

COMPANY REGISTRATION NUMBER: 06276285

**UKF STAINLESS HOLDINGS LIMITED**  
**GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2020**



**LANGARD LIFFORD HALL LIMITED**

Accountants and Statutory Auditor

Lifford Hall  
Lifford Lane  
Kings Norton  
Birmingham  
B30 3JN

# **UKF STAINLESS HOLDINGS LIMITED**

## **GROUP FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2020**

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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 2020

The directors present their strategic report for the company for the year ended 30 September 2020.

#### 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.

Due to diversification into new product lines and added value activities the group has managed to increase its gross profit % although due to Covid and a reduction in inter group sales it has overall seen a reduction in turnover. As a result, the overall gross profit is very similar to that of the previous financial year.

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

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

|                | 2020  | 2019  |
|----------------|-------|-------|
| Gross Profit % | 18.4% | 17.9% |
| EBITDA %       | 3.6%  | 4.0%  |
| Debtor days    | 53    | 79    |
| Creditor days  | 67    | 109   |

#### 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 group's products and customer service will mitigate these risks resulting in continued growth and satisfactory trading performance.

Given significant supply of raw materials is sourced from the EU and the rest of the world, the lack of an appropriate Brexit trade deal coupled along with potential distribution difficulties may increase costs and reduce the stability of supply.

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.

The group's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest risk. The group has in place a risk management program that seeks to limit the adverse effects on the financial performance of the group of these risks.

**UKF STAINLESS HOLDINGS LIMITED****STRATEGIC REPORT** *(continued)***YEAR ENDED 30 SEPTEMBER 2020****Uncertainty relating to Covid-19**

The directors have considered the impact on the company of Covid-19 and the impact this is having on the global markets and that of the company's. The directors believe that this may have a significant impact on the company's ability to continue to trade at the same levels as reported in these Financial Statements and the overall impact is currently unknown.

This report was approved by the board of directors on 23 December 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 2020

The directors present their report and the Group financial statements of the group for the year ended 30 September 2020.

### Directors

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

A J Hudson  
C T Morris  
P Morris  
S M Greenhill

### Dividends

Particulars of recommended dividends are detailed in note 13 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.

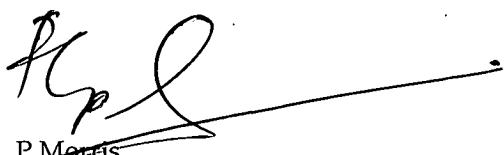
### Auditor

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 23 December 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 2020**

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;
- 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 2020**

### **Qualified 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 2020 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, except for the effects of the matter described in the basis for qualified opinion section of our report, 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 2020 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 Qualified Opinion**

The financial statements of the subsidiary Stainless Metals and Alloys Limited has not been audited. The investment in the subsidiary was sold shortly before the year end. The results of this subsidiary have been consolidated into the group accounts.

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 financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 financial statements are authorised for issue.

However, as not all future events or conditions can be predicted, such as the impact of Covid-19, 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 report is not a guarantee that the company will continue in operation as a going concern.

### **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.



# UKF STAINLESS HOLDINGS LIMITED

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

YEAR ENDED 30 SEPTEMBER 2020

### Other Information *(continued)*

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.

### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**UKF STAINLESS HOLDINGS LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UKF  
STAINLESS HOLDINGS LIMITED *(continued)*****YEAR ENDED 30 SEPTEMBER 2020****The impact of uncertainties due to Covid-19 on our audit**

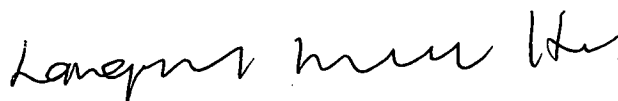
Uncertainties related to the global effects of Covid-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment of fixed assets, recoverability of debtors, intangibles assets and related 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.

Covid-19 is one of the most significant global economic events presently 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.

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 Covid-19.

