors and risk mitigation strategies implemented as appropriate.

The directors believe that the quality of the company's products and customer service will mitigate these risks resulting in continued growth and satisfactory trading performance.

The group's credit risk is mainly attributable to trade receivables. The exposure is spread over a large number of customers, which limits exposure. In addition, credit insurance is in place.

The principal uncertainty that the group faces is the cost of the unit price of steel. The group has no influence over this item and is therefore at risk to the general market forces.

This report was approved by the board of directors on 2 March 2020 and signed on behalf of the board by:



P Morris
Director

Registered office:
12 Buntsford Park Road
Bromsgrove
Worcestershire
B60 3DX

UKF STAINLESS HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and the Group financial statements of the group for the year ended 30 September 2019.

Directors

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

P Morris

S M Greenhill

A J Hudson

(Appointed 19 October 2018)

C T Morris

(Appointed 19 October 2018)

Dividends

Particulars of recommended dividends are detailed in note 11 to the Group financial statements.

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 to be reported under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is included within the company's strategic report.

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 group and 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 group and 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 2 March 2020 and signed on behalf of the board by:



P Morris
Director

Registered office:
12 Buntsford Park Road
Bromsgrove
Worcestershire
B60 3DX

UKF STAINLESS HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

YEAR ENDED 30 SEPTEMBER 2019

The directors are responsible for preparing the strategic report, directors' report and the Group financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group financial statements for each financial year. Under that law the directors have elected to prepare the Group 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 Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these Group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group financial statements;
- prepare the Group 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 Group 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.

UKF STAINLESS HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UKF
STAINLESS HOLDINGS LIMITED
YEAR ENDED 30 SEPTEMBER 2019

Opinion

We have audited the Group financial statements of UKF Stainless Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Group 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 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the Group financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Group financial statements is not appropriate; or
- the directors have not disclosed in the Group financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Group financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the Group financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

UKF STAINLESS HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UKF
STAINLESS HOLDINGS LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Group financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the Audit of the Group Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

A further description of our responsibilities for the audit of the Group financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

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



D J Hanby (Senior Statutory Auditor)

For and on behalf of
 Langard Lifford Hall Limited
 Accountants and Statutory Auditors
 Lifford Hall, Lifford Lane, Kings Norton,
 Birmingham, B30 3JN

2 March 2020

UKF STAINLESS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---------------------------------------------------------------------|-----------|------------------|------------------|
| Turnover | 4 | 27,402,016 | 25,837,949 |
| Cost of sales | | 22,483,661 | 21,539,624 |
| Gross Profit | | <u>4,918,355</u> | <u>4,298,325</u> |
| Distribution costs | | 514,393 | 491,962 |
| Administrative expenses | | 3,552,679 | 3,153,804 |
| Operating Profit | 5 | <u>851,283</u> | <u>652,559</u> |
| Interest payable and similar expenses | 9 | 202,128 | 196,212 |
| Profit Before Taxation | | <u>649,155</u> | <u>456,347</u> |
| Tax on profit | 10 | 105,951 | 74,598 |
| Profit for the Financial Year and Total Comprehensive Income | | <u>543,204</u> | <u>381,749</u> |
| Profit for the financial year attributable to: | | | |
| The owners of the parent company | | 550,488 | 386,637 |
| Non-controlling interests | | (7,284) | (4,888) |
| | | <u>543,204</u> | <u>381,749</u> |

All the activities of the group are from continuing operations.

The notes on pages 13 to 27 form part of these Group financial statements.

