

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 October 2022
for
ASC Metals Limited

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for the Year Ended 31 October 2022

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DIRECTORS:	P A Wilkinson L Wilkinson
SECRETARY:	Mrs S Kovacs
REGISTERED OFFICE:	Unit 3 Jackdaw Close Crow Lane Industrial Park Northampton Northamptonshire NN3 9ER
REGISTERED NUMBER:	01450113 (England and Wales)
AUDITORS:	CED Accountancy Services Limited Statutory Auditors Chartered Accountants 1 Lucas Bridge Business Park 1 Old Greens Norton Road Towcester Northamptonshire NN12 8AX
BANKERS:	National Westminster Bank plc Corporate Centre P O Box 21 41 The Drapery Northampton NN1 2EY
SOLICITORS:	Howes Percival Nene House 4 Rushmills Northampton NN4 7YB

Strategic Report
for the Year Ended 31 October 2022

The directors present their strategic report for the year ended 31 October 2022.

REVIEW OF BUSINESS

The company's principal activity is that of a metal stockholder. The company has been trading since 1980 and has 3 depots in the United Kingdom.

Results and performance

The results of the company, as set out on page 9, show a profit on ordinary activities before tax of £1,893,178 (2021: £1,349,782). The shareholders' funds of the company on page 10 total £6,652,693 (2021: £5,472,108).

The performance of the company during the year has produced a very encouraging result. The business has traded well, throughout the year, despite the continuing, challenging market conditions.

Business environment

The market continues to be competitive, with the the long term impact of Brexit as yet uncertain. The Directors appreciate that it is essential that the company keeps abreast of continuing challenges, in the market place.

Strategy

The company's success is dependent on the proper selection of it's products. Risks are minimised in order to achieve maximum profit in a competitive marketplace. We have refocused our service levels and our strong distribution network allows us to maintain and enhance our market share.

The company will continue to consolidate its position and concentrate on achieving maximum growth. We aim to improve efficiency in all areas of our operations with disciplined cost control. Customer service remains a top priority.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a priority for the company. The director is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively. The principal risks from our business arise from inaccurate pricing; and price fluctuations. In addition, the company is exposed to financial risk, discussed in the section of this report dealing with financial instruments.

Strategic Report
for the Year Ended 31 October 2022

FINANCIAL KEY PERFORMANCE INDICATORS

The director has monitored the progress of the overall company strategy and the individual strategic elements by reference to certain financial key performance indicators.

Gross Profit margin 26.6% (2021 - 27.8%)

Growth in net assets: 21.4% (2021 - 14.5%)

Some progress has been made throughout the year in relation to the growth of net assets.

ON BEHALF OF THE BOARD:

P A Wilkinson - Director

2 May 2023

Report of the Directors
for the Year Ended 31 October 2022

The directors present their report with the financial statements of the company for the year ended 31 October 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of metal stockholders and dealers.

DIVIDENDS

Dividends were paid on the Ordinary £1 shares at various times in the year which totalled £331,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2021 to the date of this report.

P A Wilkinson
L Wilkinson

FINANCIAL INSTRUMENTS

The company uses various financial instruments including cash, trade debtors, and trade creditors that arise directly from the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below:

LIQUIDITY RISK

The company seeks to manage finance risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

INTEREST RATE RISK

The company finances its operations through a mixture of retained profits and cash balances. Cash is managed to maximise income from interest while avoiding inherent risk.

CREDIT RISK

The company's principle financial assets are cash and trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

POLITICAL DONATIONS AND EXPENDITURE

During the year donations amounting to £5,042 were made by the company. These were not politically related donations.

