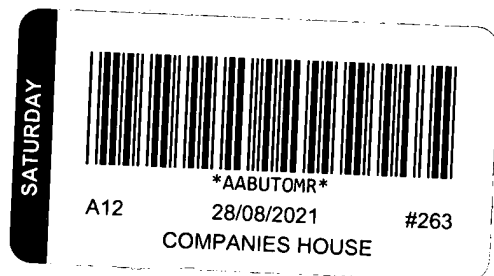


COMPANY REGISTRATION NUMBER: 02412308

Sherwood Stainless and Aluminium Ltd
Financial Statements
For the year ended
31st March 2021



JORDAN & COMPANY
Chartered Accountants & statutory auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

Sherwood Stainless and Aluminium Ltd

Financial Statements

Year ended 31st March 2021

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	5
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
The following pages do not form part of the financial statements	
Detailed income statement	25
Notes to the detailed income statement	26

Sherwood Stainless and Aluminium Ltd

Officers and Professional Advisers

The board of directors	Mr T J Franklin Mr P Thurston
Company secretary	Miss K. Powis
Registered office	The Science Park Mammoth Drive off Stafford Road Wolverhampton West Midlands WV10 9TF
Auditor	Jordan & Company Chartered Accountants & statutory auditor Knighton House 62 Hagley Road Stourbridge West Midlands DY8 1QD
Bankers	National Westminster Bank plc 1 St Philips Place Birmingham B3 2PP

Sherwood Stainless and Aluminium Ltd

Strategic Report

Year ended 31st March 2021

Principal activity

The principal activity of the company during the year continued to be that of processing and distributing stainless steel and aluminium, with customers across a variety of business sectors, in Europe and worldwide.

Business review

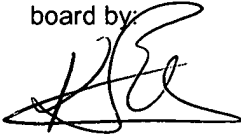
2020 proved to be the most difficult year in the history of the company, with Covid-19 leading to lockdowns, self-isolation, changes in working practices and supply difficulties. Against this background, the company's results exceeded all expectations.

Customer demand appears to have been restored to pre-pandemic levels. Metal prices and margins are continuing to improve and the control of overhead spending is a key factor to the management team. The directors remain mindful of the potential threat to the future supply of raw materials.

The company continues to invest in machinery and IT, ensuring capital investment enhances the efficiencies of the business and in addition develops skills in the work place.

The directors remain extremely optimistic for the next financial year, and indeed for the future prospects of the company, as it continues to invest in people and equipment, and are confident that profitability will continue in the coming years.

This report was approved by the board of directors on 16th August 2021 and signed on behalf of the board by:



Miss K. Powis
Company Secretary

Registered office:
The Science Park
Mammoth Drive
off Stafford Road
Wolverhampton
West Midlands
WV10 9TF

Sherwood Stainless and Aluminium Ltd

Directors' Report

Year ended 31st March 2021

The directors present their report and the financial statements of the company for the year ended 31st March 2021.

Directors

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

Mr T J Franklin
Mr P Thurston

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). 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 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 judgments 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

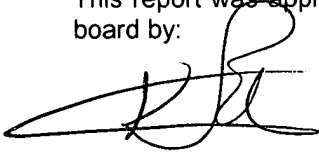
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Sherwood Stainless and Aluminium Ltd

Directors' Report *(continued)*

Year ended 31st March 2021

This report was approved by the board of directors on 16th August 2021 and signed on behalf of the board by:



Miss K. Powis
Company Secretary

Registered office:
The Science Park
Mammoth Drive
off Stafford Road
Wolverhampton
West Midlands
WV10 9TF

Sherwood Stainless and Aluminium Ltd

Independent Auditor's Report to the Members of Sherwood Stainless and Aluminium Ltd

Year ended 31st March 2021

Opinion

I have audited the financial statements of Sherwood Stainless and Aluminium Ltd (the 'company') for the year ended 31st March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, 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 my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2021 and of its 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

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

Conclusions relating to going concern

In auditing the financial statements, I 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 I have performed, I 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.

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

Sherwood Stainless and Aluminium Ltd

Independent Auditor's Report to the Members of Sherwood Stainless and Aluminium Ltd *(continued)*

Year ended 31st March 2021

Other information

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

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

I have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In my 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 financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which I am 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, I have not identified material misstatements in the strategic report or the directors' report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me; 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
- I have not received all the information and explanations I require for my audit.

