

Sherwood Stainless And Aluminium Ltd

Annual Report and Consolidated Financial Statements
for the Year Ended 31 March 2022

Jordan & Company
Chartered Accountants and Statutory Auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

Sherwood Stainless And Aluminium Ltd

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Sherwood Stainless And Aluminium Ltd

Company Information

Directors	Mr P Thurston Mr T Franklin
Company secretary	Miss K Powis
Registered office	The Science Park Mammoth Drive Stafford Road Wolverhampton West Midlands WV10 9TF
Auditors	Jordan & Company Chartered Accountants and Statutory Auditor Knighton House 62 Hagley Road Stourbridge West Midlands DY8 1QD

Sherwood Stainless And Aluminium Ltd

Strategic Report for the Year Ended 31 March 2022

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

Principal activity

The principal activity of the group is the process and distribution of stainless steel and aluminium

Fair review of the business

The directors are pleased to report another good year, in difficult trading conditions. An increase in sales has resulted in achieving the best ever figures in the history of the company.

The company continues to gain business with both new and existing customer projects. Over the past twelve months we have strengthened the sales development team to allow us to target new markets. Metal prices and overheads have risen over the last quarter, in line with the current economic climate, and the management team continue to monitor the situation.

Continued investment in machinery and IT will ensure that capital investment will enhance the efficiencies of the business, and in addition, will develop skills in the workplace.

The directors remain extremely optimistic for the next financial year and for the future prospects of the company, as it continues to invest in people and equipment. With the company continuing to win new business and striving to secure new contracts, we expect this growth to continue in the coming years.

Principal risks and uncertainties

The major risks and uncertainties of the company are the current economic uncertainties surrounding the recovery from the global pandemic COVID-19, and the resulting economic issues.

The company has dealt with these challenges by continuing to invest in the latest technology and equipment, and combined with employee training, it strives to ensure it can continue to operate effectively and profitably.

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....

Miss K Powis

Company secretary

Sherwood Stainless And Aluminium Ltd

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the for the year ended 31 March 2022.

Directors of the group

The directors who held office during the year were as follows:

Mr P Thurston

Mr T Franklin

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors Jordan & Company are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....

Miss K Powis

Company secretary

Sherwood Stainless And Aluminium Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sherwood Stainless And Aluminium Ltd

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

Opinion

We have audited the financial statements of Sherwood Stainless And Aluminium Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and 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 group's and the parent company's affairs as at 31 March 2022 and of the group's 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 auditor responsibilities for the audit of the 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 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 director's 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 group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 included in the annual report, other than the financial statements and our auditor's report 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.

Sherwood Stainless And Aluminium Ltd

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

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 there is a material misstatement in the 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 4], 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 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 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 financial statements.

Sherwood Stainless And Aluminium Ltd

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

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

We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtained 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 company's internal control.

We also evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- We ensured that the engagement team collectively 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, and from our commercial knowledge and experience;
- We 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;
- We 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Sherwood Stainless And Aluminium Ltd

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

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.

.....
M A Jordan (Senior Statutory Auditor)
For and on behalf of Jordan & Company, Statutory Auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

30 June 2022

Sherwood Stainless And Aluminium Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	32,006,345	23,448,428
Cost of sales		<u>(23,694,704)</u>	<u>(18,166,230)</u>
Gross profit		8,311,641	5,282,198
Distribution costs		(2,558,516)	(2,048,006)
Administrative expenses		(2,450,315)	(1,876,066)
Other operating income	<u>4</u>	<u>79,122</u>	<u>516,310</u>
Operating profit	<u>6</u>	<u>3,381,932</u>	<u>1,874,436</u>
Other interest receivable and similar income	<u>7</u>	18,028	16,584
Interest payable and similar charges	<u>8</u>	<u>(94,419)</u>	<u>(53,378)</u>
		<u>(76,391)</u>	<u>(36,794)</u>
Profit before tax		3,305,541	1,837,642
Taxation	<u>12</u>	<u>(590,362)</u>	<u>(308,016)</u>
Profit for the financial year		<u><u>2,715,179</u></u>	<u><u>1,529,626</u></u>
Profit/(loss) attributable to:			
Owners of the company		2,715,179	1,529,626
Retained earnings brought forward		5,377,603	4,416,117
Dividends paid		<u>(500,000)</u>	<u>(70,000)</u>
Retained earnings carried forward		<u><u>7,592,782</u></u>	<u><u>5,875,743</u></u>

Sherwood Stainless And Aluminium Ltd

(Registration number: 02412308)