Report of the Directors
for the Year Ended 31 October 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

P A Wilkinson - Director

2 May 2023

Opinion

We have audited the financial statements of ASC Metals Limited (the 'company') for the year ended 31 October 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the 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 company's ability to continue as a going concern for a period of at least twelve months from when the 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this gives rise to a material misstatement in the financial statements themselves. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The engagement partner ensured that the engagement team had the appropriate competence, capabilities and skills to identify or recognise non compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above;
- we communicated identified laws and regulations within the audit team who remained alert to instances of non-compliance.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur, by;

- making enquiries of management as to whether they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we;

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;

In response to the risk of non-compliance with laws and regulations, we designed procedures which included, but were not limited to;

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Report of the Independent Auditors to the Members of
ASC Metals Limited

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

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 a Report of the Auditors 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.

Clifford Davidson BSc FCA (Senior Statutory Auditor)
for and on behalf of CED Accountancy Services Limited
Statutory Auditors
Chartered Accountants
1 Lucas Bridge Business Park
1 Old Greens Norton Road
Towcester
Northamptonshire
NN12 8AX

2 May 2023

Statement of Comprehensive Income
for the Year Ended 31 October 2022

	Notes	31.10.22		31.10.21	
		£	£	£	£
TURNOVER	3		18,931,008		14,833,947
Cost of sales			13,885,244		10,715,482
GROSS PROFIT			5,045,764		4,118,465
Distribution costs		2,302,003		2,012,530	
Administrative expenses		851,761		770,938	
			3,153,764		2,783,468
			1,892,000		1,334,997
Other operating income			-		15,363
OPERATING PROFIT	5		1,892,000		1,350,360
Interest receivable and similar income			1,977		221
			1,893,977		1,350,581
Interest payable and similar expenses	6		799		799
PROFIT BEFORE TAXATION			1,893,178		1,349,782
Tax on profit	7		387,325		269,800
PROFIT FOR THE FINANCIAL YEAR			1,505,853		1,079,982
OTHER COMPREHENSIVE INCOME					
Movement in Share Option Reserve			5,732		5,676
Income tax relating to other comprehensive income			-		-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			5,732		5,676
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			1,511,585		1,085,658

Balance Sheet
31 October 2022

	Notes	31.10.22 £	£	31.10.21 £	£
FIXED ASSETS					
Tangible assets	9		501,536		559,575
CURRENT ASSETS					
Stocks	10	3,750,696		2,975,599	
Debtors	11	4,525,815		4,088,549	
Cash at bank and in hand		2,258,547		2,133,238	
		10,535,058		9,197,386	
CREDITORS					
Amounts falling due within one year	12	4,261,701		4,174,671	
NET CURRENT ASSETS			6,273,357		5,022,715
TOTAL ASSETS LESS CURRENT LIABILITIES			6,774,893		5,582,290
CREDITORS					
Amounts falling due after more than one year	13		-		(6,437)
PROVISIONS FOR LIABILITIES	17		(122,200)		(103,745)
NET ASSETS			6,652,693		5,472,108
CAPITAL AND RESERVES					
Called up share capital	18		5,000		5,000
Capital redemption reserve	19		1,000		1,000
Other reserves	19		46,512		40,780
Retained earnings	19		6,600,181		5,425,328
SHAREHOLDERS' FUNDS			6,652,693		5,472,108

ASC Metals Limited (Registered number: 01450113)

Balance Sheet - continued

31 October 2022

The financial statements were approved by the Board of Directors and authorised for issue on 2 May 2023 and were signed on its behalf by:

P A Wilkinson - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 October 2022

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 November 2020	5,000	4,713,846	1,000	35,104	4,754,950
Changes in equity					
Dividends	-	(368,500)	-	-	(368,500)
Total comprehensive income	-	1,079,982	-	5,676	1,085,658
Balance at 31 October 2021	<u>5,000</u>	<u>5,425,328</u>	<u>1,000</u>	<u>40,780</u>	<u>5,472,108</u>
Changes in equity					
Dividends	-	(331,000)	-	-	(331,000)
Total comprehensive income	-	1,505,853	-	5,732	1,511,585
Balance at 31 October 2022	<u><u>5,000</u></u>	<u><u>6,600,181</u></u>	<u><u>1,000</u></u>	<u><u>46,512</u></u>	<u><u>6,652,693</u></u>