UKF STAINLESS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|----------------------------------------------------------------|------|-------------------|-------------------|
| Fixed Assets | | | |
| Tangible assets | 13 | 4,572,910 | 4,232,825 |
| Current Assets | | | |
| Stocks | 15 | 3,779,654 | 4,211,945 |
| Debtors | 16 | 6,141,914 | 5,845,704 |
| Cash at bank and in hand | | 966,428 | 23,299 |
| | | <u>10,887,996</u> | <u>10,080,948</u> |
| Creditors: amounts falling due within one year | 18 | <u>10,507,619</u> | <u>9,929,685</u> |
| Net Current Assets | | <u>380,377</u> | <u>151,263</u> |
| Total Assets Less Current Liabilities | | <u>4,953,287</u> | <u>4,384,088</u> |
| Creditors: amounts falling due after more than one year | 19 | 1,800,557 | 1,832,334 |
| Provisions | | | |
| Taxation including deferred tax | 21 | 248,966 | 191,194 |
| Net Assets | | <u>2,903,764</u> | <u>2,360,560</u> |
| Capital and Reserves | | | |
| Called up share capital | 25 | 102 | 102 |
| Share premium account | 26 | 864,896 | 864,896 |
| Profit and loss account | 26 | 2,093,136 | 1,542,648 |
| Equity Attributable to the Owners of the Parent Company | | <u>2,958,134</u> | <u>2,407,646</u> |
| Non-Controlling Interests | | <u>(54,370)</u> | <u>(47,086)</u> |
| | | <u>2,903,764</u> | <u>2,360,560</u> |

These Group financial statements were approved by the board of directors and authorised for issue on 2 March 2020, and are signed on behalf of the board by:



P Morris
Director

Company registration number: 06276285

The notes on pages 13 to 27 form part of these Group financial statements.


UKF STAINLESS HOLDINGS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|----------------------------------------------------------------|------|------------------|------------------|
| Fixed Assets | | | |
| Tangible assets | 13 | 3,218,924 | 2,945,604 |
| Investments | 14 | - | 144,228 |
| | | <u>3,218,924</u> | <u>3,089,832</u> |
| Current Assets | | | |
| Debtors | 16 | - | 44,318 |
| Cash at bank and in hand | | 40,691 | 44,977 |
| | | <u>40,691</u> | <u>89,295</u> |
| Creditors: amounts falling due within one year | 18 | <u>522,807</u> | <u>540,666</u> |
| Net Current Liabilities | | <u>482,116</u> | <u>451,371</u> |
| Total Assets Less Current Liabilities | | <u>2,736,808</u> | <u>2,638,461</u> |
| Creditors: amounts falling due after more than one year | 19 | 1,695,847 | 1,640,045 |
| Provisions | | | |
| Taxation including deferred tax | 21 | 101,338 | 46,501 |
| Net Assets | | <u>939,623</u> | <u>951,915</u> |
| Capital and Reserves | | | |
| Called up share capital | 25 | 102 | 102 |
| Share premium account | 26 | 864,896 | 864,896 |
| Profit and loss account | 26 | 74,625 | 86,917 |
| Shareholders Funds | | <u>939,623</u> | <u>951,915</u> |

The loss for the financial year of the parent company was £12,292 (2018: £36,644).

These Group financial statements were approved by the board of directors and authorised for issue on 2 March 2020, and are signed on behalf of the board by:


P Morris
Director

Company registration number: 06276285

The notes on pages 13 to 27 form part of these Group financial statements.

UKF STAINLESS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2019

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Equity attributable to the owners of the parent company £ | Non- controlling interests £ | Total £ |
|-----------------------------------------------------------------|------------------------------------|----------------------------------|------------------------------------|-----------------------------------------------------------------------------|---------------------------------------|------------|
| At 1 October 2017 | 102 | 864,896 | 1,382,011 | 2,247,009 | (42,198) | 2,204,811 |
| Profit for the year | | | 386,637 | 386,637 | (4,888) | 381,749 |
| Total Comprehensive Income for the Year | - | - | 386,637 | 386,637 | (4,888) | 381,749 |
| Dividends paid and payable 11 | - | - | (226,000) | (226,000) | - | (226,000) |
| Total Investments by and Distributions to Owners | - | - | (226,000) | (226,000) | - | (226,000) |
| At 30 September 2018 | 102 | 864,896 | 1,542,648 | 2,407,646 | (47,086) | 2,360,560 |
| Profit for the year | | | 550,488 | 550,488 | (7,284) | 543,204 |
| Total Comprehensive Income for the Year | - | - | 550,488 | 550,488 | (7,284) | 543,204 |
| At 30 September 2019 | 102 | 864,896 | 2,093,136 | 2,958,134 | (54,370) | 2,903,764 |

The notes on pages 13 to 27 form part of these Group financial statements.