Sherwood Stainless and Aluminium Ltd

Independent Auditor's Report to the Members of Sherwood Stainless and Aluminium Ltd *(continued)*

Year ended 31st March 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 is 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.

Auditor's responsibilities for the audit of the financial statements

My 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 an auditor's report that includes my 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.

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

- I ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- I identified the laws and regulations applicable to the company through discussions with directors and other management, and from my commercial knowledge and experience;
- I focused on specific laws and regulations which were considered to have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation;
- I assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Sherwood Stainless and Aluminium Ltd

Independent Auditor's Report to the Members of Sherwood Stainless and Aluminium Ltd *(continued)*

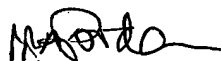
Year ended 31st March 2021

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Use of my 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.



Mark Jordan
Jordan & Company
Chartered Accountants & statutory auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

16th August 2021

Sherwood Stainless and Aluminium Ltd

Statement of Comprehensive Income

Year ended 31st March 2021

	Note	2021 £	2020 £
Turnover	4	23,422,618	27,672,721
Cost of sales		<u>18,166,228</u>	<u>22,043,326</u>
Gross profit		5,256,390	5,629,395
Distribution costs		2,048,006	2,203,795
Administrative expenses		1,876,068	1,879,641
Other operating income	5	<u>542,120</u>	<u>25,706</u>
Operating profit	6	1,874,436	1,571,665
Interest receivable	10	16,584	238
Interest payable	11	<u>53,378</u>	<u>123,762</u>
Profit before taxation		1,837,642	1,448,141
Taxation on ordinary activities	12	<u>308,016</u>	<u>241,330</u>
Profit for the financial year and total comprehensive income		<u>1,529,626</u>	<u>1,206,811</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

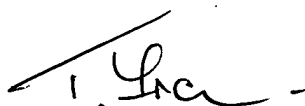
Sherwood Stainless and Aluminium Ltd

Statement of Financial Position

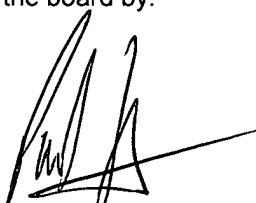
31st March 2021

	Note	2021 £	£	2020 £
Fixed assets				
Tangible assets	14		3,883,282	3,838,149
Current assets				
Stocks	15	3,714,364		3,339,656
Debtors	16	5,264,180		4,621,118
Cash at bank and in hand		<u>2,223,907</u>		<u>55,130</u>
		11,202,451		8,015,904
Creditors: amounts falling due within one year	17	<u>7,691,710</u>		6,729,184
Net current assets			<u>3,510,741</u>	<u>1,286,720</u>
Total assets less current liabilities			<u>7,394,023</u>	<u>5,124,869</u>
Creditors: amounts falling due after more than one year	18		1,810,426	536,398
Provisions				
Taxation including deferred tax	20		<u>102,500</u>	<u>67,000</u>
Net assets			<u><u>5,481,097</u></u>	<u><u>4,521,471</u></u>
Capital and reserves				
Called up share capital	23		25,000	27,500
Revaluation reserve	24		53,494	55,354
Capital redemption reserve	24		25,000	22,500
Profit and loss account	24		<u>5,377,603</u>	<u>4,416,117</u>
Shareholders funds			<u><u>5,481,097</u></u>	<u><u>4,521,471</u></u>

These financial statements were approved by the board of directors and authorised for issue on 16th August 2021, and are signed on behalf of the board by:



Mr T. Franklin
Director



Mr P. Thurston
Director

Company registration number: 02412308

The notes on pages 13 to 23 form part of these financial statements.