**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 Auditor  
Lifford Hall, Lifford Lane, Kings Norton,  
Birmingham, B30 3JN

23 December 2020

**UKF STAINLESS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 30 SEPTEMBER 2020**

|  | Note | 2020<br>£        | 2019<br>£        |
|--|------|------------------|------------------|
| Turnover   | 4    | 21,419,965       | 27,402,016       |
| Cost of sales  |      | 17,487,851       | 22,483,662       |
| Gross Profit   |      | <u>3,932,114</u> | <u>4,918,354</u> |
| Distribution costs   |      | 433,980          | 514,393          |
| Administrative expenses                                      |      | 3,397,001        | 3,552,678        |
| Other operating income                                       | 5    | <u>317,998</u>   | <u>-</u>         |
| Operating Profit   | 6    | 419,131          | 851,283          |
| Income from shares in group undertakings                     | 10   | 113,395          | -                |
| Interest payable and similar expenses                        | 11   | <u>146,543</u>   | <u>202,128</u>   |
| Profit Before Taxation                                       |      | 385,983          | 649,155          |
| Tax on profit  | 12   | <u>66,958</u>    | <u>105,951</u>   |
| Profit for the Financial Year and Total Comprehensive Income |      | <u>319,025</u>   | <u>543,204</u>   |
| Profit for the financial year attributable to:               |      |                  |                  |
| The owners of the parent company                             |      | 309,236          | 550,488          |
| Non-controlling interests                                    |      | <u>9,789</u>     | <u>(7,284)</u>   |
|  |      | <u>319,025</u>   | <u>543,204</u>   |

All the activities of the group are from continuing operations.

The notes on pages 15 to 29 form part of these Group financial statements.

**UKF STAINLESS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**30 SEPTEMBER 2020**

|  | Note | 2020<br>£        | 2019<br>£         |
|--|------|------------------|-------------------|
| <b>Fixed Assets</b>  |      |                  |                   |
| Tangible assets  | 15   | 4,268,506        | 4,572,910         |
| <b>Current Assets</b>  |      |                  |                   |
| Stocks   | 17   | 1,969,522        | 3,779,654         |
| Debtors  | 18   | 3,185,845        | 6,141,914         |
| Cash at bank and in hand                                       |      | 725,660          | 966,428           |
|  |      | <u>5,881,027</u> | <u>10,887,996</u> |
| <b>Creditors: amounts falling due within one year</b>          | 19   | <u>5,206,554</u> | <u>10,507,619</u> |
| <b>Net Current Assets</b>                                      |      | <u>674,473</u>   | <u>380,377</u>    |
| <b>Total Assets Less Current Liabilities</b>                   |      | <u>4,942,979</u> | <u>4,953,287</u>  |
| <b>Creditors: amounts falling due after more than one year</b> | 20   | 1,513,856        | 1,800,557         |
| <b>Provisions</b>  |      |                  |                   |
| Taxation including deferred tax                                | 22   | <u>261,753</u>   | <u>248,966</u>    |
| <b>Net Assets</b>  |      | <u>3,167,370</u> | <u>2,903,764</u>  |
| <b>Capital and Reserves</b>                                    |      |                  |                   |
| Called up share capital  | 27   | 102              | 102               |
| Share premium account  | 28   | 864,896          | 864,896           |
| Profit and loss account  | 28   | <u>2,302,372</u> | <u>2,093,136</u>  |
| <b>Equity Attributable to the Owners of the Parent Company</b> |      | <u>3,167,370</u> | <u>2,958,134</u>  |
| <b>Non-Controlling Interests</b>                               |      | <u>-</u>         | <u>(54,370)</u>   |
|  |      | <u>3,167,370</u> | <u>2,903,764</u>  |

These Group financial statements were approved by the board of directors and authorised for issue on 23 December 2020, and are signed on behalf of the board by:

  
P Morris  
Director

Company registration number: 06276285

The notes on pages 15 to 29 form part of these Group financial statements.

**UKF STAINLESS HOLDINGS LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**

**30 SEPTEMBER 2020**

|  | Note | 2020<br>£        | 2019<br>£        |
|--|------|------------------|------------------|
| <b>Fixed Assets</b>  |      |                  |                  |
| Tangible assets  | 15   | 3,116,058        | 3,218,924        |
| <b>Current Assets</b>  |      |                  |                  |
| Debtors  | 18   | 1,877            | -                |
| Cash at bank and in hand                                       |      | 15,992           | 40,691           |
|  |      | <u>17,869</u>    | <u>40,691</u>    |
| <b>Creditors: amounts falling due within one year</b>          | 19   | <u>524,638</u>   | <u>522,807</u>   |
| <b>Net Current Liabilities</b>                                 |      | <u>506,769</u>   | <u>482,116</u>   |
| <b>Total Assets Less Current Liabilities</b>                   |      | <u>2,609,289</u> | <u>2,736,808</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 20   | 1,460,055        | 1,695,847        |
| <b>Provisions</b>  |      |                  |                  |
| Taxation including deferred tax                                | 22   | 108,452          | 101,338          |
| <b>Net Assets</b>  |      | <u>1,040,782</u> | <u>939,623</u>   |
| <b>Capital and Reserves</b>                                    |      |                  |                  |
| Called up share capital  | 27   | 102              | 102              |
| Share premium account  | 28   | 864,896          | 864,896          |
| Profit and loss account  | 28   | 175,784          | 74,625           |
| <b>Shareholders Funds</b>                                      |      | <u>1,040,782</u> | <u>939,623</u>   |