UKF STAINLESS HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2019

| | | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|---------------------------------------------------------|----|------------------------------------|----------------------------------|------------------------------------|--------------------|
| At 1 October 2017 | | 102 | 864,896 | 349,561 | 1,214,559 |
| Loss for the year | | | | (36,644) | (36,644) |
| Total Comprehensive Income for the Year | | - | - | (36,644) | (36,644) |
| Dividends paid and payable | 11 | - | - | (226,000) | (226,000) |
| Total Investments by and Distributions to Owners | | - | - | (226,000) | (226,000) |
| At 30 September 2018 | | 102 | 864,896 | 86,917 | 951,915 |
| Loss for the year | | | | (12,292) | (12,292) |
| Total Comprehensive Income for the Year | | - | - | (12,292) | (12,292) |
| At 30 September 2019 | | 102 | 864,896 | 74,625 | 939,623 |

The notes on pages 13 to 27 form part of these Group financial statements.

UKF STAINLESS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|-------------------------------------------------------------|------|--------------------|--------------------|
| Cash generated from operations | 27 | 2,874,288 | 878,060 |
| Interest paid | | (202,128) | (196,212) |
| Tax (paid)/received | | (18,950) | 16,078 |
| Net cash from operating activities | | <u>2,653,210</u> | <u>697,926</u> |
| Cash Flows from Investing Activities | | | |
| Purchase of tangible assets | | (599,950) | (2,308,412) |
| Proceeds from sale of tangible assets | | - | 2,083 |
| Net cash used in investing activities | | <u>(599,950)</u> | <u>(2,306,329)</u> |
| Cash Flows from Financing Activities | | | |
| Proceeds from borrowings | | 24,208 | 1,157,982 |
| Payments of finance lease liabilities | | 58,180 | 343,819 |
| Dividends paid | | - | (226,000) |
| Net cash from financing activities | | <u>82,388</u> | <u>1,275,801</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 2,135,648 | (332,602) |
| Cash and Cash Equivalents at Beginning of Year | | <u>(1,169,220)</u> | <u>(836,618)</u> |
| Cash and Cash Equivalents at End of Year | 17 | <u>966,428</u> | <u>(1,169,220)</u> |

The notes on pages 13 to 27 form part of these Group financial statements.

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2019

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 12 Buntsford Park Road, Bromsgrove, Worcestershire, B60 3DX.

2. Statement of Compliance

These Group financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of preparation

The group financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The Group financial statements consolidate the Group financial statements of UKF Stainless Holdings Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

3. Accounting Policies *(continued)*

Judgements and key sources of estimation uncertainty

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

Revenue recognition

The turnover in the profit and loss account represents the amounts invoiced and delivered to customers during the period less rebates and discounts given, exclusive of Value Added Tax.

Income tax

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities may crystallise in the foreseeable future.

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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20% straight line basis

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

3. Accounting Policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

| | |
|---------------------|------------------------------------|
| Freehold property | - 2% straight line basis |
| Short Leasehold | - In accordance with the property |
| Plant & Machinery | - 5% - 15% reducing balance basis |
| Fixtures & Fittings | - 15% - 20% reducing balance basis |
| Motor Vehicles | - 25% reducing balance basis |
| Computer Equipment | - 33% reducing balance basis |

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and net realisable value. Raw materials are recorded at cost. Finished goods and WIP are recorded at a percentage of selling price to account for costs of sales.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

3. Accounting Policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

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.

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.