Sherwood Stainless and Aluminium Ltd

Statement of Changes in Equity

Year ended 31st March 2021

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1st April 2019	30,000	57,214	20,000	3,717,446	3,824,660
Profit for the year				1,206,811	1,206,811
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	(1,860)	—	1,860	—
Total comprehensive income for the year	—	(1,860)	—	1,208,671	1,206,811
Dividends paid and payable 13	—	—	—	(10,000)	(10,000)
Cancellation of subscribed capital	(2,500)	—	2,500	(500,000)	(500,000)
Total investments by and distributions to owners	(2,500)	—	2,500	(510,000)	(510,000)
At 31st March 2020	27,500	55,354	22,500	4,416,117	4,521,471
Profit for the year				1,529,626	1,529,626
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	(1,860)	—	1,860	—
Total comprehensive income for the year	—	(1,860)	—	1,531,486	1,529,626
Dividends paid and payable 13	—	—	—	(70,000)	(70,000)
Cancellation of subscribed capital	(2,500)	—	2,500	(500,000)	(500,000)
Total investments by and distributions to owners	(2,500)	—	2,500	(570,000)	(570,000)
At 31st March 2021	<u>25,000</u>	<u>53,494</u>	<u>25,000</u>	<u>5,377,603</u>	<u>5,481,097</u>

The notes on pages 13 to 23 form part of these financial statements.

Sherwood Stainless and Aluminium Ltd

Statement of Cash Flows

Year ended 31st March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,529,626	1,206,811
<i>Adjustments for:</i>		
Depreciation of tangible assets	504,927	474,260
Interest receivable	(16,584)	(238)
Interest payable	53,378	123,762
Gains on disposal of tangible assets	(39,809)	(83,142)
Taxation on ordinary activities	308,016	241,330
Accrued (income)/expenses	(65,780)	108,692
<i>Changes in:</i>		
Stocks	(374,708)	1,057,693
Trade and other debtors	(643,062)	(136,471)
Trade and other creditors	694,165	(211,125)
Cash generated from operations	<u>1,950,169</u>	<u>2,781,572</u>
Interest paid	(53,378)	(123,762)
Interest received	16,584	238
Tax paid	(1,366)	(360,702)
Net cash from operating activities	<u>1,912,009</u>	<u>2,297,346</u>
Cash flows from investing activities		
Purchase of tangible assets	(566,121)	(504,330)
Proceeds from sale of tangible assets	55,870	129,231
Net cash used in investing activities	<u>(510,251)</u>	<u>(375,099)</u>
Cash flows from financing activities		
Purchase of own shares	(500,000)	(500,000)
Proceeds from borrowings	1,394,994	(1,292,058)
Payments of finance lease liabilities	(57,975)	(89,917)
Dividends paid	(70,000)	(10,000)
Net cash from/(used in) financing activities	<u>767,019</u>	<u>(1,891,975)</u>
Net increase in cash and cash equivalents	2,168,777	30,272
Cash and cash equivalents at beginning of year	55,130	24,858
Cash and cash equivalents at end of year	<u>2,223,907</u>	<u>55,130</u>

The notes on pages 13 to 23 form part of these financial statements.

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements

Year ended 31st March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Science Park, Mammoth Drive, off Stafford Road, Wolverhampton, West Midlands, WV10 9TF.

2. Statement of compliance

These 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 financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities. The financial statements are prepared in sterling, which is the functional currency of the entity.

Invoice discounting

Trade debts due from customers are invoice discounted under terms which provide for the invoice discounting company to bear the burden of bad debts. Accordingly, trade debtors are disclosed in the balance sheet notes, together with the corresponding creditor relating to advances from the invoice discounting company. Trade debts due from customers are invoice discounted under terms which provide for the invoice discounting company to bear the burden of bad debts. Accordingly, trade debtors are disclosed in the balance sheet notes, together with the corresponding creditor relating to advances from the invoice discounting company.

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

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

3. Accounting policies *(continued)*

Income tax *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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.

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.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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
Plant and machinery	-	12% straight line
Fixtures and fittings	-	12% straight line
Motor vehicles	-	25% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

3. Accounting policies *(continued)*

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.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

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.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

3. Accounting policies *(continued)*

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:

	2021 £	2020 £
Sale of goods	<u>23,422,618</u>	<u>27,672,721</u>

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

	2021 £	2020 £
United Kingdom	22,806,464	26,837,913
Europe	459,757	511,737
Other Overseas	156,397	323,071
	<u>23,422,618</u>	<u>27,672,721</u>

5. Other operating income

	2021 £	2020 £
CJRS income	516,310	-
Other operating income	<u>25,810</u>	<u>25,706</u>
	<u>542,120</u>	<u>25,706</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021 £	2020 £
Depreciation of tangible assets	504,927	474,260
Gains on disposal of tangible assets	(39,809)	(83,142)
Impairment of trade debtors	-	500
	<u>465,118</u>	<u>391,618</u>

