Company Registration No. 00208641 (England and Wales)

SPECIAL STEEL CO., LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

SPECIAL STEEL CO., LIMITED

COMPANY INFORMATION

Directors	A K Beardshaw A C Beardshaw B J Beardshaw
Secretary	A C Beardshaw
Company number	00208641
Registered office	Bacon Lane Sheffield S9 3NH
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD

SPECIAL STEEL CO., LIMITED

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SPECIAL STEEL CO., LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2021

The directors present the strategic report for the year ended 31 May 2021.

Fair review of the business

Having recorded a very successful 2019 / 20, the Board set a considerably reduced Plan for the entire Group as the growing magnitude and significance of the coronavirus pandemic made itself evident entering the new financial year.

The Group is in a strong financial position at the end of the year with shareholders' funds increasing from £53.8m to £55.7m. Return on capital employed has changed from 13% to 5%. Return on capital employed is calculated as profit before tax divided by opening capital employed.

Starting 2020, Brexit had been the initial concern based on the high levels of international business managed by parts of the Group, but Covid issues dominated.

Whilst the differing sizes, services and product offerings of the Group has traditionally dictated a more individual summary of annual performance, it is true to say, that on this occasion, every company faced the same pandemic challenges and enacted similar actions and responses.

Special Steels Ltd, Special Testing Ltd, Special Quality Alloys Ltd and Special Machined Products Ltd all called upon the centralised Group administration services of finance, HR, H&S and I.T. to devise and support the introduction of protocols aimed at maintaining employee safety and mitigating the spread of COVID to limit operational disruption.

The avoidance of a 'Lockdown' was key to achieving our financial goals, combined with a strong focus on maintaining liquidity, preserving and generating cash and optimizing our cost structure to meet dramatically changing customer demand. Consequently, I am pleased to say that none of our businesses closed throughout the fiscal period and all remained profitable.

There was also some highlights, Special Quality Alloys completed the commissioning of its largest forging facility, adding much increased size capabilities, whilst its Houston facility actually increased its profitability ratio. The expected 'Brexit problem' caused initial logistical transport issues, but actually had a very limited impact on turnover levels.

Special Steels continued its programme of furnace upgrades, developed a new digital pricing structure and launched a new low cost service provider in VHT.

Special Testing managed to offset some of the loss of intercompany work with a noticeable increase in orders from outside the traditional Sheffield City region.

Special Machined Products had a better than expected year, driven by a combination of swift cost reduction and diversification from traditional markets. Its turnover / profit ratio improved significantly, allowing it to record an almost identical performance to the previous financial year.

The Board considers the year to have been a qualified success in the face of unexpected adversity.

Moreover, the Board remains focused on being 'recovery ready' and we expect a number of the pandemic cost reduction initiatives to become embedded in our daily operational performance as we return to growth in the near term.

The Board considers the business outlook remains positive as the world economy opens back up and demand for energy increases. However, any plans for future development of the business may be subject to unforeseen events outside of our control.

On behalf of the board

A K Beardshaw
Director
2 November 2021

SPECIAL STEEL CO., LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2021

The directors present their annual report and financial statements for the year ended 31 May 2021.

Principal activities
The principle activities of the group are those of hardening, tempering and annealing all types of steel, steel testing, machining, stockholding and forging of special quality alloys and general engineering steels.

Results and dividends
The results for the year are set out on page 11.

Dividends paid during the year are shown in note 12 to the accounts.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A K Beardshaw
A C Beardshaw
B J Beardshaw

In accordance with the Articles of Association, Mr. B J Beardshaw retires by rotation and being eligible offers himself for re-election.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor
In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report
This Streamlined Energy Carbon Report ("SECR") relates to the activities of the group for the year ended 31 May 2021.