The profit for the financial year of the parent company was £201,159 (2019: £12,292 loss).

These Group financial statements were approved by the board of directors and authorised for issue on 23 December 2020, and are signed on behalf of the board by:

  
P Morris  
Director

Company registration number: 06276285

The notes on pages 15 to 29 form part of these Group financial statements.

**UKF STAINLESS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 SEPTEMBER 2020**

|   | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Profit and<br>loss<br>account<br>£ | Equity<br>attributable<br>to the<br>owners of<br>the parent<br>company<br>£ | Non-<br>controlling<br>interests<br>£ | Total<br>£ |
|---|------------------------------------|----------------------------------|------------------------------------|---|---------------------------------------|------------|
| At 1 October 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    |
| <b>Total<br/>Comprehensive<br/>Income for the Year</b>          | -                                  | -                                | 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  |
| Profit for the year   |                                    |                                  | 309,236                            | 309,236   | 9,789                                 | 319,025    |
| <b>Total<br/>Comprehensive<br/>Income for the Year</b>          | -                                  | -                                | 309,236                            | 309,236   | 9,789                                 | 319,025    |
| Dividends paid<br>and payable 13                                | -                                  | -                                | (100,000)                          | (100,000)   | -                                     | (100,000)  |
| Disposal of<br>subsidiary with<br>minority interest             | -                                  | -                                | -                                  | -   | 44,581                                | 44,581     |
| <b>Total Investments by<br/>and Distributions to<br/>Owners</b> | -                                  | -                                | (100,000)                          | (100,000)   | 44,581                                | (55,419)   |
| At 30 September 2020  | 102                                | 864,896                          | 2,302,372                          | 3,167,370   | -                                     | 3,167,370  |

The notes on pages 15 to 29 form part of these Group financial statements.

**UKF STAINLESS HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 SEPTEMBER 2020**

|  |    | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£ |
|--|----|------------------------------------|----------------------------------|------------------------------------|------------|
| At 1 October 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    |
| Profit for the year                              |    |                                    |                                  | 201,159                            | 201,159    |
| Total Comprehensive Income for the Year          |    | -                                  | -                                | 201,159                            | 201,159    |
| Dividends paid and payable                       | 13 | -                                  | -                                | (100,000)                          | (100,000)  |
| Total Investments by and Distributions to Owners |    | -                                  | -                                | (100,000)                          | (100,000)  |
| At 30 September 2020                             |    | 102                                | 864,896                          | 175,784                            | 1,040,782  |

The notes on pages 15 to 29 form part of these Group financial statements.

**UKF STAINLESS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED 30 SEPTEMBER 2020**

|  | Note | 2020<br>£        | 2019<br>£        |
|--|------|------------------|------------------|
| Cash generated from operations                       | 29   | (182,939)        | 2,874,288        |
| Interest paid  |      | (146,543)        | (202,128)        |
| Tax paid   |      | (82,235)         | (18,950)         |
| Net cash (used in)/from operating activities         |      | <u>(411,717)</u> | <u>2,653,210</u> |
| <b>Cash Flows from Investing Activities</b>          |      |                  |                  |
| Purchase of tangible assets                          |      | (86,867)         | (599,950)        |
| Proceeds from sale of tangible assets                |      | 80,650           | -                |
| Proceeds from sale of subsidiaries                   |      | 4                | -                |
| Net cash used in investing activities                |      | <u>(6,213)</u>   | <u>(599,950)</u> |
| <b>Cash Flows from Financing Activities</b>          |      |                  |                  |
| Proceeds from borrowings                             |      | 298,506          | 24,208           |
| Government grant income                              |      | 317,998          | -                |
| Payments of finance lease liabilities                |      | (339,342)        | 58,180           |
| Dividends paid                                       |      | (100,000)        | -                |
| Net cash from financing activities                   |      | <u>177,162</u>   | <u>82,388</u>    |
| Net (Decrease)/Increase in Cash and Cash Equivalents |      | (240,768)        | 2,135,648        |
| Cash and Cash Equivalents at Beginning of Year       |      | 966,428          | (1,169,220)      |
| Cash and Cash Equivalents at End of Year             |      | <u>725,660</u>   | <u>966,428</u>   |

The notes on pages 15 to 29 form part of these Group financial statements.