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>9,000</u>	<u>8,600</u>

8. Particulars of employees

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

	2021	2020
	No.	No.
Production staff	64	60
Distribution staff	15	13
Management staff	<u>31</u>	<u>39</u>
	<u>110</u>	<u>112</u>

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

	2021	2020
	£	£
Wages and salaries	3,376,046	3,461,078
Social security costs	259,500	266,230
Other pension costs	<u>181,541</u>	<u>115,732</u>
	<u>3,817,087</u>	<u>3,843,040</u>

9. Directors' remuneration

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

	2021	2020
	£	£
Remuneration	100,700	97,992
Company contributions to defined contribution pension plans	<u>70,000</u>	<u>10,000</u>
	<u>170,700</u>	<u>107,992</u>

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

	2021	2020
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Interest receivable

	2021	2020
	£	£
Interest on cash and cash equivalents	1,366	-
Interest on bank deposits	<u>15,218</u>	<u>238</u>
	<u>16,584</u>	<u>238</u>

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

11. Interest payable

	2021	2020
	£	£
Interest on banks loans and overdrafts	12,881	36,251
Interest on obligations under finance leases and hire purchase contracts	4,652	8,017
Interest on directors' loans	33,675	62,304
RBS interest	2,170	17,190
	<u>53,378</u>	<u>123,762</u>

12. Taxation on ordinary activities

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	328,100	270,332
Adjustments in respect of prior periods	(55,584)	(53,002)
Total current tax	<u>272,516</u>	<u>217,330</u>
Deferred tax:		
Origination and reversal of timing differences	35,500	24,000
Taxation on ordinary activities	<u>308,016</u>	<u>241,330</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	1,837,642	1,448,141
Profit on ordinary activities by rate of tax	349,152	275,147
Adjustment to tax charge in respect of prior periods	(55,584)	(53,002)
Effect of expenses not deductible for tax purposes	5,563	5,883
Effect of capital allowances and depreciation	8,885	13,302
Tax on profit	<u>308,016</u>	<u>241,330</u>

13. Dividends

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

	2021	2020
	£	£
Dividends on equity shares	<u>70,000</u>	<u>10,000</u>

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1st April 2020	3,685,812	2,290,803	1,197,507	378,829	7,552,951
Additions	–	445,388	45,288	75,445	566,121
Disposals	–	(90,000)	–	(68,348)	(158,348)
At 31st March 2021	<u>3,685,812</u>	<u>2,646,191</u>	<u>1,242,795</u>	<u>385,926</u>	<u>7,960,724</u>
Depreciation					
At 1st April 2020	777,411	1,798,758	933,425	205,208	3,714,802
Charge for the year	73,716	214,359	124,245	92,607	504,927
Disposals	–	(90,000)	–	(52,287)	(142,287)
At 31st March 2021	<u>851,127</u>	<u>1,923,117</u>	<u>1,057,670</u>	<u>245,528</u>	<u>4,077,442</u>
Carrying amount					
At 31st March 2021	<u>2,834,685</u>	<u>723,074</u>	<u>185,125</u>	<u>140,398</u>	<u>3,883,282</u>
At 31st March 2020	<u>2,908,401</u>	<u>492,045</u>	<u>264,082</u>	<u>173,621</u>	<u>3,838,149</u>

Assets shown at valuation were valued by the directors after advice from independent professional advisors in 1999, on the basis of open market value for existing use.

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31st March 2021	
Aggregate cost	1,481,980
Aggregate depreciation	(629,850)
Carrying value	<u>852,130</u>
At 31st March 2020	
Aggregate cost	1,481,980
Aggregate depreciation	(600,210)
Carrying value	<u>881,770</u>

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

14. Tangible assets *(continued)*

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:

	Plant and machinery £	Motor vehicles £	Total £
At 31st March 2021	<u>64,796</u>	<u>–</u>	<u>64,796</u>
At 31st March 2020	<u>73,768</u>	<u>11,480</u>	<u>85,248</u>

15. Stocks

	2021 £	2020 £
Raw materials	<u>3,714,364</u>	<u>3,339,656</u>

16. Debtors

	2021 £	2020 £
Trade debtors	5,174,100	4,477,187
Prepayments and accrued income	89,702	83,553
Other debtors	378	60,378
	<u>5,264,180</u>	<u>4,621,118</u>

The company uses The Royal Bank of Scotland Group for invoice discounting facilities, secured against 85% of trade debtors. The gross amount of outstanding debtors at 31st March 2021 was £4,265,643 (2020 - £4,137,843).

17. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	298,558	90,180
Trade creditors	5,830,910	4,658,023
Accruals and deferred income	188,783	254,563
Corporation tax	347,066	75,916
Social security and other taxes	392,670	595,871
Obligations under finance leases and hire purchase contracts	18,588	57,975
Director loan accounts	581,000	687,000
Advances under invoice discounting facility	–	292,128
Other creditors	34,135	17,528
	<u>7,691,710</u>	<u>6,729,184</u>

The bank loan is secured by a legal mortgage dated 22nd May 2000 and a further charge dated 29th August 2018, both over the property. There is also a fixed and floating charge over the current and future assets of the company. The obligations under HP and finance arrangements are secured against the assets in respect of which the obligation arises.

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

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

	2021	2020
	£	£
Bank loans and overdrafts	1,806,450	513,834
Obligations under finance leases and hire purchase contracts	3,976	22,564
	<u>1,810,426</u>	<u>536,398</u>

During the year the company took out a CBILS loan of £2,000,000. The CBILS loan is repayable in 62 monthly instalments expiring on 26 June 2026.

The bank loan is repayable in quarterly instalments, with a rate of interest linked to LIBOR, as determined by National Westminster Bank plc and is secured by a legal mortgage dated 22nd May 2000 and a further charge dated 29th August 2018, both over the property. There is also a fixed and floating charge over the current and future assets of the company.

The obligations under HP and finance arrangements are secured against the assets in respect of which the obligation arises.

19. Finance leases and hire purchase contracts

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

	2021	2020
	£	£
Not later than 1 year	18,588	57,975
Later than 1 year and not later than 5 years	3,976	22,564
	<u>22,564</u>	<u>80,539</u>

20. Provisions

	Deferred tax (note 21) £
At 1st April 2020	67,000
Additions	35,500
At 31st March 2021	<u>102,500</u>

21. Deferred tax

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

	2021	2020
	£	£
Included in provisions (note 20)	<u>102,500</u>	<u>67,000</u>

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

	2021	2020
	£	£
Accelerated capital allowances	<u>102,500</u>	<u>67,000</u>

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £111,541 (2020: £105,732).

23. Called up share capital

Authorised share capital

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>27,500</u>	<u>27,500</u>

24. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income. Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company. Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Analysis of changes in net debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	55,130	2,168,777	2,223,907
Debt due within one year	(835,155)	(62,991)	(898,146)
Debt due after one year	(536,398)	(1,274,028)	(1,810,426)
	<u>(1,316,423)</u>	<u>831,758</u>	<u>(484,665)</u>

26. Commitments under operating leases

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

	2021	2020
	£	£
Not later than 1 year	208,872	217,900
Later than 1 year and not later than 5 years	781,256	807,250
Later than 5 years	335,500	503,250
	<u>1,325,628</u>	<u>1,528,400</u>

Sherwood Stainless and Aluminium Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st March 2021

27. Other financial commitments

The company has entered into an agreement with former director Mr P.J. Megarity to pay him the sum of £500,000 on 1st April 2016 and to pay the same sum annually for five years. The company has registered a floating charge over its assets, in favour of Mr P.J. Megarity in respect of this commitment.

28. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2021			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr T J Franklin	(115,000)	–	70,000	(45,000)
Mr P Thurston	(572,000)	(70,000)	106,000	(536,000)
	<u>(687,000)</u>	<u>(70,000)</u>	<u>176,000</u>	<u>(581,000)</u>
	2020			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr T J Franklin	(345,000)	–	230,000	(115,000)
Mr P Thurston	(970,000)	(10,000)	408,000	(572,000)
	<u>(1,315,000)</u>	<u>(10,000)</u>	<u>638,000</u>	<u>(687,000)</u>

29. Related party transactions

The company was under the control of Messrs TJ Franklin and PJ Thurston throughout the current and previous year, being directors and shareholders.

Included in Creditors are loans made to the company by the directors, the purpose of which is to provide working capital to the company. The aggregate amount of the loans at the balance sheet date was £581,000 (2020 £687,000) and interest on these loans is payable at 4% per annum over bank base rates.