Energy consumption		**kWh**
Aggregate of energy consumption in the year		8,740,814

Emissions of CO2 equivalent	**Metric tonnes**	**Metric tonnes**
Scope 1 - direct emissions		
- Gas combustion	1,267.60	
- Fuel consumed for owned transport	17.90	
		1,285.50
Scope 2 - indirect emissions		
- Electricity purchased		370.30
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		0.20
Total gross emissions		1,656.00
Intensity ratio		
Tonnes CO2e per employee		53.9

Quantification and reporting methodology

Government greenhouse gas conversion factors methodology used (as per '2020 Government greenhouse gas conversion factors for company reporting - Methodology paper for conversion factors') in conjunction with Government GHG reporting conversion-factors-2021-full-set-v01-02. Additional guidance was taken from 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance.'

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £M turnover, the recommended ratio for the sector.

Measures taken to improve energy efficiency

The group has suffered an increased administrative burden as a direct result of complying with government restrictions aimed at tackling the COVID-19 pandemic. However, despite this the group has continued their replacement of energy efficient lighting as bulbs and fittings are replaced and completed an extension to the bank of vehicle charging points.

These charging points will continue to be extended through 2021-2022 as more electric vehicles are added to the fleet.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A K Beardshaw
Director

2 November 2021

SPECIAL STEEL CO., LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2021

The directors are responsible 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 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 then 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPECIAL STEEL CO., LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPECIAL STEEL CO., LIMITED

Opinion

We have audited the financial statements of Special Steel Co. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2021 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner 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 group through discussions with management, and from our commercial knowledge and experience of the steel manufacturing and treatment and coating of metals sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environments and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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.

We assessed the susceptibility of the groups financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and

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

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPECIAL STEEL CO., LIMITED

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.

John Warner (Senior Statutory Auditor)
For and on behalf of BHP LLP

2 November 2021

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

SPECIAL STEEL CO., LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	2020 £
Turnover	**3**	41,074,235	57,297,860
Cost of sales		(32,517,101)	(41,922,065)
Gross profit		8,557,134	15,375,795
Distribution costs		(49,807)	(66,769)
Administrative expenses		(6,706,844)	(9,078,102)
Other operating income		1,114,512	767,169
Operating profit	**4**	2,914,995	6,998,093
Interest receivable and similar income	**8**	3,249	37,132
Interest payable and similar expenses	**9**	(2,553)	(755)
Gain on Investment	**10**	38,064	-
Profit before taxation		2,953,755	7,034,470
Tax on profit	**11**	(836,829)	(1,470,166)
Profit for the financial year		2,116,926	5,564,304
Profit for the financial year is attributable to:			
- Owners of the parent company		2,116,926	5,542,287
- Non-controlling interests		-	22,017
		2,116,926	5,564,304

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SPECIAL STEEL CO., LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2021

	2021	2020
	£	£
Profit for the year	2,116,926	5,564,304
Other comprehensive income		
Revaluation of intangible assets	80,679	-
Currency translation differences	(303,014)	235,165
Other comprehensive income for the year	(222,335)	235,165
Total comprehensive income for the year	1,894,591	5,799,469
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,894,591	5,777,452
- Non-controlling interests	-	22,017
	1,894,591	5,799,469

SPECIAL STEEL CO., LIMITED

GROUP BALANCE SHEET

AS AT 31 MAY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Goodwill	**13**		1,770,053		2,062,116
Other intangible assets	**13**		280,679		-
Total intangible assets			2,050,732		2,062,116
Tangible assets	**14**		12,274,605		13,381,490
Investment properties	**15**		438,211		208,211
Investments	**16**		46,105		8,041
			14,809,653		15,659,858
Current assets					
Stocks	**18**	20,658,484		26,199,357	
Debtors	**19**	10,357,801		14,992,049	
Cash at bank and in hand		18,394,867		13,358,145	
		49,411,152		54,549,551	
Creditors: amounts falling due within one year	**20**	(6,935,206)		(14,962,981)	
Net current assets			42,475,946		39,586,570
Total assets less current liabilities			57,285,599		55,246,428
Creditors: amounts falling due after more than one year	**21**		(69,428)		(72,252)
Provisions for liabilities					
Provisions	**22**	724,398		730,994	
Deferred tax liability	**23**	799,000		645,000	
			(1,523,398)		(1,375,994)
Net assets			55,692,773		53,798,182
Capital and reserves					
Called up share capital	**26**		61,000		61,000
Revaluation reserve			80,679		-
Profit and loss reserves			55,551,094		53,737,182
Total equity			55,692,773		53,798,182