**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2020**

**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.

**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.

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**3. Accounting Policies** *(continued)*

**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.

**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       |

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**3. Accounting Policies** *(continued)*

**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.

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.

**Government grants**

Government grants on capital expenditure are offset against the cost of the relevant assets capitalised.

**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.

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**3. Accounting Policies** *(continued)*

**Provisions** *(continued)*

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.

**4. Turnover**

Turnover arises from:

|               | 2020<br>£  | 2019<br>£  |
|---------------|------------|------------|
| Sale of goods | 21,419,965 | 27,402,016 |

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:

|                | 2020<br>£         | 2019<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 19,015,225        | 22,345,114        |
| Overseas       | 2,404,740         | 5,056,902         |
|                | <u>21,419,965</u> | <u>27,402,016</u> |

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**5. Other Operating Income**

|                         | 2020           | 2019     |
|-------------------------|----------------|----------|
|                         | £              | £        |
| Government grant income | <u>317,998</u> | <u>-</u> |

**6. Operating Profit**

Operating profit or loss is stated after charging/crediting:

|   | 2020            | 2019          |
|---|-----------------|---------------|
|   | £               | £             |
| Depreciation of tangible assets             | 248,184         | 259,689       |
| (Gains)/loss on disposal of tangible assets | (8,475)         | 176           |
| Impairment of trade debtors                 | 1,139           | 4,335         |
| Foreign exchange differences                | <u>(11,213)</u> | <u>28,711</u> |

**7. Auditor's Remuneration**

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | £             | £             |
| Fees payable for the audit of the group financial statements | <u>31,500</u> | <u>40,262</u> |

**8. Staff Costs**

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

|                       | 2020      | 2019      |
|-----------------------|-----------|-----------|
|                       | No.       | No.       |
| Production staff      | 51        | 59        |
| Administrative staff  | 8         | 16        |
| Management staff      | 2         | 4         |
| Number of sales staff | 7         | 10        |
| Number of directors   | 5         | 4         |
|                       | <u>73</u> | <u>93</u> |

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

|                       | 2020             | 2019             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 2,817,318        | 3,097,081        |
| Social security costs | 237,748          | 265,130          |
| Other pension costs   | 186,448          | 159,174          |
|                       | <u>3,241,514</u> | <u>3,521,385</u> |

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**9. Directors' Remuneration**

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

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | £              | £              |
| Remuneration  | 266,646        | 243,671        |
| Company contributions to defined contribution pension plans | 20,885         | 15,291         |
|   | <u>287,531</u> | <u>258,962</u> |

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

|                            | 2020     | 2019     |
|----------------------------|----------|----------|
|                            | No.      | No.      |
| Defined contribution plans | <u>3</u> | <u>3</u> |

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

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | £             | £             |
| Aggregate remuneration                                      | 73,437        | 69,267        |
| Company contributions to defined contribution pension plans | 5,600         | 5,509         |
|   | <u>79,037</u> | <u>74,776</u> |

**10. Income from Shares in Group Undertakings**

|                                     | 2020           | 2019     |
|-------------------------------------|----------------|----------|
|                                     | £              | £        |
| Gain on disposal of shares in group | <u>113,395</u> | <u>-</u> |

**11. Interest Payable and Similar Expenses**

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | £              | £              |
| Interest on banks loans and overdrafts                                   | 66,778         | 93,940         |
| Interest on obligations under finance leases and hire purchase contracts | 63,354         | 86,193         |
| Other interest payable and similar charges                               | 16,411         | 21,995         |
|  | <u>146,543</u> | <u>202,128</u> |