Consolidated Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>13</u>	1,002,659	-
Tangible assets	<u>14</u>	3,990,425	3,883,282
		4,993,084	3,883,282
Current assets			
Stocks	<u>17</u>	8,579,012	3,714,364
Debtors	<u>18</u>	6,053,980	5,264,181
Cash at bank and in hand		945,205	131,605
		15,578,197	9,110,150
Creditors: Amounts falling due within one year	<u>20</u>	(11,802,101)	(5,599,409)
Net current assets		3,776,096	3,510,741
Total assets less current liabilities		8,769,180	7,394,023
Creditors: Amounts falling due after more than one year	<u>20</u>	(923,682)	(1,810,426)
Provisions for liabilities		(149,222)	(102,500)
Net assets		7,696,276	5,481,097
Capital and reserves			
Called up share capital	<u>22</u>	25,000	25,000
Capital redemption reserve		25,000	25,000
Revaluation reserve		51,634	53,494
Retained earnings		7,594,642	5,377,603
Equity attributable to owners of the company		7,696,276	5,481,097
Shareholders' funds		7,696,276	5,481,097

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....
Mr P Thurston
Director

.....
Mr T Franklin
Director

Sherwood Stainless And Aluminium Ltd

(Registration number: 02412308) Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>14</u>	3,477,848	3,883,282
Investments	<u>15</u>	2,030,050	-
		5,507,898	3,883,282
Current assets			
Stocks	<u>17</u>	8,383,415	3,714,364
Debtors	<u>18</u>	5,667,739	5,264,181
Cash at bank and in hand		84,948	131,605
		14,136,102	9,110,150
Creditors: Amounts falling due within one year	<u>20</u>	(11,267,849)	(5,599,409)
Net current assets		2,868,253	3,510,741
Total assets less current liabilities		8,376,151	7,394,023
Creditors: Amounts falling due after more than one year	<u>20</u>	(750,000)	(1,810,426)
Provisions for liabilities		(55,600)	(102,500)
Net assets		7,570,551	5,481,097
Capital and reserves			
Called up share capital	<u>22</u>	25,000	25,000
Capital redemption reserve		25,000	25,000
Revaluation reserve		51,634	53,494
Retained earnings		7,468,917	5,377,603
Shareholders' funds		7,570,551	5,481,097

The company made a profit after tax for the financial year of £2,589,454 (2021 - profit of £1,529,626).

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....
Mr P Thurston
Director

.....
Mr T Franklin
Director

Sherwood Stainless And Aluminium Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022
Equity attributable to the parent company

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £
At 1 April 2021	25,000	25,000	53,494	5,377,603
Profit for the year	-	-	-	2,715,179
Other comprehensive income	-	-	(1,860)	-
Total comprehensive income	-	-	(1,860)	2,715,179
Dividends	-	-	-	(500,000)
Transfers	-	-	-	1,860
At 31 March 2022	25,000	25,000	51,634	7,594,642
			Total £	Total equity £
At 1 April 2021			5,481,097	5,481,097
Profit for the year			2,715,179	2,715,179
Other comprehensive income			(1,860)	(1,860)
Total comprehensive income			2,713,319	2,713,319
Dividends			(500,000)	(500,000)
Transfers			1,860	1,860
At 31 March 2022			7,696,276	7,696,276
	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £
At 1 April 2020	27,500	22,500	55,354	4,416,117
Profit for the year	-	-	-	1,529,626
Other comprehensive income	-	-	(1,860)	-
Total comprehensive income	-	-	(1,860)	1,529,626
Dividends	-	-	-	(70,000)
Purchase of own share capital	-	-	-	(500,000)
Other share capital movements	(2,500)	-	-	-
Transfers	-	-	-	1,860
Other capital redemption reserve movements	-	2,500	-	-
At 31 March 2021	25,000	25,000	53,494	5,377,603

Sherwood Stainless And Aluminium Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022 Equity attributable to the parent company

	Total £	Total equity £
At 1 April 2020	4,521,471	4,521,471
Profit for the year	1,529,626	1,529,626
Other comprehensive income	(1,860)	(1,860)
Total comprehensive income	1,527,766	1,527,766
Dividends	(70,000)	(70,000)
Purchase of own share capital	(500,000)	(500,000)
Other share capital movements	(2,500)	(2,500)
Transfers	1,860	1,860
Other capital redemption reserve movements	2,500	2,500
At 31 March 2021	5,481,097	5,481,097

