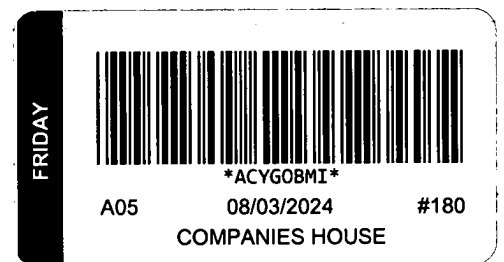


COMPANY REGISTRATION NUMBER: 06276285

UKF STAINLESS HOLDINGS LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2023



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 2023

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UKF STAINLESS HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

C T Morris
A J Hudson

Company Secretary

A J Hudson

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 2023

The directors present their strategic report for the company for the year ended 30 September 2023.

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 percentage. Despite operational costs increasing, the group has returned a healthy net profit, albeit a small decrease compared to the previous year.

The group'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 next financial year will be challenging again, but following a group restructure after the year end and more changes planned for 2024, the directors are confident that they have a strong position in the market.

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

	2023	2022
Gross Profit %	21.6%	19.5%
EBITDA %	6.2%	7.6%
Debtor days	63	64
Creditor days	99	95

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.

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 14 February 2024 and signed on behalf of the board by:



C T Morris
Director

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

UKF STAINLESS HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2023

The directors present their report and the Group financial statements of the group for the year ended 30 September 2023.

Directors

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

P Morris
C T Morris
A J Hudson

Dividends

Particulars of recommended dividends are detailed in note 12 to the Group financial statements.

Events after the End of the Reporting Period

Particulars of events after the reporting date are detailed in note 32 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 14 February 2024 and signed on behalf of the board by:



C T Morris
Director

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

UKF STAINLESS HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
YEAR ENDED 30 SEPTEMBER 2023

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 2023

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 2023 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, 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 2023 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

In auditing the Group financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Group financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the Group financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

UKF STAINLESS HOLDINGS LIMITED

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

YEAR ENDED 30 SEPTEMBER 2023

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry, the control environment and the business performance;
- Results from enquiries with management;
- Results from an identification and evaluation of whether the entity are complying with laws and regulations and whether management were aware of any non-compliance;
- The internal controls established to mitigate the risk of fraud or non-compliance with laws and regulations.

As a result of testing, we considered the opportunities and incentives that may exist within the organisation for fraud, including areas where management exercise significant judgement. Such items were tested, as well as specific procedures relating to the risk of management override.

UKF STAINLESS HOLDINGS LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UKF
STAINLESS HOLDINGS LIMITED (continued)****YEAR ENDED 30 SEPTEMBER 2023****Audit response to the risks identified**

In addition to the above procedures, we also included the following:

- Enquiring of management regarding any potential litigation or claims;
- Performing analytical procedures to identify any unusual trends which may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings held by those charged with governance;
- Testing the appropriateness of journal entries and assessing whether they are indications management override.

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

14 February 2024

UKF STAINLESS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Turnover	4	20,563,809	22,368,170
Cost of sales		16,114,129	17,992,425
Gross Profit		<u>4,449,680</u>	<u>4,375,745</u>
Distribution costs		447,134	416,511
Administrative expenses		2,938,772	2,483,618
Other operating income	5	-	4,000
Operating Profit	6	<u>1,063,774</u>	<u>1,479,616</u>
Gain on impairment or disposal of operations		1	-
Interest payable and similar expenses	10	67,105	76,197
Profit Before Taxation		<u>996,670</u>	<u>1,403,419</u>
Tax on profit	11	251,993	325,242
Profit for the Financial Year and Total Comprehensive Income		<u><u>744,677</u></u>	<u><u>1,078,177</u></u>
Dividends paid and payable	12	-	(175,000)
Retained Earnings at the Start of the Year		<u>3,766,389</u>	<u>2,863,212</u>
Retained Earnings at the End of the Year		<u><u>4,511,066</u></u>	<u><u>3,766,389</u></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
COMPANY STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Profit for the financial year and total comprehensive income		402,807	211,524
Dividends paid and payable	12	-	(175,000)
Retained Earnings at the Start of the Year		<u>412,698</u>	<u>376,174</u>
Retained Earnings at the End of the Year		<u><u>815,505</u></u>	<u><u>412,698</u></u>