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**12. Tax on Profit**

**Major components of tax expense**

|  | 2020<br>£     | 2019<br>£      |
|--|---------------|----------------|
| <b>Current tax:</b>                            |               |                |
| UK current tax expense                         | 57,730        | 85,794         |
| Adjustments in respect of prior periods        | (3,559)       | (37,615)       |
| Total current tax                              | <u>54,171</u> | <u>48,179</u>  |
| <b>Deferred tax:</b>                           |               |                |
| Origination and reversal of timing differences | <u>12,787</u> | <u>57,772</u>  |
| <b>Tax on profit</b>                           | <u>66,958</u> | <u>105,951</u> |

**Reconciliation of tax expense**

The tax assessed on the profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

|  | 2020<br>£      | 2019<br>£      |
|--|----------------|----------------|
| Profit on ordinary activities before taxation                      | <u>385,983</u> | <u>649,155</u> |
| Profit on ordinary activities by rate of tax                       | 73,337         | 123,340        |
| Adjustment to tax charge in respect of prior periods               | (3,559)        | (37,615)       |
| Effect of expenses not deductible for tax purposes                 | 694            | 12,378         |
| Utilisation of tax losses  | -              | (8,839)        |
| Rounding on tax charge   | 1              | -              |
| Timing differences for which no deferred tax assets are recognised | (2,721)        | 8,032          |
| Effect of non qualifying depreciation                              | 8,682          | 8,655          |
| Effect of change in tax rate                                       | 4,630          | -              |
| Income not liable to CT  | (14,106)       | -              |
| <b>Tax on profit</b>   | <u>66,958</u>  | <u>105,951</u> |

**13. Dividends**

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

|                                     | 2020<br>£      | 2019<br>£ |
|-------------------------------------|----------------|-----------|
| Equity dividends on ordinary shares | <u>100,000</u> | <u>-</u>  |

# UKF STAINLESS HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 30 SEPTEMBER 2020

#### 14. Intangible Assets

| Group                                   | Goodwill<br>£   |
|---|-----------------|
| <b>Cost</b>                             |                 |
| At 1 October 2019 and 30 September 2020 | <u>(96,938)</u> |
| <b>Amortisation</b>                     |                 |
| At 1 October 2019 and 30 September 2020 | <u>(96,938)</u> |
| <b>Carrying amount</b>                  |                 |
| At 1 October 2019 and 30 September 2020 | <u>-</u>        |
| At 30 September 2019                    | <u>-</u>        |

The company has no intangible assets.

#### 15. Tangible Assets

| Group                                   | Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|---|----------------------------|-----------------------------|---|------------------------|------------------|
| <b>Cost</b>                             |                            |                             |   |                        |                  |
| At 1 October 2019                       | 2,355,093                  | 3,770,100                   | 628,660                                     | 162,149                | 6,916,002        |
| Additions                               | 10,000                     | 65,685                      | 11,182                                      | -                      | 86,867           |
| Disposals                               | -                          | (279,310)                   | (53,591)                                    | -                      | (332,901)        |
| Disposals through business combinations | (11,308)                   | -                           | (84,854)                                    | (10,727)               | (106,889)        |
| <b>At 30 September 2020</b>             | <u>2,353,785</u>           | <u>3,556,475</u>            | <u>501,397</u>                              | <u>151,422</u>         | <u>6,563,079</u> |
| <b>Depreciation</b>                     |                            |                             |   |                        |                  |
| At 1 October 2019                       | 187,788                    | 1,616,134                   | 398,023                                     | 141,147                | 2,343,092        |
| Charge for the year                     | 46,866                     | 145,080                     | 44,833                                      | 11,405                 | 248,184          |
| Disposals                               | -                          | (210,225)                   | (50,501)                                    | -                      | (260,726)        |
| Disposals through business combinations | (5,043)                    | -                           | (24,732)                                    | (6,202)                | (35,977)         |
| <b>At 30 September 2020</b>             | <u>229,611</u>             | <u>1,550,989</u>            | <u>367,623</u>                              | <u>146,350</u>         | <u>2,294,573</u> |
| <b>Carrying amount</b>                  |                            |                             |   |                        |                  |
| At 30 September 2020                    | <u>2,124,174</u>           | <u>2,005,486</u>            | <u>133,774</u>                              | <u>5,072</u>           | <u>4,268,506</u> |
| At 30 September 2019                    | <u>2,167,305</u>           | <u>2,153,966</u>            | <u>230,637</u>                              | <u>21,002</u>          | <u>4,572,910</u> |