Hedge accounting

The group has entered into currency forwards contracts that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value of the currency gain or loss of the future transaction against the prevailing rate at the Balance Sheet date is accounted for as either a derivative financial assets or liability, with the corresponding gain or loss being taken to the Statement of Income and Retained Earnings.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

4. Turnover

Turnover arises from:

| | 2019 £ | 2018 £ |
|---------------|-------------------|-------------------|
| Sale of goods | <u>27,402,016</u> | <u>25,837,949</u> |

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

| | 2019 £ | 2018 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 22,345,114 | 21,312,828 |
| Overseas | 5,056,902 | 4,525,121 |
| | <u>27,402,016</u> | <u>25,837,949</u> |

5. Operating Profit

Operating profit or loss is stated after charging/crediting:

| | 2019 £ | 2018 £ |
|---------------------------------------------|---------------|----------------|
| Amortisation of intangible assets | – | (5,519) |
| Depreciation of tangible assets | 259,689 | 221,466 |
| Loss/(gains) on disposal of tangible assets | 176 | (588) |
| Impairment of trade debtors | 4,335 | 8,431 |
| Foreign exchange differences | <u>28,711</u> | <u>(9,796)</u> |

6. Auditor's Remuneration

| | 2019 £ | 2018 £ |
|--------------------------------------------------------------|---------------|---------------|
| Fees payable for the audit of the group financial statements | <u>40,262</u> | <u>47,182</u> |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

7. Staff Costs

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

| | 2019 No. | 2018 No. |
|-----------------------|-------------|-------------|
| Production staff | 59 | 51 |
| Administrative staff | 16 | 13 |
| Management staff | 4 | 4 |
| Number of sales staff | 10 | 9 |
| Number of directors | 4 | 2 |
| | <u>93</u> | <u>79</u> |

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

| | 2019 £ | 2018 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,097,081 | 2,743,119 |
| Social security costs | 265,130 | 259,405 |
| Other pension costs | 159,175 | 130,517 |
| | <u>3,521,386</u> | <u>3,133,041</u> |

8. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

| | 2019 £ | 2018 £ |
|-------------------------------------------------------------|----------------|----------------|
| Remuneration | 235,032 | 128,081 |
| Company contributions to defined contribution pension plans | 16,309 | 5,294 |
| | <u>251,341</u> | <u>133,375</u> |

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

| | 2019 No. | 2018 No. |
|----------------------------|-------------|-------------|
| Defined contribution plans | <u>3</u> | <u>2</u> |

Remuneration of the highest paid director in respect of qualifying services:

| | 2019 £ | 2018 £ |
|-------------------------------------------------------------|---------------|---------------|
| Aggregate remuneration | 69,267 | 68,032 |
| Company contributions to defined contribution pension plans | 5,509 | 5,294 |
| | <u>74,776</u> | <u>73,326</u> |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

9. Interest Payable and Similar Expenses

| | 2019 | 2018 |
|--------------------------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Interest on banks loans and overdrafts | 93,940 | 111,016 |
| Interest on obligations under finance leases and hire purchase contracts | 86,193 | 70,231 |
| Other interest payable and similar charges | 21,995 | 14,965 |
| | <u>202,128</u> | <u>196,212</u> |

10. Tax on Profit

Major components of tax expense

| | 2019 | 2018 |
|------------------------------------------------|----------------|---------------|
| | £ | £ |
| Current tax: | | |
| UK current tax expense | 85,794 | 56,565 |
| Adjustments in respect of prior periods | (37,615) | (16,078) |
| Total current tax | <u>48,179</u> | <u>40,487</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | 57,772 | 34,111 |
| Tax on profit | <u>105,951</u> | <u>74,598</u> |

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

| | 2019 | 2018 |
|--------------------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>649,155</u> | <u>456,347</u> |
| Profit on ordinary activities by rate of tax | 123,340 | 56,274 |
| Adjustment to tax charge in respect of prior periods | (37,615) | (16,078) |
| Effect of expenses not deductible for tax purposes | 12,378 | 35,158 |
| Utilisation of tax losses | (8,839) | 190 |
| Timing differences for which no deferred tax assets are recognised | 8,032 | (1,341) |
| Effect of non qualifying depreciation | 8,655 | 8,250 |
| Effect of change in tax rate | - | (7,855) |
| Tax on profit | <u>105,951</u> | <u>74,598</u> |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

| | 2019 £ | 2018 £ |
|-------------------------------------|-----------|-----------|
| Equity dividends on ordinary shares | - | 226,000 |