Cash Flow Statement
for the Year Ended 31 October 2022

	Notes	31.10.22 £	31.10.21 £
Cash flows from operating activities			
Cash generated from operations	1	959,122	334,036
Interest element of hire purchase payments paid		(799)	(799)
Tax paid		(497,369)	(72,748)
Net cash from operating activities		<u>460,954</u>	<u>260,489</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(51,940)	(112,277)
Interest received		1,977	221
Net cash from investing activities		<u>(49,963)</u>	<u>(112,056)</u>
Cash flows from financing activities			
Capital repayments in year		(9,924)	(9,924)
Amount introduced by directors		335,847	395,150
Amount withdrawn by directors		(280,605)	(17,243)
Equity dividends paid		(331,000)	(368,500)
Net cash from financing activities		<u>(285,682)</u>	<u>(517)</u>
Increase in cash and cash equivalents		125,309	147,916
Cash and cash equivalents at beginning of year	2	2,133,238	1,985,322
Cash and cash equivalents at end of year	2	<u>2,258,547</u>	<u>2,133,238</u>

Notes to the Cash Flow Statement
for the Year Ended 31 October 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.10.22	31.10.21
	£	£
Profit before taxation	1,893,178	1,349,782
Depreciation charges	109,919	104,050
Loss on disposal of fixed assets	60	-
Share based payments	5,732	5,676
Finance costs	799	799
Finance income	(1,977)	(221)
	2,007,711	1,460,086
Increase in stocks	(775,097)	(1,230,265)
Increase in trade and other debtors	(437,266)	(943,552)
Increase in trade and other creditors	163,774	1,047,767
Cash generated from operations	<u>959,122</u>	<u>334,036</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2022

	31.10.22	1.11.21
	£	£
Cash and cash equivalents	<u>2,258,547</u>	<u>2,133,238</u>

Year ended 31 October 2021

	31.10.21	1.11.20
	£	£
Cash and cash equivalents	<u>2,133,238</u>	<u>1,985,322</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.11.21	Cash flow	At 31.10.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,133,238</u>	<u>125,309</u>	<u>2,258,547</u>
	<u>2,133,238</u>	<u>125,309</u>	<u>2,258,547</u>
Debt			
Finance leases	<u>(15,713)</u>	<u>9,924</u>	<u>(5,789)</u>
	<u>(15,713)</u>	<u>9,924</u>	<u>(5,789)</u>
Total	<u>2,117,525</u>	<u>135,233</u>	<u>2,252,758</u>

Notes to the Financial Statements
for the Year Ended 31 October 2022

1. **STATUTORY INFORMATION**

ASC Metals Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 10% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost, using the FIFO method, and selling price less costs to complete and sell.

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest rate method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in a case of an out-right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive if the asset were to be sold at the reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are usually recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share options

The company operates share schemes as detailed in note 21, under which it makes equity-settled share based payments to certain employees. For share-based payments to employees of the company, the fair value is determined at the grant date using an earnings based method, and is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will vest.

Hire purchase and leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance

charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

3. **TURNOVER**

Revenue recognised in the period all relates to the sale of metal products (£18,931,008).

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

4. **EMPLOYEES AND DIRECTORS**

	31.10.22	31.10.21
	£	£
Wages and salaries	1,592,644	1,451,415
Social security costs	172,515	156,581
Other pension costs	276,373	171,352
	<u>2,041,532</u>	<u>1,779,348</u>

The average number of employees during the year was as follows:

	31.10.22	31.10.21
Sales staff	9	9
Warehouse staff	18	16
Administration	15	16
	<u>42</u>	<u>41</u>

	31.10.22	31.10.21
	£	£
Directors' remuneration	279,888	178,469
Directors' pension contributions to money purchase schemes	51,761	1,757

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director for the year ended 31 October 2022 is as follows:

	31.10.22
	£
Emoluments etc	266,481
Pension contributions to money purchase schemes	<u>51,761</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.10.22	31.10.21
	£	£
Depreciation - owned assets	109,919	104,050
Loss on disposal of fixed assets	60	-
Auditors' remuneration	<u>10,000</u>	<u>7,500</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.10.22	31.10.21
	£	£
Hire purchase	<u>799</u>	<u>799</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.10.22	31.10.21
	£	£
Current tax:		
UK corporation tax	370,770	271,269
Prior year under provision	<u>(1,900)</u>	<u>-</u>
Total current tax	368,870	271,269
Deferred tax	<u>18,455</u>	<u>(1,469)</u>
Tax on profit	<u><u>387,325</u></u>	<u><u>269,800</u></u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.10.22	31.10.21
	£	£
Profit before tax	<u>1,893,178</u>	<u>1,349,782</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	359,704	256,459
Effects of:		
Expenses not deductible for tax purposes	4,981	-
Capital allowances in excess of depreciation	-	(4,865)
Depreciation in excess of capital allowances	8,214	-
Expenses not deductible for tax period	1,090	19,675
Accelerated capital allowances	18,455	(1,469)
Profit on the sale of fixed assets	11	-
Pension accruals	(3,230)	-
Prior year over provision	<u>(1,900)</u>	<u>-</u>
Total tax charge	<u><u>387,325</u></u>	<u><u>269,800</u></u>

Tax effects relating to effects of other comprehensive income

	31.10.22		
	Gross	Tax	Net
	£	£	£
Movement in Share Option Reserve	<u>5,732</u>	<u>-</u>	<u>5,732</u>
	31.10.21		
	Gross	Tax	Net
	£	£	£
Movement in Share Option Reserve	<u>5,676</u>	<u>-</u>	<u>5,676</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

8.	DIVIDENDS		31.10.22		31.10.21
			£		£
	Ordinary shares shares of £1 each				
	Dividends paid		<u>331,000</u>		<u>368,500</u>
9.	TANGIBLE FIXED ASSETS				
		Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
		£	£	£	£
	COST				
	At 1 November 2021	811,444	257,439	439,211	1,508,094
	Additions	42,095	4,345	5,500	51,940
	Disposals	-	(9,425)	-	(9,425)
	At 31 October 2022	<u>853,539</u>	<u>252,359</u>	<u>444,711</u>	<u>1,550,609</u>
	DEPRECIATION				
	At 1 November 2021	501,111	234,371	213,037	948,519
	Charge for year	42,777	10,532	56,610	109,919
	Eliminated on disposal	-	(9,365)	-	(9,365)
	At 31 October 2022	<u>543,888</u>	<u>235,538</u>	<u>269,647</u>	<u>1,049,073</u>
	NET BOOK VALUE				
	At 31 October 2022	<u>309,651</u>	<u>16,821</u>	<u>175,064</u>	<u>501,536</u>
	At 31 October 2021	<u>310,333</u>	<u>23,068</u>	<u>226,174</u>	<u>559,575</u>
10.	STOCKS				
				31.10.22	31.10.21
				£	£
	Stocks			<u>3,750,696</u>	<u>2,975,599</u>
11.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
				31.10.22	31.10.21
				£	£
	Trade debtors			4,459,811	3,951,611
	Other debtors			15,571	36,609
	Tax			28,105	28,105
	Prepayments and accrued income			<u>22,328</u>	<u>72,224</u>
				<u>4,525,815</u>	<u>4,088,549</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.22	31.10.21
	£	£
Hire purchase contracts (see note 14)	5,789	9,276
Trade creditors	3,429,764	3,263,343
Tax	142,770	271,269
Social security and other taxes	41,560	51,940
VAT	321,121	230,166
Other creditors	26,648	39,998
Directors' current accounts	55,266	24
Accrued expenses	238,783	308,655
	<u>4,261,701</u>	<u>4,174,671</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.10.22	31.10.21
	£	£
Hire purchase contracts (see note 14)	<u>-</u>	<u>6,437</u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.10.22	31.10.21
	£	£
Net obligations repayable:		
Within one year	5,789	9,276
Between one and five years	<u>-</u>	<u>6,437</u>
	<u>5,789</u>	<u>15,713</u>

	Non-cancellable operating leases	
	31.10.22	31.10.21
	£	£
Within one year	240,000	240,000
Between one and five years	960,000	960,000
In more than five years	840,000	1,080,000
	<u>2,040,000</u>	<u>2,280,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

15. SECURED DEBTS

The following secured debts are included within creditors:

	31.10.22	31.10.21
	£	£
Hire purchase contracts	<u>5,789</u>	<u>15,713</u>

The company has given a fixed and floating charge over all of its assets to National Westminster Bank Plc to secure its overdraft facility.