Sherwood Stainless And Aluminium Ltd

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

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings
	£	£	£	£
At 1 April 2021	25,000	25,000	53,494	5,377,603
Profit for the year	-	-	-	2,589,454
Other comprehensive income	-	-	(1,860)	-
Total comprehensive income	-	-	(1,860)	2,589,454
Dividends	-	-	-	(500,000)
Transfers	-	-	-	1,860
At 31 March 2022	25,000	25,000	51,634	7,468,917
				Total
				£
At 1 April 2021				5,481,097
Profit for the year				2,589,454
Other comprehensive income				(1,860)
Total comprehensive income				2,587,594
Dividends				(500,000)
Transfers				1,860
At 31 March 2022				7,570,551
	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings
	£	£	£	£
At 1 April 2020	27,500	22,500	55,354	4,416,117
Profit for the year	-	-	-	1,529,626
Other comprehensive income	-	-	(1,860)	-
Total comprehensive income	-	-	(1,860)	1,529,626
Dividends	-	-	-	(70,000)
Purchase of own share capital	-	-	-	(500,000)
Other share capital movements	(2,500)	-	-	-
Transfers	-	-	-	1,860
Other capital redemption reserve movements	-	2,500	-	-
At 31 March 2021	25,000	25,000	53,494	5,377,603

Sherwood Stainless And Aluminium Ltd

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

	Total £
At 1 April 2020	4,521,471
Profit for the year	1,529,626
Other comprehensive income	(1,860)
Total comprehensive income	1,527,766
Dividends	(70,000)
Purchase of own share capital	(500,000)
Other share capital movements	(2,500)
Transfers	1,860
Other capital redemption reserve movements	2,500
At 31 March 2021	5,481,097

Sherwood Stainless And Aluminium Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		2,715,179	1,529,626
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	591,642	504,927
Profit on disposal of tangible assets	<u>5</u>	(48,827)	(39,809)
Finance income		(18,028)	(16,584)
Finance costs		94,419	53,378
Income tax expense	<u>12</u>	590,362	308,016
		3,924,747	2,339,554
Working capital adjustments			
Increase in stocks	<u>17</u>	(4,658,686)	(374,708)
Increase in trade debtors	<u>18</u>	(467,897)	(643,063)
Increase in trade creditors	<u>20</u>	2,010,378	814,514
Increase in deferred income, including government grants		814	-
		809,356	2,136,297
Cash generated from operations		809,356	2,136,297
Income taxes paid	<u>12</u>	(487,392)	(1,366)
Net cash flow from operating activities		321,964	2,134,931
Cash flows from investing activities			
Interest received		18,028	16,584
Acquisition of subsidiaries	<u>15</u>	(1,440,208)	-
Acquisitions of tangible assets		(148,227)	(566,121)
Proceeds from sale of tangible assets		109,400	55,870
		(1,461,007)	(493,667)
Net cash flows from investing activities		(1,461,007)	(493,667)
Cash flows from financing activities			
Interest paid		(94,419)	(53,378)
Payments for purchase of own shares		-	(500,000)
Proceeds from bank borrowing draw downs		(1,155,008)	1,500,993
Proceeds from other borrowing draw downs		2,092,301	(2,092,301)
Repayment of other borrowing		1,458,241	(292,128)
Payments to finance lease creditors		130,028	(57,975)
Dividends paid		(500,000)	(70,000)
		1,931,143	(1,564,789)
Net cash flows from financing activities		1,931,143	(1,564,789)
Net increase in cash and cash equivalents		792,100	76,475
Cash and cash equivalents at 1 April		131,605	55,130
Cash and cash equivalents at 31 March		923,705	131,605