**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**15. Tangible Assets** *(continued)*

| Company                                 | Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Total<br>£       |
|---|----------------------------|-----------------------------|------------------|
| <b>Cost</b>                             |                            |                             |                  |
| At 1 October 2019 and 30 September 2020 | <u>2,284,671</u>           | <u>1,143,465</u>            | <u>3,428,136</u> |
| <b>Depreciation</b>                     |                            |                             |                  |
| At 1 October 2019                       | 124,762                    | 84,450                      | 209,212          |
| Charge for the year                     | <u>45,693</u>              | <u>57,173</u>               | <u>102,866</u>   |
| At 30 September 2020                    | <u>170,455</u>             | <u>141,623</u>              | <u>312,078</u>   |
| <b>Carrying amount</b>                  |                            |                             |                  |
| At 30 September 2020                    | <u>2,114,216</u>           | <u>1,001,842</u>            | <u>3,116,058</u> |
| At 30 September 2019                    | <u>2,159,909</u>           | <u>1,059,015</u>            | <u>3,218,924</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<br>machinery<br>£ | Fixtures<br>and fittings<br>£ | Motor<br>vehicles<br>£ | Equipment<br>£ | Total<br>£       |
|----------------------|-----------------------------|-------------------------------|------------------------|----------------|------------------|
| At 30 September 2020 | <u>1,513,354</u>            | <u>30,841</u>                 | <u>-</u>               | <u>-</u>       | <u>1,544,195</u> |
| 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> |

| Company              | Plant and<br>machinery<br>£ |
|----------------------|-----------------------------|
| At 30 September 2020 | <u>1,001,842</u>            |
| At 30 September 2019 | <u>1,059,015</u>            |

**16. Investments**

The group has no investments.

**UKF STAINLESS HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2020**

**16. Investments** *(continued)*

| Company                     | Shares in<br>group<br>undertakings<br>£ |
|-----------------------------|---|
| <b>Cost</b>                 |   |
| At 1 October 2019           | 864,976                                 |
| Disposals                   | (78)                                    |
| <b>At 30 September 2020</b> | <u>864,898</u>                          |
| <b>Impairment</b>           |   |
| At 1 October 2019           | 864,976                                 |
| Disposals                   | (78)                                    |
| <b>At 30 September 2020</b> | <u>864,898</u>                          |
| <b>Carrying amount</b>      |   |
| At 30 September 2020        | <u>-</u>                                |
| At 30 September 2019        | <u>-</u>                                |

**Subsidiaries, associates and other investments**

Details of the investments in which the parent company has an interest of 20% or more are as follows:

| Subsidiary undertakings  | Registered office   | Class<br>of share      | Percentage<br>of shares<br>held |
|--|---|------------------------|---------------------------------|
| UKF Stainless Limited  | Lifford Hall, Lifford Lane,<br>Kings Norton,<br>Birmingham, B30 3JN | Ordinary               | 100                             |
| Joint Perforating Company Limited<br>(Owned by UKF Stainless Limited)  | 12 Buntsford Park Road,<br>Bromsgrove,<br>Worcestershire, B60 3DX   | Ordinary<br>Ordinary A | 100<br>100                      |
| Ferrari Stainless & Alloys Limited<br>(Owned by UKF Stainless Limited) | 12 Buntsford Park Road,<br>Bromsgrove,<br>Worcestershire, B60 3DX   | Ordinary               | 100                             |

**17. Stocks**

|                               | Group            |                  | Company  |          |
|-------------------------------|------------------|------------------|----------|----------|
|                               | 2020             | 2019             | 2020     | 2019     |
|                               | £                | £                | £        | £        |
| Raw materials and consumables | <u>1,969,522</u> | <u>3,779,654</u> | <u>-</u> | <u>-</u> |

# UKF STAINLESS HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 30 SEPTEMBER 2020

#### 18. Debtors

|                                | Group            |                  | Company      |          |
|--------------------------------|------------------|------------------|--------------|----------|
|                                | 2020             | 2019             | 2020         | 2019     |
|                                | £                | £                | £            | £        |
| Trade debtors                  | 3,097,807        | 5,965,106        | -            | -        |
| Prepayments and accrued income | 85,197           | 151,507          | 1,873        | -        |
| Other debtors                  | 2,841            | 25,301           | 4            | -        |
|                                | <u>3,185,845</u> | <u>6,141,914</u> | <u>1,877</u> | <u>-</u> |