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 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible assets	14	3,859,776	4,024,509
Current Assets			
Stocks	16	1,978,334	2,608,215
Debtors	17	4,928,528	4,018,033
Cash at bank and in hand		825,344	614,203
		<u>7,732,206</u>	<u>7,240,451</u>
Creditors: amounts falling due within one year	18	<u>4,855,976</u>	<u>5,204,996</u>
Net Current Assets		<u>2,876,230</u>	<u>2,035,455</u>
Total Assets Less Current Liabilities		<u>6,736,006</u>	<u>6,059,964</u>
Creditors: amounts falling due after more than one year	19	1,009,541	1,078,318
Provisions			
Taxation including deferred tax	21	350,401	350,259
Net Assets		<u>5,376,064</u>	<u>4,631,387</u>
Capital and Reserves			
Called up share capital	26	102	102
Share premium account	27	864,896	864,896
Profit and loss account	27	4,511,066	3,766,389
Shareholders Funds		<u>5,376,064</u>	<u>4,631,387</u>

These Group financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These Group financial statements were approved by the board of directors and authorised for issue on 14 February 2024, and are signed on behalf of the board by:



C T 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 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible assets	14	2,803,457	2,910,325
Current Assets			
Debtors	17	9,369	4
Cash at bank and in hand		262,670	61,980
		<u>272,039</u>	<u>61,984</u>
Creditors: amounts falling due within one year	18	<u>246,597</u>	<u>493,546</u>
Net Current Assets/(Liabilities)		<u>25,442</u>	<u>(431,562)</u>
Total Assets Less Current Liabilities		<u>2,828,899</u>	<u>2,478,763</u>
Creditors: amounts falling due after more than one year	19	992,874	1,051,651
Provisions			
Taxation including deferred tax	21	155,522	149,416
Net Assets		<u>1,680,503</u>	<u>1,277,696</u>
Capital and Reserves			
Called up share capital	26	102	102
Share premium account	27	864,896	864,896
Profit and loss account	27	815,505	412,698
Shareholders Funds		<u>1,680,503</u>	<u>1,277,696</u>

The profit for the financial year of the parent company was £402,807 (2022: £211,524).

These Group financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These Group financial statements were approved by the board of directors and authorised for issue on 14 February 2024, and are signed on behalf of the board by:



C T 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 CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Cash generated from operations	28	883,360	481,305
Interest paid		(67,105)	(76,197)
Tax paid		(350,957)	(148,359)
Net cash from operating activities		<u>465,298</u>	<u>256,749</u>
Cash Flows from Investing Activities			
Purchase of tangible assets		(122,064)	(65,867)
Proceeds from sale of tangible assets		53,999	410
Net cash used in investing activities		<u>(68,065)</u>	<u>(65,457)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		(61,028)	(422,741)
Government grant income		-	4,000
Payments of finance lease liabilities		(125,064)	(216,268)
Dividends paid		-	(175,000)
Net cash used in financing activities		<u>(186,092)</u>	<u>(810,009)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		211,141	(618,717)
Cash and Cash Equivalents at Beginning of Year		614,203	1,232,920
Cash and Cash Equivalents at End of Year		<u>825,344</u>	<u>614,203</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 2023

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.

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.

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

3. Accounting Policies *(continued)*

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 2023

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.

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.

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 30 SEPTEMBER 2023

3. Accounting Policies *(continued)*

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.