Sherwood Stainless And Aluminium Ltd

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		2,589,454	1,529,626
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	466,004	504,927
Profit on disposal of tangible assets	<u>5</u>	(19,633)	(39,809)
Finance income		(18,013)	(16,584)
Finance costs		88,085	53,378
Income tax expense	<u>12</u>	545,893	308,016
		3,651,790	2,339,554
Working capital adjustments			
Increase in stocks	<u>17</u>	(4,669,051)	(374,708)
Increase in trade debtors	<u>18</u>	(403,558)	(643,063)
Increase in trade creditors	<u>20</u>	1,933,741	814,514
		512,922	2,136,297
Cash generated from operations		512,922	2,136,297
Income taxes paid	<u>12</u>	(516,966)	(1,366)
		(4,044)	2,134,931
Net cash flow from operating activities		(4,044)	2,134,931
Cash flows from investing activities			
Interest received		18,013	16,584
Acquisition of subsidiaries	<u>15</u>	(2,030,050)	-
Acquisitions of tangible assets		(83,237)	(566,121)
Proceeds from sale of tangible assets		42,300	55,870
		(2,052,974)	(493,667)
Net cash flows from investing activities		(2,052,974)	(493,667)
Cash flows from financing activities			
Interest paid		(88,085)	(53,378)
Payments for purchase of own shares		-	(500,000)
Proceeds from bank borrowing draw downs		(1,155,008)	1,500,993
Proceeds from other borrowing draw downs		2,092,301	(2,092,301)
Repayment of other borrowing		1,458,241	(292,128)
Payments to finance lease creditors		181,412	(57,975)
Dividends paid		(500,000)	(70,000)
		1,988,861	(1,564,789)
Net cash flows from financing activities		1,988,861	(1,564,789)
Net (decrease)/increase in cash and cash equivalents		(68,157)	76,475
Cash and cash equivalents at 1 April		131,605	55,130
Cash and cash equivalents at 31 March		63,448	131,605

Sherwood Stainless And Aluminium Ltd

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

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Science Park
Mammoth Drive Stafford Road
Wolverhampton
West Midlands
WV10 9TF
United Kingdom

These financial statements were authorised for issue by the Board on 30 June 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

Sherwood Stainless And Aluminium Ltd

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

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Sherwood Stainless And Aluminium Ltd

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Long leasehold property	apportioned over 15 year lease on a straight line basis
Plant and machinery	12% straight line and 20% reducing balance
Fixtures and fittings	12% straight line and 20% reducing balance basis
Motor vehicles	25% straight line and 25% reducing balance basis

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Sherwood Stainless And Aluminium Ltd

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

Asset class	Amortisation method and rate
Goodwill	over 10 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Sherwood Stainless And Aluminium Ltd

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

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. 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 costs in the statement of comprehensive income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Sherwood Stainless And Aluminium Ltd

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

3 Turnover

The analysis of the group's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	31,980,535	23,422,618
Rental income from investment property	25,810	25,810
	32,006,345	23,448,428

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022	2021
	£	£
Miscellaneous other operating income	79,122	516,310
	79,122	516,310

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2022	2021
	£	£
Gain on disposal of tangible assets	48,827	39,809
	48,827	39,809

6 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	529,531	504,927
Amortisation expense	62,111	-
Operating lease expense - plant and machinery	120,786	112,190
Operating lease expense - other	11,882	6,702
Profit on disposal of property, plant and equipment	(48,827)	(39,809)
	(48,827)	(39,809)

7 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	15	1,366
Other finance income	18,013	15,218
	18,028	16,584

Sherwood Stainless And Aluminium Ltd

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

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	19,335	12,881
Interest on obligations under finance leases and hire purchase contracts	7,960	4,652
Interest expense on other finance liabilities	50,781	33,675
Other finance costs	16,343	2,170
	94,419	53,378
	94,419	53,378

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	4,587,653	3,376,045
Social security costs	297,427	259,501
Pension costs, defined contribution scheme	109,645	181,541
Other employee expense	66,406	61,610
	5,061,131	3,878,697
	5,061,131	3,878,697

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	80	64
Administration and support	37	31
Distribution	14	15
	131	110
	131	110

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	109,113	54,339
Contributions paid to money purchase schemes	4,000	70,000
	113,113	124,339
	113,113	124,339

Sherwood Stainless And Aluminium Ltd

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

11 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	14,200	9,000

12 Taxation

Tax charged/(credited) in the consolidated statement of comprehensive income

	2022 £	2021 £
Current taxation		
UK corporation tax	707,711	328,100
UK corporation tax adjustment to prior periods	(63,944)	(55,584)
	643,767	272,516
Deferred taxation		
Arising from origination and reversal of timing differences	(53,405)	35,500
Tax expense in the income statement	590,362	308,016

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	3,305,541	1,837,642
Corporation tax at standard rate	628,053	349,152
Effect of expense not deductible in determining taxable profit (tax loss)	36,400	5,563
Decrease in UK and foreign current tax from adjustment for prior periods	(63,944)	(55,584)
Tax (decrease)/increase from effect of capital allowances and depreciation	(10,147)	8,885
Total tax charge	590,362	308,016

Sherwood Stainless And Aluminium Ltd

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

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2022	-	149,222
	-	149,222
	-	149,222