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

|  | Group            |                   | Company        |                |
|--|------------------|-------------------|----------------|----------------|
|  | 2020             | 2019              | 2020           | 2019           |
|  | £                | £                 | £              | £              |
| Bank loans and overdrafts                                    | 400,768          | 47,066            | 48,413         | 47,066         |
| Trade creditors  | 2,744,347        | 5,952,472         | -              | -              |
| Amounts owed to group undertakings                           | -                | -                 | 98,638         | 267,500        |
| Accruals and deferred income                                 | 143,353          | 90,462            | 7,500          | 4,250          |
| Corporation tax  | 57,730           | 85,794            | 50,788         | 5,589          |
| Social security and other taxes                              | 778,895          | 505,649           | 47,650         | 23,920         |
| Obligations under finance leases and hire purchase contracts | 270,876          | 319,377           | 192,287        | 174,482        |
| Director loan accounts                                       | 79,362           | 138,698           | 79,362         | -              |
| Amounts owed to invoice discounter                           | 693,222          | 3,368,047         | -              | -              |
| Other creditors  | 38,001           | -                 | -              | -              |
| Other creditors  | -                | 54                | -              | -              |
|  | <u>5,206,554</u> | <u>10,507,619</u> | <u>524,638</u> | <u>522,807</u> |

#### 20. Creditors: amounts falling due after more than one year

|  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2020             | 2019             | 2020             | 2019             |
|  | £                | £                | £                | £                |
| Bank loans and overdrafts                                    | 1,166,289        | 1,162,149        | 1,118,644        | 1,162,149        |
| Obligations under finance leases and hire purchase contracts | 347,567          | 638,408          | 341,411          | 533,698          |
|  | <u>1,513,856</u> | <u>1,800,557</u> | <u>1,460,055</u> | <u>1,695,847</u> |

# UKF STAINLESS HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 30 SEPTEMBER 2020

#### 21. Finance Leases and Hire Purchase Contracts

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

|  | Group          |                  | Company        |                |
|--|----------------|------------------|----------------|----------------|
|  | 2020           | 2019             | 2020           | 2019           |
|  | £              | £                | £              | £              |
| Not later than 1 year                        | 310,344        | 402,462          | 229,326        | 229,326        |
| Later than 1 year and not later than 5 years | 370,369        | 680,250          | 364,623        | 594,159        |
|  | <u>680,713</u> | <u>1,082,712</u> | <u>593,949</u> | <u>823,485</u> |
| Less: future finance charges                 | (62,270)       | (124,927)        | (60,251)       | (115,305)      |
| Present value of minimum lease payments      | <u>618,443</u> | <u>957,785</u>   | <u>533,698</u> | <u>708,180</u> |

#### 22. Provisions

| Group                | Deferred tax<br>(note 23)<br>£ |
|----------------------|--------------------------------|
| At 1 October 2019    | 248,966                        |
| Additions            | <u>12,787</u>                  |
| At 30 September 2020 | <u>261,753</u>                 |
| Company              | Deferred tax<br>(note 23)<br>£ |
| At 1 October 2019    | 101,338                        |
| Additions            | <u>7,114</u>                   |
| At 30 September 2020 | <u>108,452</u>                 |

#### 23. Deferred Tax

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

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2020           | 2019           | 2020           | 2019           |
|                                  | £              | £              | £              | £              |
| Included in provisions (note 22) | <u>261,753</u> | <u>248,966</u> | <u>108,452</u> | <u>101,338</u> |

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

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2020           | 2019           | 2020           | 2019           |
|                                | £              | £              | £              | £              |
| Accelerated capital allowances | <u>261,753</u> | <u>248,966</u> | <u>108,452</u> | <u>101,338</u> |

# UKF STAINLESS HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 30 SEPTEMBER 2020

#### 24. Employee Benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £188,089 (2019: £158,157).

#### 25. Government Grants

The amounts recognised in the Group financial statements for government grants are as follows:

|   | Group   |      | Company |      |
|---|---------|------|---------|------|
|   | 2020    | 2019 | 2020    | 2019 |
|   | £       | £    | £       | £    |
| Recognised in other operating income:           |         |      |         |      |
| Government grants recognised directly in income | 317,998 | -    | -       | -    |