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:

	2023	2022
	£	£
Sale of goods	<u>20,563,809</u>	<u>22,368,170</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:

	2023	2022
	£	£
United Kingdom	17,514,843	19,572,032
Overseas	<u>3,048,966</u>	<u>2,796,138</u>
	<u>20,563,809</u>	<u>22,368,170</u>

5. Other Operating Income

	2023	2022
	£	£
Government grant income	<u>-</u>	<u>4,000</u>

6. Operating Profit

Operating profit or loss is stated after charging/crediting:

	2023	2022
	£	£
Depreciation of tangible assets	227,358	219,512
Loss on disposal of tangible assets	5,440	-
Impairment of trade debtors	524	5,319
Foreign exchange differences	<u>(174)</u>	<u>47,446</u>

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

7. Auditor's Remuneration

	2023	2022
	£	£
Fees payable for the audit of the group financial statements	<u>38,100</u>	<u>38,450</u>

8. Staff Costs

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

	2023	2022
	No.	No.
Production staff	49	53
Administrative staff	5	5
Management staff	2	2
Number of sales staff	9	10
Number of directors	3	3
	<u>68</u>	<u>73</u>

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

	2023	2022
	£	£
Wages and salaries	2,900,616	2,581,494
Social security costs	219,603	219,533
Other pension costs	257,196	217,372
	<u>3,377,415</u>	<u>3,018,399</u>

9. Directors' Remuneration

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

	2023	2022
	£	£
Remuneration	368,210	205,837
Company contributions to defined contribution pension plans	93,044	53,978
	<u>461,254</u>	<u>259,815</u>

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

	2023	2022
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 30 SEPTEMBER 2023

9. Directors' Remuneration *(continued)*

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

	2023	2022
	£	£
Aggregate remuneration	203,243	76,954
Company contributions to defined contribution pension plans	9,678	9,218
	<u>212,921</u>	<u>86,172</u>

10. Interest Payable and Similar Expenses

	2023	2022
	£	£
Interest on banks loans and overdrafts	47,403	39,912
Interest on obligations under finance leases and hire purchase contracts	3,994	19,450
Other interest payable and similar charges	15,708	16,835
	<u>67,105</u>	<u>76,197</u>

11. Tax on Profit

Major components of tax expense

	2023	2022
	£	£
Current tax:		
UK current tax expense	250,723	249,829
Adjustments in respect of prior periods	1,128	(2,450)
Total current tax	<u>251,851</u>	<u>247,379</u>
Deferred tax:		
Origination and reversal of timing differences	142	(6,200)
Impact of change in tax rate	-	84,063
Total deferred tax	<u>142</u>	<u>77,863</u>
Tax on profit	<u>251,993</u>	<u>325,242</u>

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

11. Tax on Profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 22% (2022: 19%).

	2023	2022
	£	£
Profit on ordinary activities before taxation	996,670	1,403,419
Profit on ordinary activities by rate of tax	219,268	266,650
Adjustment to tax charge in respect of prior periods	1,128	(2,450)
Effect of expenses not deductible for tax purposes	4,116	426
Impact of change in tax rate	-	84,063
Utilisation of tax losses	-	(20,249)
Rounding on tax charge	(2)	(1)
Timing differences for which no deferred tax assets are recognised	9,261	(8,951)
Effect of non qualifying depreciation	9,951	8,682
Effect of super-deduction	(136)	(2,928)
Effect of deferred tax at different tax rate	8,407	-
Tax on profit	251,993	325,242

12. Dividends

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

	2023	2022
	£	£
Equity dividends on ordinary shares	-	175,000

13. Intangible Assets

Group	Goodwill
	£
Cost	
At 1 October 2022 and 30 September 2023	(96,938)
Amortisation	
At 1 October 2022 and 30 September 2023	(96,938)
Carrying amount	
At 1 October 2022 and 30 September 2023	-
At 30 September 2022	-

The company has no intangible assets.