12. Intangible Assets

| Group | Goodwill £ |
|-----------------------------------------|---------------|
| Cost | |
| At 1 October 2018 and 30 September 2019 | (96,938) |
| Amortisation | |
| At 1 October 2018 and 30 September 2019 | (96,938) |
| Carrying amount | |
| At 1 October 2018 and 30 September 2019 | - |
| At 30 September 2018 | - |

The company has no intangible assets.

13. Tangible Assets

| Group | Land and buildings £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|-----------------------------|----------------------------|-----------------------------|---------------------------------------------|------------------------|------------------|
| Cost | | | | | |
| At 1 October 2018 | 2,355,093 | 3,238,910 | 560,463 | 162,149 | 6,316,615 |
| Additions | - | 531,190 | 68,760 | - | 599,950 |
| Disposals | - | - | (563) | - | (563) |
| At 30 September 2019 | 2,355,093 | 3,770,100 | 628,660 | 162,149 | 6,916,002 |
| Depreciation | | | | | |
| At 1 October 2018 | 141,105 | 1,465,032 | 348,976 | 128,677 | 2,083,790 |
| Charge for the year | 46,683 | 151,102 | 49,434 | 12,470 | 259,689 |
| Disposals | - | - | (387) | - | (387) |
| At 30 September 2019 | 187,788 | 1,616,134 | 398,023 | 141,147 | 2,343,092 |
| Carrying amount | | | | | |
| At 30 September 2019 | 2,167,305 | 2,153,966 | 230,637 | 21,002 | 4,572,910 |
| At 30 September 2018 | 2,213,988 | 1,773,878 | 211,487 | 33,472 | 4,232,825 |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

13. Tangible Assets *(continued)*

| Company | Land and buildings £ | Plant and machinery £ | Total £ |
|-----------------------------|----------------------------|-----------------------------|------------------|
| Cost | | | |
| At 1 October 2018 | 2,284,671 | 768,980 | 3,053,651 |
| Additions | - | 374,485 | 374,485 |
| At 30 September 2019 | <u>2,284,671</u> | <u>1,143,465</u> | <u>3,428,136</u> |
| Depreciation | | | |
| At 1 October 2018 | 79,210 | 28,837 | 108,047 |
| Charge for the year | 45,552 | 55,613 | 101,165 |
| At 30 September 2019 | <u>124,762</u> | <u>84,450</u> | <u>209,212</u> |
| Carrying amount | | | |
| At 30 September 2019 | <u>2,159,909</u> | <u>1,059,015</u> | <u>3,218,924</u> |
| At 30 September 2018 | <u>2,205,461</u> | <u>740,143</u> | <u>2,945,604</u> |

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

| Group | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Equipment £ | Total £ |
|-----------------------------|-----------------------------|-------------------------------|------------------------|----------------|------------------|
| At 30 September 2019 | <u>1,604,974</u> | <u>44,912</u> | <u>8,206</u> | <u>4,330</u> | <u>1,662,422</u> |
| At 30 September 2018 | <u>1,327,068</u> | <u>52,838</u> | <u>16,413</u> | <u>6,463</u> | <u>1,402,782</u> |

| Company | Plant and machinery £ |
|-----------------------------|-----------------------------|
| At 30 September 2019 | <u>1,059,015</u> |
| At 30 September 2018 | <u>740,144</u> |

Capital commitments

| | Group | | Company | |
|--------------------------------------------------------------------------|-----------|----------------|-----------|----------------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Contracted for but not provided for in the Group financial statements | <u>-</u> | <u>378,653</u> | <u>-</u> | <u>378,653</u> |

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

14. Investments

The group has no investments.

