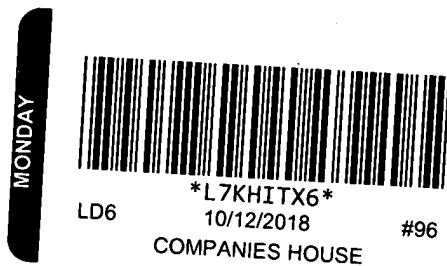


AVON STEEL COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



AVON STEEL COMPANY LIMITED
REGISTERED NUMBER: 01346397

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	947,032	631,132
Investments	6	100	100
Investment property	7	130,000	182,651
		<u>1,077,132</u>	<u>813,883</u>
Current assets			
Stocks	8	911,960	737,481
Debtors: amounts falling due within one year	9	2,169,549	2,267,683
Cash at bank and in hand	10	61,065	96,670
		<u>3,142,574</u>	<u>3,101,834</u>
Creditors: amounts falling due within one year	11	(4,323,801)	(2,803,236)
Net current (liabilities)/assets		<u>(1,181,227)</u>	<u>298,598</u>
Total assets less current liabilities		<u>(104,095)</u>	<u>1,112,481</u>
Creditors: amounts falling due after more than one year	12	(229,246)	(522,270)
Provisions for liabilities			
Deferred tax	14	(29,726)	(29,726)
Other provisions	15	-	(2,250)
		<u>(29,726)</u>	<u>(31,976)</u>
Net (liabilities)/assets		<u><u>(363,067)</u></u>	<u><u>558,235</u></u>

AVON STEEL COMPANY LIMITED
REGISTERED NUMBER: 01346397

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

	2017	2016
	£	£
Capital and reserves		
Called up share capital	1,250	1,250
Share premium account	29,795	29,795
Capital redemption reserve	117,705	117,705
Investment property reserve	(52,651)	-
Profit and loss account	(459,166)	409,485
Shareholders' (deficit)/funds	<u>(363,067)</u>	<u>558,235</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
10 December 2018



M A Welden
Director

The notes on pages 3 to 12 form part of these financial statements.

AVON STEEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The company is a private company limited by shares and incorporated in England and Wales. The address of its registered office is Midsomer Norton Enterprise Park, Wheelers Hill, Midsomer Norton, Bath, Somerset BA3 2BB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company itself is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Following a group reorganisation in March 2018, the new immediate parent entity will provide support to the company to meet its forecast liabilities as they fall due.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

AVON STEEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AVON STEEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed below.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the term of the lease
Plant and machinery	- 15% straight line
Motor vehicles	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.10 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

AVON STEEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Financial instruments

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 49 (2016 - 41).

AVON STEEL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Dividends

	2017 £	2016 £
Dividends	112,500	132,080

The dividends paid during the year were from distributable reserves based on management accounts prepared by the directors at the time the dividends were declared.

5. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2017	574,989	482,589	78,196	1,135,774
Additions	296,030	90,381	-	386,411
At 31 December 2017	871,019	572,970	78,196	1,522,185
Depreciation				
At 1 January 2017	226,282	217,764	60,596	504,642
Charge for the year	22,951	43,366	4,194	70,511
At 31 December 2017	249,233	261,130	64,790	575,153
Net book value				
At 31 December 2017	621,786	311,840	13,406	947,032
At 31 December 2016	348,707	264,825	17,600	631,132

AVON STEEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2017	100
At 31 December 2017	<u>100</u>
Net book value	
At 31 December 2017	<u>100</u>
At 31 December 2016	<u>100</u>

7. Investment property

	Freehold investment property £
Valuation	
At 1 January 2017	182,651
Deficit on revaluation	(52,651)
At 31 December 2017	<u>130,000</u>

The 2017 valuations were made by Landwood Group, on an open market value basis.

8. Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>911,960</u>	<u>737,481</u>

AVON STEEL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. Debtors

	2017 £	2016 £
Trade debtors	2,113,913	2,182,112
Amounts owed by group undertakings	-	164
Other debtors	12,453	22,539
Prepayments and accrued income	43,183	62,868
	<u>2,169,549</u>	<u>2,267,683</u>

10. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>61,065</u>	<u>96,670</u>

11. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	1,584,409	155,839
Trade creditors	2,388,219	2,496,163
Amounts owed to group undertakings	-	100
Other taxation and social security	55,075	32,557
Obligations under finance lease and hire purchase contracts	6,431	11,050
Other creditors	14,502	12,391
Accruals and deferred income	275,165	95,136
	<u>4,323,801</u>	<u>2,803,236</u>

Included in bank loans is an amount of £1,584,409 (2016: £530,925) which is secured on a debenture over the assets of the company and a fixed charge over the company's investment property.

Assets held under finance leases and hire purchase contracts are secured on the assets to which they relate.

AVON STEEL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	-	375,086
Net obligations under finance leases and hire purchase contracts	-	6,096
Other creditors	229,246	141,088
	<u>229,246</u>	<u>522,270</u>

Refer to note 11 for security over bank loans.

13. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	1,584,409	155,839
Amounts falling due 1-2 years		
Bank loans	-	375,086
	<u>1,584,409</u>	<u>530,925</u>

Refer to note 11 for security over bank loans.

14. Deferred taxation

	2017 £
At beginning of year	(29,726)
At end of year	<u>(29,726)</u>

AVON STEEL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	29,726	29,726

15. Provisions

	Dilapidations provision £
At 1 January 2017	2,250
Charged to profit or loss	(2,250)
At 31 December 2017	-

16. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,842 (2016: £7,114). Contributions totalling £1,207 (2016: £nil) were payable to the fund at the balance sheet date

17. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
	333,334	363,717
Later than 1 year and not later than 5 years	924,453	997,813
Later than 5 years	1,884,875	2,036,446
	3,142,662	3,397,976

AVON STEEL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on *10 December 2018* by Daryush Farshchi-Heidari FCA (Senior statutory auditor) on behalf of Simmons Gainsford LLP.