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

14. Tangible Assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2022	2,369,533	3,681,794	551,651	151,422	6,754,400
Additions	13,542	6,659	16,746	85,117	122,064
Disposals	(35,454)	(152,626)	(100,726)	(91,445)	(380,251)
At 30 September 2023	2,347,621	3,535,827	467,671	145,094	6,496,213
Depreciation					
At 1 October 2022	323,418	1,833,684	424,221	148,568	2,729,891
Charge for the year	47,211	135,978	26,622	17,547	227,358
Disposals	(31,440)	(111,673)	(86,684)	(91,015)	(320,812)
At 30 September 2023	339,189	1,857,989	364,159	75,100	2,636,437
Carrying amount					
At 30 September 2023	2,008,432	1,677,838	103,512	69,994	3,859,776
At 30 September 2022	2,046,115	1,848,110	127,430	2,854	4,024,509
Company			Land and buildings £	Plant and machinery £	Total £
Cost					
At 1 October 2022			2,284,671	1,143,465	3,428,136
Disposals			-	(5,000)	(5,000)
At 30 September 2023			2,284,671	1,138,465	3,423,136
Depreciation					
At 1 October 2022			261,842	255,969	517,811
Charge for the year			45,694	57,173	102,867
Disposals			-	(999)	(999)
At 30 September 2023			307,536	312,143	619,679
Carrying amount					
At 30 September 2023			1,977,135	826,322	2,803,457
At 30 September 2022			2,022,829	887,496	2,910,325

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 and company	Plant and machinery £
At 30 September 2023	859,749
At 30 September 2022	887,496

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 30 SEPTEMBER 2023

15. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 October 2022 and 30 September 2023	864,898
Impairment	
At 1 October 2022 and 30 September 2023	864,898
Carrying amount	
At 1 October 2022 and 30 September 2023	-
At 30 September 2022	-

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 of share	Percentage of shares held
UKF Stainless Limited	Lifford Hall, Lifford Lane, Kings Norton, Birmingham, B30 3JN	Ordinary	100
Joint Perforating Company Limited (Owned by UKF Stainless Limited)	12 Buntsford Park Road, Bromsgrove, Worcestershire, B60 3DX	Ordinary	100
UKF Southern Limited (Owned by UKF Stainless Limited)	12 Buntsford Park Road, Bromsgrove, Worcestershire, B60 3DX	Ordinary A Ordinary	100 100

Ferrari Stainless & Alloys Limited changed its name to UKF Southern Limited on 3 July 2023.

On 4 July 2023 the trade and assets of UKF Southern Limited were sold to a third party. The trade was sold for a goodwill consideration of £1, and the assets were sold for £50,000. The stock was sold at market value. The company ceased to trade on the same date. Since then, the company has been collecting its debts and paying its creditors.

16. Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Raw materials and consumables	1,978,334	2,608,215	-	-

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

17. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	3,574,649	3,901,410	-	-
Amounts owed by group undertakings	-	-	9,365	-
Prepayments and accrued income	99,261	116,619	-	-
Directors loan account	272,085	-	-	-
Amounts owed from related parties	340,000	-	-	-
Amounts owed from invoice discounters	642,526	-	-	-
Other debtors	7	4	4	4
	<u>4,928,528</u>	<u>4,018,033</u>	<u>9,369</u>	<u>4</u>

18. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	62,715	60,376	52,715	50,376
Trade creditors	3,594,387	4,178,626	25,500	25,501
Amounts owed to group undertakings	-	-	-	187,983
Accruals and deferred income	687,955	130,020	17,083	11,833
Corporation tax	150,723	249,829	120,263	67,522
Social security and other taxes	99,086	215,124	24,850	24,650
Obligations under finance leases and hire purchase contracts	6,186	125,029	6,186	125,029
Director loan accounts	-	652	-	652
Amounts owed to invoice discounter	254,924	245,340	-	-
	<u>4,855,976</u>	<u>5,204,996</u>	<u>246,597</u>	<u>493,546</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	983,882	1,046,597	967,215	1,019,930
Obligations under finance leases and hire purchase contracts	-	6,221	-	6,221
Rent deposit	25,659	25,500	25,659	25,500
	<u>1,009,541</u>	<u>1,078,318</u>	<u>992,874</u>	<u>1,051,651</u>