16. FINANCIAL INSTRUMENTS

The company had a hire purchase loan which is repayable over the period until 2023.

17. PROVISIONS FOR LIABILITIES

	31.10.22	31.10.21
	£	£
Deferred tax provided	<u>122,200</u>	<u>103,745</u>
		Deferred tax
		£
Balance at 1 November 2021		103,745
Accelerated capital allowances		<u>18,455</u>
Balance at 31 October 2022		<u>122,200</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.10.2019	31.10.2018
1,000	Ordinary shares	£1	1,000	1,000
100,000	Ordinary "L" shares	1p	1,000	1,000
100,000	Ordinary "N" shares	1p	1,000	1,000
100,000	Ordinary "P" shares	1p	1,000	1,000
100,000	Ordinary "W" shares	1p	1,000	1,000
			<u>5,000</u>	<u>5,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

19. RESERVES

	Retained earnings £	Capital redemption reserve £	Other reserves £	Totals £
At 1 November 2021	5,425,328	1,000	40,780	5,467,108
Profit for the year	1,505,853			1,505,853
Dividends	(331,000)			(331,000)
Share option reserve	-	-	5,732	5,732
At 31 October 2022	<u>6,600,181</u>	<u>1,000</u>	<u>46,512</u>	<u>6,647,693</u>

In accordance with Accounting standards, lapsed share options are transferred to the profit and loss reserve.

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 October 2022 and 31 October 2021:

	31.10.22 £	31.10.21 £
P A Wilkinson		
Balance outstanding at start of year	-	377,883
Amounts repaid	-	(377,883)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

21. RELATED PARTY DISCLOSURES

At the year end there is a balance outstanding owed to Nextday Metals Limited a commonly owned company with the balance being £24,448.

The company rents the warehouse in Northampton from the personal pension scheme, of one of the Directors (Philip Wilkinson).

Notes to the Financial Statements - continued
for the Year Ended 31 October 2022

21. SHARE OPTIONS

Contingent rights to the allotment of shares

The Company has granted options to certain employees in respect of 1p shares under an Enterprise Management Scheme (EMI), as set out below:

Date of grant	Type of option	Period when exercisable	Average Price per share	2022	2021
4 April 2014-1 August 2022	EMI	3 April 2024- 31 July 2032	£6.12	9,648	9,418

At 31 October, the company had the following outstanding option and exercise prices:

Expiry dates	2022 Weighted average				2021 Weighted average	
	Options £	Exercise price per share Months	Remaining contractual life £	Options Months	Exercise price per share	Remaining contractual life
2024	8,457	5.75	17	8,457	5.75	29
2026	611	7.50	44	611	7.50	56
2027	350	10.00	59	350	10.00	71
2032	230	10.00	117	-	-	-

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

£	2022		2021	
	Options	Weighted average exercise price per share £	Options	Weighted average exercise price per share
Outstanding at 1 November	9,418	6.03	9,418	6.03
Lapsed	-	-	-	-
Granted	230	10.00	-	-
Outstanding at 31 October	9,648	6.12	9,418	6.03
Exercisable at 31 October	9,648	6.12	9,418	6.03

No options were exercised or lapsed during the year. A further 230 options were granted during the year.

Management have used an earnings based model to estimate the value of options granted in the current and prior periods.

The implementation of FRS 102 has the effect of reducing profits for the year to 31 October 2022 by £5,732. The equivalent charge for the year to 31 October 2021 was £5,676.

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