	Asset £	Liability £
2021	-	102,500
	-	102,500
	-	102,500

Company

Deferred tax assets and liabilities

	Asset £	Liability £
2022	-	55,600
	-	55,600
	-	55,600

	Asset £	Liability £
2021	-	102,500
	-	102,500
	-	102,500

13 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
Acquired through business combinations	1,064,770	1,064,770
At 31 March 2022	1,064,770	1,064,770
Amortisation		
Amortisation charge	62,111	62,111
At 31 March 2022	62,111	62,111
Carrying amount		
At 31 March 2022	1,002,659	1,002,659

Sherwood Stainless And Aluminium Ltd

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

14 Tangible assets

Group

	Land and buildings £	Long leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £
Cost or valuation				
At 1 April 2021	3,685,812	-	1,242,795	2,646,191
Additions	-	-	33,288	17,831
Acquired through business combinations	-	28,698	-	473,748
Disposals	-	-	-	-
At 31 March 2022	<u>3,685,812</u>	<u>28,698</u>	<u>1,276,083</u>	<u>3,137,770</u>
Depreciation				
At 1 April 2021	851,127	-	1,057,670	1,923,117
Charge for the year	73,717	3,008	119,539	264,807
Eliminated on disposal	-	-	-	-
At 31 March 2022	<u>924,844</u>	<u>3,008</u>	<u>1,177,209</u>	<u>2,187,924</u>
Carrying amount				
At 31 March 2022	<u><u>2,760,968</u></u>	<u><u>25,690</u></u>	<u><u>98,874</u></u>	<u><u>949,846</u></u>
At 31 March 2021	<u><u>2,834,685</u></u>	<u><u>-</u></u>	<u><u>185,125</u></u>	<u><u>723,074</u></u>

Sherwood Stainless And Aluminium Ltd

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

	Motor vehicles	Total
	£	£
Cost or valuation		
At 1 April 2021	385,926	7,960,724
Additions	97,108	148,227
Acquired through business combinations	46,574	549,020
Disposals	(149,244)	(149,244)
	380,364	8,508,727
At 31 March 2022	380,364	8,508,727
Depreciation		
At 1 April 2021	245,528	4,077,442
Charge for the year	68,460	529,531
Eliminated on disposal	(88,671)	(88,671)
	225,317	4,518,302
At 31 March 2022	225,317	4,518,302
Carrying amount		
At 31 March 2022	155,047	3,990,425
At 31 March 2021	140,398	3,883,282

Included within the net book value of land and buildings above is £2,760,968 (2021 - £2,834,685) in respect of freehold land and buildings and £25,690 (2021 - £Nil) in respect of long leasehold land and buildings.

Sherwood Stainless And Aluminium Ltd

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

Company

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £
Cost or valuation				
At 1 April 2021	3,685,812	1,242,795	2,646,191	385,926
Additions	-	33,288	17,831	32,118
Disposals	-	-	-	(57,479)
At 31 March 2022	<u>3,685,812</u>	<u>1,276,083</u>	<u>2,664,022</u>	<u>360,565</u>
Depreciation				
At 1 April 2021	851,127	1,057,670	1,923,117	245,528
Charge for the year	73,717	119,539	203,747	69,001
Eliminated on disposal	-	-	-	(34,812)
At 31 March 2022	<u>924,844</u>	<u>1,177,209</u>	<u>2,126,864</u>	<u>279,717</u>
Carrying amount				
At 31 March 2022	<u>2,760,968</u>	<u>98,874</u>	<u>537,158</u>	<u>80,848</u>
At 31 March 2021	<u>2,834,685</u>	<u>185,125</u>	<u>723,074</u>	<u>140,398</u>
				Total £
Cost or valuation				
At 1 April 2021				7,960,724
Additions				83,237
Disposals				(57,479)
At 31 March 2022				<u>7,986,482</u>
Depreciation				
At 1 April 2021				4,077,442
Charge for the year				466,004
Eliminated on disposal				(34,812)
At 31 March 2022				<u>4,508,634</u>
Carrying amount				
At 31 March 2022				<u>3,477,848</u>
At 31 March 2021				<u>3,883,282</u>

Included within the net book value of land and buildings above is £2,760,968 (2021 - £2,834,685) in respect of freehold land and buildings.

Sherwood Stainless And Aluminium Ltd

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

15 Investments

Company

	2022	2021
	£	£
Investments in subsidiaries	2,030,050	-
Subsidiaries		£
Cost or valuation		
Additions		2,030,050
Provision		
Carrying amount		
At 31 March 2022		2,030,050

16 Business combinations

On 1 September 2021, Sherwood Stainless and Aluminium Ltd acquired 100% of the issued share capital of Neville Precision Engineering Limited, obtaining control.