| Company | Shares in group undertakings £ |
|-----------------------------------------|--------------------------------------|
| Cost | |
| At 1 October 2018 and 30 September 2019 | 864,976 |
| Impairment | |
| At 1 October 2018 | 720,748 |
| Impairment losses | 144,228 |
| At 30 September 2019 | 864,976 |
| Carrying amount | |
| At 30 September 2019 | - |
| At 30 September 2018 | 144,228 |

15. Stocks

| | Group | | Company | |
|-------------------------------|--------------|-----------|----------------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Raw materials and consumables | 3,779,654 | 4,211,945 | - | - |

16. Debtors

| | Group | | Company | |
|--------------------------------|--------------|-----------|----------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Trade debtors | 5,965,106 | 5,659,775 | - | - |
| Prepayments and accrued income | 151,507 | 158,713 | - | 44,318 |
| Other debtors | 25,301 | 27,216 | - | - |
| | 6,141,914 | 5,845,704 | - | 44,318 |

17. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

| | 2019 | 2018 |
|--------------------------|---------|-------------|
| | £ | £ |
| Cash at bank and in hand | 966,428 | 23,299 |
| Bank overdrafts | - | (1,192,519) |
| | 966,428 | (1,169,220) |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

18. Creditors: amounts falling due within one year

| | Group | | Company | |
|--------------------------------------------------------------|-------------------|------------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 47,066 | 1,305,774 | 47,066 | 54,409 |
| Trade creditors | 5,952,472 | 5,778,323 | - | 141,600 |
| Amounts owed to group undertakings | - | - | 267,500 | 226,000 |
| Accruals and deferred income | 90,462 | 78,977 | 4,250 | 1,000 |
| Corporation tax | 85,794 | 56,565 | 5,589 | - |
| Social security and other taxes | 505,649 | 730,604 | 23,920 | 16,860 |
| Obligations under finance leases and hire purchase contracts | 319,377 | 277,682 | 174,482 | 100,797 |
| Director loan accounts | 138,698 | 39 | - | - |
| Amounts owed to invoice discounter | 3,368,047 | 1,701,561 | - | - |
| Other creditors | 54 | 160 | - | - |
| | <u>10,507,619</u> | <u>9,929,685</u> | <u>522,807</u> | <u>540,666</u> |

19. Creditors: amounts falling due after more than one year

| | Group | | Company | |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 1,162,149 | 1,210,411 | 1,162,149 | 1,210,411 |
| Obligations under finance leases and hire purchase contracts | 638,408 | 621,923 | 533,698 | 429,634 |
| | <u>1,800,557</u> | <u>1,832,334</u> | <u>1,695,847</u> | <u>1,640,045</u> |

20. Finance Leases and Hire Purchase Contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

| | Group | | Company | |
|----------------------------------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Not later than 1 year | 402,462 | 339,336 | 229,326 | 150,906 |
| Later than 1 year and not later than 5 years | 680,250 | 700,559 | 594,159 | 503,270 |
| | <u>1,082,712</u> | <u>1,039,895</u> | <u>823,485</u> | <u>654,176</u> |
| Less: future finance charges | <u>(124,927)</u> | <u>(140,290)</u> | <u>(115,305)</u> | <u>(123,745)</u> |
| Present value of minimum lease payments | <u>957,785</u> | <u>899,605</u> | <u>708,180</u> | <u>530,431</u> |

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

21. Provisions

| Group | Deferred tax (note 22) £ |
|-----------------------------|-----------------------------------------|
| At 1 October 2018 | 191,194 |
| Additions | 57,772 |
| At 30 September 2019 | <u>248,966</u> |
| | |
| Company | Deferred tax (note 22) £ |
| At 1 October 2018 | 46,501 |
| Additions | 54,837 |
| At 30 September 2019 | <u>101,338</u> |

22. Deferred Tax

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

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Included in provisions (note 21) | <u>248,966</u> | <u>191,194</u> | <u>101,338</u> | <u>46,501</u> |

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

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | <u>248,966</u> | <u>191,194</u> | <u>101,338</u> | <u>46,501</u> |

23. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £159,175 (2018: £130,517).