SPECIAL STEEL CO., LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MAY 2021

The financial statements were approved by the board of directors and authorised for issue on 2 November 2021 and are signed on its behalf by:

A K Beardshaw
Director

SPECIAL STEEL CO., LIMITED

COMPANY BALANCE SHEET

AS AT 31 MAY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	13		280,679		-
Tangible assets	14		5,841,241		6,019,282
Investment properties	15		438,211		208,211
Investments	16		8,605,469		8,605,469
			15,165,600		14,832,962
Current assets					
Debtors	19	1,410,000		3,524,700	
Cash at bank and in hand		7,791,312		4,509,009	
		9,201,312		8,033,709	
Creditors: amounts falling due within one year	20	(4,948,531)		(3,596,780)	
Net current assets			4,252,781		4,436,929
Total assets less current liabilities			19,418,381		19,269,891
Creditors: amounts falling due after more than one year	21		(69,428)		(72,252)
Provisions for liabilities					
Deferred tax liability	23	73,000		57,000	
			(73,000)		(57,000)
Net assets			19,275,953		19,140,639
Capital and reserves					
Called up share capital	26		61,000		61,000
Revaluation reserve			80,679		-
Profit and loss reserves			19,134,274		19,079,639
Total equity			19,275,953		19,140,639

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £54,635 (2020 - £1,271,994 profit).

The financial statements were approved by the board of directors and authorised for issue on 2 November 2021 and are signed on its behalf by:

A K Beardshaw
Director

Company Registration No. 00208641

SPECIAL STEEL CO., LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2021

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
		£	£	£	£	£	£
Balance at 1 June 2019		61,000	-	48,609,730	48,670,730	462,907	49,133,637
Year ended 31 May 2020:							
Profit for the year		-	-	5,542,287	5,542,287	22,017	5,564,304
Other comprehensive income:							
Currency translation differences		-	-	235,165	235,165	-	235,165
Total comprehensive income for the year		-	-	5,777,452	5,777,452	22,017	5,799,469
Dividends	**12**	-	-	(650,000)	(650,000)	-	(650,000)
Purchase of shares in subsidiary from non-controlling interest		-	-	-	-	(484,924)	(484,924)
Balance at 31 May 2020		61,000	-	53,737,182	53,798,182	-	53,798,182
Year ended 31 May 2021:							
Profit for the year		-	-	2,116,926	2,116,926	-	2,116,926
Other comprehensive income:							
Revaluation of intangible assets		-	80,679	-	80,679	-	80,679
Currency translation differences		-	-	(303,014)	(303,014)	-	(303,014)
Total comprehensive income for the year		-	80,679	1,813,912	1,894,591	-	1,894,591
Balance at 31 May 2021		61,000	80,679	55,551,094	55,692,773	-	55,692,773

SPECIAL STEEL CO., LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2021

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 June 2019		61,000	-	18,457,645	18,518,645
Year ended 31 May 2020:					
Profit and total comprehensive income for the year		-	-	1,271,994	1,271,994
Dividends	12	-	-	(650,000)	(650,000)
Balance at 31 May 2020		61,000	-	19,079,639	19,140,639
Year ended 31 May 2021:					
Profit for the year		-	-	54,635	54,635
Other comprehensive income:					
Revaluation of intangible assets		-	80,679	-	80,679
Total comprehensive income for the year		-	80,679	54,635	135,314
Balance at 31 May 2021		61,000	80,679	19,134,274	19,275,953