Neville Precision Engineering Limited contributed £1,052,850 revenue and £252,533 to the group's profit for the period between the date of acquisition and the Statement of Financial Position date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value	Fair value
	2022	2022
	£	£
Assets and liabilities acquired		
Financial assets	911,744	911,744
Stocks	205,962	205,962
Tangible assets	549,020	549,020
Financial liabilities	(701,446)	(701,446)
Total identifiable assets	965,280	965,280
Goodwill	1,064,770	1,064,770
Total consideration	2,030,050	2,030,050
Satisfied by:		
Cash	2,030,050	2,030,050

Sherwood Stainless And Aluminium Ltd

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

	Book value 2022 £	Fair value 2022 £
--	-------------------------	-------------------------

Cash flow analysis:

Cash consideration	2,030,050	2,030,050
Less: cash and cash equivalent balances acquired	(589,842)	(589,842)
	1,440,208	1,440,208
Net cash outflow arising on acquisition	1,440,208	1,440,208

17 Stocks

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Raw materials and consumables	8,383,415	3,714,364	8,383,415	3,714,364
Work in progress	40,027	-	-	-
Other inventories	155,570	-	-	-
	8,579,012	3,714,364	8,383,415	3,714,364
	8,579,012	3,714,364	8,383,415	3,714,364

18 Debtors

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Current				
Trade debtors	5,917,387	5,174,100	5,537,475	5,174,100
Other debtors	4,433	379	4,433	379
Prepayments	132,160	89,702	125,831	89,702
	6,053,980	5,264,181	5,667,739	5,264,181
	6,053,980	5,264,181	5,667,739	5,264,181

19 Cash and cash equivalents

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Cash on hand	1,293	1,000	1,000	1,000
Cash at bank	943,912	130,605	83,948	130,605
	945,205	131,605	84,948	131,605
Bank overdrafts	(21,500)	-	(21,500)	-
	923,705	131,605	63,448	131,605
Cash and cash equivalents in statement of cash flows	923,705	131,605	63,448	131,605

Sherwood Stainless And Aluminium Ltd

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

20 Creditors

		Group		Company	
	Note	2022 £	2021 £	2022 £	2021 £
Due within one year					
Loans and borrowings	<u>23</u>	1,971,391	(1,775,155)	1,883,717	(1,775,155)
Trade creditors		7,838,482	5,830,910	7,601,700	5,830,910
Amounts due to related parties		811,000	581,000	811,000	581,000
Social security and other taxes		246,189	392,670	178,235	392,670
Outstanding defined contribution pension costs		63,851	34,135	63,851	34,135
Other payables		103,488	-	100,000	-
Accruals		263,075	188,783	206,453	188,783
Income tax liability	<u>12</u>	503,441	347,066	422,893	347,066
Deferred income		1,184	-	-	-
		<u>11,802,101</u>	<u>5,599,409</u>	<u>11,267,849</u>	<u>5,599,409</u>
Due after one year					
Loans and borrowings	<u>23</u>	919,316	1,810,426	750,000	1,810,426
Deferred income		4,366	-	-	-
		<u>923,682</u>	<u>1,810,426</u>	<u>750,000</u>	<u>1,810,426</u>

Sherwood Stainless And Aluminium Ltd

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

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £109,645 (2021 - £181,541). Contributions totalling £63,851 (2021 - £34,135) were payable to the scheme at the end of the year and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	25,000	25,000	25,000	25,000

23 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	550,000	1,806,450	550,000	1,806,450
Hire purchase contracts	369,316	3,976	200,000	3,976
	<u>919,316</u>	<u>1,810,426</u>	<u>750,000</u>	<u>1,810,426</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	400,000	298,558	400,000	298,558
Bank overdrafts	21,500	-	21,500	-
Hire purchase contracts	91,650	18,588	3,976	18,588
Other borrowings	1,458,241	(2,092,301)	1,458,241	(2,092,301)
	<u>1,971,391</u>	<u>(1,775,155)</u>	<u>1,883,717</u>	<u>(1,775,155)</u>

Sherwood Stainless And Aluminium Ltd

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

24 Dividends

	2022	2021
	£	£
Final dividend of £20.00 (2021 - £2.80) per ordinary share	500,000	70,000
	<u>500,000</u>	<u>70,000</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.