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

24. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

| | Group | | Company | |
|----------------------------------------------------------------|----------------|---------------|----------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Financial assets measured at fair value through profit or loss | <u>966,428</u> | <u>23,299</u> | <u>40,691</u> | <u>44,977</u> |

Financial assets that are debt instruments measured at amortised cost

| | Group | |
|-----------------------------------------------------------------------|------------------|------------------|
| | 2019 | 2018 |
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | <u>5,990,407</u> | <u>5,686,991</u> |

Financial liabilities measured at fair value through profit or loss

| | Group | | Company | |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Financial liabilities measured at fair value through profit or loss | <u>7,252,149</u> | <u>8,373,485</u> | <u>1,213,465</u> | <u>1,407,420</u> |

Financial assets measured at fair value through profit and loss comprise of bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, bank loans and overdrafts.

25. Called Up Share Capital

Authorised share capital

| | 2019 | | 2018 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

Issued, called up and fully paid

| | 2019 | | 2018 | |
|----------------------------|-------------|------------|-------------|------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>102</u> | <u>102</u> | <u>102</u> | <u>102</u> |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

26. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. Profit and loss account - This reserve records retained earnings and accumulated losses.

27. Cash Generated from Operations

| | 2019 £ | 2018 £ |
|---------------------------------------------|------------------|----------------|
| Profit for the financial year | 543,204 | 381,749 |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 259,689 | 221,467 |
| Amortisation of intangible assets | - | (5,519) |
| Amounts written back to investments | - | (1) |
| Interest payable and similar expenses | 202,128 | 196,212 |
| Loss/(gains) on disposal of tangible assets | 176 | (588) |
| Tax on profit | 105,951 | 74,598 |
| Accrued expenses | 11,485 | 19,903 |
| <i>Changes in:</i> | | |
| Stocks | 432,291 | (1,091,518) |
| Trade and other debtors | (296,210) | (695,623) |
| Trade and other creditors | 1,615,574 | 1,777,380 |
| | <u>2,874,288</u> | <u>878,060</u> |

28. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | Group | | Company | |
|----------------------------------------------|----------------|----------------|-----------|-----------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Not later than 1 year | 310,522 | 389,937 | - | - |
| Later than 1 year and not later than 5 years | 332,614 | 416,733 | - | - |
| Later than 5 years | 206,625 | 22,750 | - | - |
| | <u>849,761</u> | <u>829,420</u> | <u>-</u> | <u>-</u> |

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2019

29. Charges on Assets

The bank loans and overdrafts are secured by fixed and floating debenture charges against the group's assets. The aggregate amount of secured liabilities falling due within one year amounted to £47,066 at the balance sheet date (2018: £1,305,774). The aggregate amount of secured liabilities falling due after one year amounted to £1,162,149 at the balance sheet date (2018: £1,210,411).

There is a fixed charge dated 12 April 2018 against the assets of UKF Stainless Holdings Limited, UKF Stainless Limited, Joint Perforating Company Limited and Ferrari Stainless & Alloys Limited in favour of Lloyds Bank PLC.

Stainless Metals & Alloys Limited and Ferrari Stainless & Alloys Limited have invoice discounting facilities with Keys Commercial Finance Limited and Peak Cashflow Limited respectively. These facilities are secured by fixed and floating charges over the companies' assets.

There is a fixed and floating charge dated 31 January 2019 against the assets of UKF Stainless Holdings Limited, UKF Stainless Limited and Joint Perforating Company Limited in favour of Lloyds Bank Commercial Finance Limited.

The amounts due to hire purchase companies are secured on the assets for which the advances were received.

30. Directors' Advances, Credits and Guarantees

There were no transactions during the year with directors that require disclosure under FRS 102.

31. Related Party Transactions

Company

Throughout the current and previous year the company was under the control of P Morris. P Morris is the managing director and majority shareholder.