#### 26. 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 |        |
|--|---------|---------|---------|--------|
|  | 2020    | 2019    | 2020    | 2019   |
|  | £       | £       | £       | £      |
| Financial assets measured at fair value through profit or loss | 725,660 | 966,428 | 15,992  | 40,691 |

##### Financial assets that are debt instruments measured at amortised cost

|   | Group     |           |
|---|-----------|-----------|
|   | 2020      | 2019      |
|   | £         | £         |
| Financial assets that are debt instruments measured at amortised cost | 3,100,648 | 5,990,407 |

##### Financial liabilities measured at fair value through profit or loss

|   | Group     |           | Company   |           |
|---|-----------|-----------|-----------|-----------|
|   | 2020      | 2019      | 2020      | 2019      |
|   | £         | £         | £         | £         |
| Financial liabilities measured at fair value through profit or loss | 4,454,757 | 7,252,149 | 1,174,557 | 1,213,465 |

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.

# UKF STAINLESS HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 30 SEPTEMBER 2020

#### 27. Called Up Share Capital

##### Authorised share capital

|                            | 2020         |              | 2019         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | 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

|                            | 2020       |            | 2019       |            |
|----------------------------|------------|------------|------------|------------|
|                            | No.        | £          | No.        | £          |
| Ordinary shares of £1 each | <u>102</u> | <u>102</u> | <u>102</u> | <u>102</u> |

#### 28. 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.

#### 29. Cash Generated from Operations

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | £                | £                |
| Profit for the financial year                | 319,025          | 543,204          |
| <i>Adjustments for:</i>                      |                  |                  |
| Depreciation of tangible assets              | 248,184          | 259,689          |
| Government grant income                      | (317,998)        | -                |
| Interest payable and similar expenses        | 146,543          | 202,128          |
| (Gains)/loss on disposal of tangible assets  | (8,475)          | 176              |
| Loss on impairment or disposal of operations | 115,489          | -                |
| Tax on profit                                | 66,958           | 105,951          |
| Accrued expenses                             | 52,891           | 11,485           |
| <i>Changes in:</i>                           |                  |                  |
| Stocks                                       | 1,810,132        | 432,291          |
| Trade and other debtors                      | 2,956,069        | (296,210)        |
| Trade and other creditors                    | (5,571,757)      | 1,615,574        |
|  | <u>(182,939)</u> | <u>2,874,288</u> |

#### 30. Analysis of Changes in Net Debt

|                          | At 1 Oct 2019      | Cash flows       | At 30 Sep 2020     |
|--------------------------|--------------------|------------------|--------------------|
|                          | £                  | £                | £                  |
| Cash at bank and in hand | 966,428            | (240,768)        | 725,660            |
| Debt due within one year | (505,141)          | (245,865)        | (751,006)          |
| Debt due after one year  | (1,800,557)        | 286,701          | (1,513,856)        |
|                          | <u>(1,339,270)</u> | <u>(199,932)</u> | <u>(1,539,202)</u> |

# UKF STAINLESS HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 30 SEPTEMBER 2020

#### 31. Disposals

On 11 September 2020 UKF Holdings Limited sold its entire investment of 78 shares, representing its entire 75% shareholding in Stainless Metals and Alloys Limited for a consideration of £4.

The profit after tax shown in the group accounts includes a loss for the year of £39,155 which is attributable to Stainless Metals and Alloys Limited, of which £9,789 (25%) is attributable from non-controlling interests.

#### 32. Operating Leases

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

|  | Group          |                | Company  |          |
|--|----------------|----------------|----------|----------|
|  | 2020           | 2019           | 2020     | 2019     |
|  | £              | £              | £        | £        |
| Not later than 1 year                        | 108,982        | 310,211        | -        | -        |
| Later than 1 year and not later than 5 years | 22,477         | 308,881        | -        | -        |
| Later than 5 years                           | -              | 206,625        | -        | -        |
|  | <u>131,459</u> | <u>825,717</u> | <u>-</u> | <u>-</u> |

#### 33. 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 £400,768 at the balance sheet date (2019: £47,066). The aggregate amount of secured liabilities falling due after one year amounted to £1,166,289 at the balance sheet date (2019: £1,162,149.).

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.

Ferrari Stainless & Alloys Limited has invoice discounting facilities with Peak Cashflow Limited. The facilities are secured by fixed and floating charges over the company's 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.

#### 34. Directors' Advances, Credits and Guarantees

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

#### 35. 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.