SPECIAL STEEL CO., LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**28**		7,946,286		5,539,919
Interest paid			(2,553)		(755)
Income taxes paid			(730,413)		(1,267,132)
Net cash inflow from operating activities			7,213,320		4,272,032
Investing activities					
Purchase of intangible assets		(200,000)		(120,023)	
Purchase of tangible fixed assets		(321,861)		(2,064,172)	
Proceeds on disposal of tangible fixed assets		17,261		223,257	
Purchase of investment property		(230,000)		-	
Receipts arising from loans made		296		(372)	
Interest received		3,249		37,132	
Net cash used in investing activities			(731,055)		(1,924,178)
Financing activities					
Repayment of borrowings		(1,245,543)		(197,096)	
Purchase of shares in subsidiary from non-controlling interest		-		(484,924)	
Dividends paid to equity shareholders		(200,000)		(450,000)	
Net cash used in financing activities			(1,445,543)		(1,132,020)
Net increase in cash and cash equivalents			5,036,722		1,215,834
Cash and cash equivalents at beginning of year			13,358,145		12,142,311
Cash and cash equivalents at end of year			18,394,867		13,358,145

SPECIAL STEEL CO., LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	**29**		3,163,986		(2,617,130)
Income taxes refunded			97,080		322,596
Net cash inflow/(outflow) from operating activities			3,261,066		(2,294,534)
Investing activities					
Purchase of intangible assets		(200,000)		-	
Purchase of tangible fixed assets		-		(89,442)	
Proceeds on disposal of tangible fixed assets		-		24,900	
Purchase of investment property		(230,000)		-	
Interest received		1,237		24,010	
Dividends received		650,000		2,650,000	
Net cash generated from investing activities			221,237		2,609,468
Financing activities					
Dividends paid to equity shareholders		(200,000)		(450,000)	
Net cash used in financing activities			(200,000)		(450,000)
Net increase/(decrease) in cash and cash equivalents			3,282,303		(135,066)
Cash and cash equivalents at beginning of year			4,509,009		4,644,075
Cash and cash equivalents at end of year			7,791,312		4,509,009

1 Accounting policies

Company information

Special Steel Co., Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Bacon Lane, Sheffield, S9 3NH.

The group consists of Special Steel Co., Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Special Steel Co. Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible Cryptoassets are recognised at fair value.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2%
Land and buildings Leasehold	2%
Plant and machinery	10% to 25%
Fixtures, fittings & equipment	10% to 25%
Computer equipment	10% to 25%
Motor vehicles	20% to 25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1 Accounting policies **(Continued)**

1.9 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.13 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.14 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.15 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.20 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1 Accounting policies **(Continued)**

1.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.22 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

The accounts of the overseas subsidiary are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange adjustments arising from the re-translation of the opening net investment are taken to reserves.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of fixed assets

The group tests goodwill, other intangible assets and tangible fixed assets annually for impairment, or more frequently if there are indications that an impairment may be required.

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values of all asset categories are reviewed on an annual basis to ensure appropriate charges are made for depreciations.

Stock provision

Stocks are stated at the lower of cost and net realisable value. The Directors will assess the requirement for any provision for obsolete stock or value deterioration as based on historical transactions, stock utilisation patterns, regular inspection and counting of physical items.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Principal activities	41,074,235	57,297,860

	2021	2020
	£	£
Other significant revenue		
Interest income	3,249	37,132
Grants received	814,067	49,667

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	19,808,292	25,613,707
Other markets	21,265,943	31,684,153
	41,074,235	57,297,860

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains/(losses)	(366,079)	18,850
Government grants	(814,067)	(2,824)
Depreciation of owned tangible fixed assets	1,369,179	1,465,072
Profit on disposal of tangible fixed assets	(13,744)	(53,843)
Amortisation of intangible assets	292,063	292,063
Operating lease charges	272,771	273,649