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

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	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	6,220	128,691	6,220	128,691
Later than 1 year and not later than 5 years	-	6,536	-	6,536
	<u>6,220</u>	<u>135,227</u>	<u>6,220</u>	<u>135,227</u>
Less: future finance charges	(34)	(3,977)	(34)	(3,977)
Present value of minimum lease payments	<u>6,186</u>	<u>131,250</u>	<u>6,186</u>	<u>131,250</u>

21. Provisions

Group	Deferred tax (note 22) £
At 1 October 2022	350,259
Additions	142
At 30 September 2023	<u>350,401</u>
Company	Deferred tax (note 22) £
At 1 October 2022	149,416
Additions	6,106
At 30 September 2023	<u>155,522</u>

22. Deferred Tax

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in provisions (note 21)	<u>350,401</u>	<u>350,259</u>	<u>155,522</u>	<u>149,416</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	<u>350,401</u>	<u>350,259</u>	<u>155,522</u>	<u>149,416</u>

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

23. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £257,196 (2022: £217,372).

24. Government Grants

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>

25. 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	
	2023	2022	2023	2022
	£	£	£	£
Financial assets measured at fair value through profit or loss	<u>507,473</u>	<u>614,203</u>	<u>262,670</u>	<u>61,980</u>

Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	<u>5,328,939</u>	<u>5,415,619</u>	<u>1,062,513</u>	<u>1,107,640</u>

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

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 2023

26. Called Up Share Capital

Authorised share capital

	2023		2022	
	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

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>

27. 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.

28. Cash Generated from Operations

	2023	2022
	£	£
Profit for the financial year	744,677	1,078,177
<i>Adjustments for:</i>		
Depreciation of tangible assets	227,358	219,512
Government grant income	-	(4,000)
Interest payable and similar expenses	67,105	76,197
Loss on disposal of tangible assets	5,440	-
Gain on impairment or disposal of operations	(1)	-
Tax on profit	251,993	325,242
Accrued expenses/(income)	593,935	(691)
<i>Changes in:</i>		
Stocks	629,882	(370,181)
Trade and other debtors	(910,495)	184,894
Trade and other creditors	(726,534)	(1,027,845)
	<u>883,360</u>	<u>481,305</u>

UKF STAINLESS HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

29. Analysis of Changes in Net Debt

	At 1 Oct 2022	Cash flows	At 30 Sep 2023
	£	£	£
Cash at bank and in hand	614,203	211,141	825,344
Debt due within one year	(186,057)	117,156	(68,901)
Debt due after one year	(1,052,818)	68,936	(983,882)
	<u>(624,672)</u>	<u>397,233</u>	<u>(227,439)</u>

30. Operating Leases

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	-	44,666	-	-
Later than 1 year and not later than 5 years	-	33,292	-	-
	<u>-</u>	<u>77,958</u>	<u>-</u>	<u>-</u>

31. 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 £62,715 at the balance sheet date (2022: £60,376). The aggregate amount of secured liabilities falling due after one year amounted to £983,882 the balance sheet date (2022: £1,046,597).

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 UKF Southern Limited in favour of Lloyds Bank PLC.

UKF Southern 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.

There is a 1st Legal Charge over Other Asset known as a deposit agreement dated 23 August 2022.

UKF STAINLESS HOLDINGS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 30 SEPTEMBER 2023

32. Events after the End of the Reporting Period

The group is now owned by UKF Group Investments Limited as of 05 October 2023.

33. Directors' Advances, Credits and Guarantees

At the year end, P Morris owed the group £272,085 (2022: was owed £652).

34. 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. P Morris has resigned after the year end on 05 October 2023.