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	4,000	4,100
Audit of the financial statements of the company's subsidiaries	39,400	39,050
	43,400	43,150

5 Auditor's remuneration **(Continued)**

For other services		
Taxation compliance services	4,200	4,194
All other non-audit services	1,230	1,200
	5,430	5,394

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
	177	202	-	-
	63	66	-	-
	14	12	-	-
Total	254	280	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Wages and salaries	8,165,904	10,682,290	694,657	1,628,500
Social security costs	781,198	1,081,676	93,045	222,927
Pension costs	308,949	336,623	-	-
	9,256,051	12,100,589	787,702	1,851,427

7 Directors' remuneration

	2021	**2020**
	£	**£**
Remuneration for qualifying services	754,682	1,509,614

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	**2020**
	£	**£**
Remuneration for qualifying services	351,758	660,000

7 Directors' remuneration **(Continued)**

Remuneration of key management personnel in the year is £1,318,588 (2020: 1,829,614)

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	2,233	37,034
Other interest income	1,016	98
Total income	3,249	37,132

9 Interest payable and similar expenses

	2021	2020
	£	£
Other interest	-	755
Other finance costs:		
Other interest	2,553	-
Total finance costs	2,553	755

10 Changes in investments

	2021	2020
	£	£
Fair value gains/(losses) on financial instruments		
Change in fair value of Investment	38,064	-

11 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	676,529	1,212,266
Deferred tax		
Origination and reversal of timing differences	160,300	257,900
Total tax charge	836,829	1,470,166

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	2,953,755	7,034,470
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	561,213	1,336,549
Tax effect of expenses that are not deductible in determining taxable profit	1,891	2,919
Income not taxable for tax purposes	(7,769)	(442)
Effect of change in corporation tax rate	191,403	44,524
Other permanent differences	42,385	41,082
Fixed asset differences	46,973	47,482
Deferred tax not recognised	733	(1,948)
Taxation charge	836,829	1,470,166

12 Dividends

	2021	2020
Recognised as distributions to equity holders:	£	£
Interim paid	-	650,000

13 Intangible fixed assets

Group	Goodwill	Cryptoassets	Total
	£	£	£
Cost			
At 1 June 2020	5,692,098	-	5,692,098
Additions	-	200,000	200,000
Revaluation	-	80,679	80,679
At 31 May 2021	5,692,098	280,679	5,972,777
Amortisation and impairment			
At 1 June 2020	3,629,982	-	3,629,982
Amortisation charged for the year	292,063	-	292,063
At 31 May 2021	3,922,045	-	3,922,045
Carrying amount			
At 31 May 2021	1,770,053	280,679	2,050,732
At 31 May 2020	2,062,116	-	2,062,116

Company	Cryptoassets
	£
Cost	
At 1 June 2020	-
Additions	200,000
Revaluation	80,679
At 31 May 2021	280,679
Amortisation and impairment	
At 1 June 2020 and 31 May 2021	-
Carrying amount	
At 31 May 2021	280,679
At 31 May 2020	-

14 Tangible fixed assets

Group	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 June 2020	7,537,344	1,877,067	16,838,712	950,268	338,453	1,013,770	28,555,614
Additions	-	-	166,990	114,372	499	40,000	321,861
Disposals	-	-	(31,663)	-	-	(44,424)	(76,087)
Exchange adjustments	(77,791)	-	(100,700)	-	-	(27,452)	(205,943)
At 31 May 2021	7,459,553	1,877,067	16,873,339	1,064,640	338,952	981,894	28,595,445
Depreciation and impairment							
At 1 June 2020	1,810,013	885,767	10,852,835	760,480	299,034	565,995	15,174,124
Depreciation charged in the year	158,542	116,766	880,519	61,286	14,797	137,269	1,369,179
Eliminated in respect of disposals	-	-	(31,663)	-	-	(40,907)	(72,570)
Exchange adjustments	(29,932)	-	(99,975)	-	-	(19,986)	(149,893)
At 31 May 2021	1,938,623	1,002,533	11,601,716	821,766	313,831	642,371	16,320,840
Carrying amount							
At 31 May 2021	5,520,930	874,534	5,271,623	242,874	25,121	339,523	12,274,605
At 31 May 2020	5,727,331	991,300	6,016,188	159,476	39,419	447,776	13,381,490

Company	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2020 and 31 May 2021	6,944,896	887,152	13,217	74,960	7,920,225
Depreciation and impairment					
At 1 June 2020	1,589,136	287,657	13,217	10,933	1,900,943
Depreciation charged in the year	141,528	17,774	-	18,739	178,041
At 31 May 2021	1,730,664	305,431	13,217	29,672	2,078,984
Carrying amount					
At 31 May 2021	5,214,232	581,721	-	45,288	5,841,241
At 31 May 2020	5,355,760	599,495	-	64,027	6,019,282

15 Investment property

	Group 2021	Company 2021
	£	£
Fair value		
At 1 June 2020	208,211	208,211
Additions through external acquisition	230,000	230,000
At 31 May 2021	438,211	438,211

Investment property has been valued at fair value by the Directors.

16 Fixed asset investments

	Notes	Group 2021	Group 2020	Company 2021	Company 2020
		£	£	£	£
Investments in subsidiaries	17	-	-	8,600,107	8,600,107
Listed investments		46,105	8,041	5,362	5,362
		46,105	8,041	8,605,469	8,605,469

16 Fixed asset investments (Continued)

Movements in fixed asset investments

Group	**Shares**
	£
Cost or valuation	
At 31 May 2021	8,041
Valuation changes	38,064
At 31 May 2021	46,105
Carrying amount	
At 31 May 2021	46,105
At 31 May 2020	8,041

Movements in fixed asset investments

Company	**Shares**
	£
Cost or valuation	
At 1 June 2020 & 31 May 2021	8,605,469
Carrying amount	
At 31 May 2021	8,605,469
At 31 May 2020	8,605,469

17 Subsidiaries

Details of the company's subsidiaries at 31 May 2021 are as follows:

Name of undertaking	**Registered office**	**Class of shares held**	**% Held Direct**	**Indirect**
G H White & Co Limited	UK	Ordinary	100.00	-
Hillfoot Forge Limited	UK	Ordinary	100.00	-
Sheffield Quality Forge Limited	UK	Ordinary	100.00	-
Special Machined Products Limited	UK	Ordinary	100.00	-
Special Quality Alloys Inc	USA	Ordinary	0	100.00
Special Quality Alloys Limited	UK	Ordinary	100.00	-
Special Steels Limited	UK	Ordinary	100.00	-
Special Testing Limited	UK	Ordinary	100.00	-
Value Heat Treat Limited	UK	Ordinary	0	100.00

On the 26 January 2021 a new group company was incorporated, Value Heat Treat Limited. The directors have elected to exclude the new company from the consolidated accounts in line with the exemption available in s.405 of the companies act 2006.

During the previous year the group bought back a 5% holding in Special Quality Alloys Inc for cash consideration of £604,947.

18 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	27,894	10,825	-	-
Work in progress	3,535	1,672	-	-
Finished goods and goods for resale	20,627,055	26,186,860	-	-
	20,658,484	26,199,357	-	-

19 Debtors

Amounts falling due within one year:	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade debtors	7,862,122	12,680,286	-	-
Corporation tax recoverable	38,421	-	-	-
Amounts owed by group undertakings	85	-	-	2,089,700
Other debtors	1,773,597	1,703,116	1,410,000	1,435,000
Prepayments and accrued income	683,576	602,347	-	-
	10,357,801	14,985,749	1,410,000	3,524,700
Deferred tax asset (note 23)	-	6,300	-	-
	10,357,801	14,992,049	1,410,000	3,524,700

20 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Consignment stock creditor		-	1,245,543	-	-
Trade creditors		4,267,803	9,480,110	-	-
Amounts owed to group undertakings		-	-	4,575,869	2,321,546
Corporation tax payable		235,489	324,903	-	-
Other taxation and social security		765,307	1,269,379	12,732	8,415
Dividends payable		-	200,000	-	200,000
Other creditors		115,584	142,626	-	-
Accruals and deferred income		1,551,023	2,300,420	359,930	1,066,819
		6,935,206	14,962,981	4,948,531	3,596,780

21 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Government grants	24	69,428	72,252	69,428	72,252

22 Provisions for liabilities

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other liabilities	724,398	730,994	-	-

Movements on provisions:

Group	£
At 1 June 2020	730,994
Utilisation of provision	(6,596)
At 31 May 2021	724,398

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
Group	£	£	£	£
ACAs	799,000	645,000	-	6,300

	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
Company	£	£	£	£
ACAs	73,000	57,000	-	-

23 Deferred taxation (Continued)

Movements in the year:	Group 2021 £	Company 2021 £
Liability at 1 June 2020	638,700	57,000
Charge to profit or loss	160,300	16,000
Liability at 31 May 2021	799,000	73,000

24 Deferred grants

	Group 2021 £	2020 £	Company 2021 £	2020 £
Arising from government grants	69,428	72,252	69,428	72,252

25 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	308,949	336,623

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £	2020 £
Issued and fully paid				
Ordinary shares of £1 each	61,000	61,000	61,000	61,000

27 Related party transactions

The group has taken advantage of the exemption provided by FRS 102 from the requirement to report transactions with other group companies that are 100% subsidiaries of Special Steel Co. Limited.

Special Steel Co. Limited received management charges of £24,000 from S.T.W (Non-Destructive) Limited.

Dividends paid to shareholders are outlined in note 12.

28 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	2,116,926	5,564,304
Adjustments for:		
Taxation charged	836,829	1,470,166
Finance costs	2,553	755
Investment income	(3,249)	(37,132)
Gain on disposal of tangible fixed assets	(13,744)	(53,843)
Amortisation and impairment of intangible assets	292,063	292,063
Depreciation and impairment of tangible fixed assets	1,369,179	1,465,073
Foreign exchange gains on cash equivalents	(359,064)	177,187
Decrease in provisions	(6,596)	(51,837)
Movements in working capital:		
Decrease/(increase) in stocks	5,540,873	(2,590,451)
Decrease/(increase) in debtors	4,666,073	(1,442,624)
(Decrease)/increase in creditors	(6,492,818)	749,082
Decrease in deferred income	(2,824)	(2,824)
Cash generated from operations	7,946,201	5,539,919

29 Cash generated from/(absorbed by) operations - company

	2021	2020
	£	£
Profit for the year after tax	54,635	1,271,994
Adjustments for:		
Taxation credited	(81,080)	(287,596)
Investment income	(651,237)	(2,674,010)
Gain on disposal of tangible fixed assets	-	(8,078)
Depreciation and impairment of tangible fixed assets	178,041	174,266
Movements in working capital:		
Decrease/(increase) in debtors	2,114,700	(1,787,211)
Increase in creditors	1,551,751	696,329
Decrease in deferred income	(2,824)	(2,824)
Cash generated from/(absorbed by) operations	3,163,986	(2,617,130)

30 Analysis of changes in net funds - group

	1 June 2020	Cash flows	31 May 2021
	£	£	£
Cash at bank and in hand	13,358,145	5,036,722	18,394,867
Borrowings excluding overdrafts	(1,245,543)	1,245,543	-
	12,112,602	6,282,265	18,394,867

31 Analysis of changes in net funds - company

	1 June 2020	Cash flows	31 May 2021
	£	£	£
Cash at bank and in hand	4,509,009	3,282,303	7,791,312