

Company Registration No. 06436498 (England and Wales)

EUROPEAN STEEL SHEETS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

MICHAEL KAY
— & —
COMPANY



EUROPEAN STEEL SHEETS LIMITED

COMPANY INFORMATION

Directors	S L Broadhurst D W Broadhurst
Secretary	S L Broadhurst
Company number	06436498
Registered office	Jean Broadhurst Works Doris Road Bordesley Green Birmingham West Midlands B9 4SJ
Auditors	Michael Kay & Company Limited 2 Water Court Water Street Birmingham West Midlands B3 1HP

EUROPEAN STEEL SHEETS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Income statement	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

EUROPEAN STEEL SHEETS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

We aim to present a balanced and comprehensive review of the development and performance of our business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

There has been no change in the principal activities of the company during the period.

We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

Turnover has decreased by 23.66% compared to the previous period. Gross margin has decreased to 11.90% (2014 13.91%).

Overall there has been an operating profit of £492,498 (2014 £145,959) and a profit before tax of £515,139 (2014 £5,520,745). After taxation, £404,700 has been added to reserves.

Return on capital employed has decreased to 1.60% (2014 0.48%). Return on capital employed is calculated as profit before exceptional items, interest and tax divided by capital employed, which constitutes total assets less current liabilities.

Fair review of the business

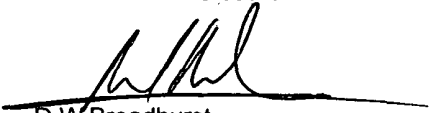
As for many businesses of our size, the business environment in which we operate continues to be challenging. The market is highly competitive and margins continue to be under pressure. We are of course subject to world economic patterns and the level of activity within our economy.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control.

Principal risks and uncertainties

We consider that the financial position of the company at the period end is satisfactory, with adequate cash resources and an increase in total net assets compared with the previous period.

On behalf of the board


D W Broadhurst

Director

29 September 2016

EUROPEAN STEEL SHEETS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the company continued to be that of steel stockholders and the letting of investment properties.

Directors

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

S L Broadhurst
D W Broadhurst

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £14,000. The directors do not recommend payment of a final dividend.

Auditors

In accordance with the company's articles, a resolution proposing that Michael Kay & Company Limited be reappointed as auditors of the company will be put at a General Meeting.

Statement of disclosure to auditors

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 company's auditors are 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 company's auditors are aware of that information.

On behalf of the board



D W Broadhurst
Director
29 September 2016

EUROPEAN STEEL SHEETS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

EUROPEAN STEEL SHEETS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EUROPEAN STEEL SHEETS LIMITED

We have audited the financial statements of European Steel Sheets Limited for the year ended 31 December 2015 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland".

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

EUROPEAN STEEL SHEETS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EUROPEAN STEEL SHEETS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Marcus Daly (Senior Statutory Auditor)
for and on behalf of Michael Kay & Company Limited

29 September 2016

Chartered Accountants
Statutory Auditor

2 Water Court
Water Street
Birmingham
West Midlands
B3 1HP

EUROPEAN STEEL SHEETS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	2	10,665,127	13,969,780
Cost of sales		(9,393,395)	(12,026,017)
Gross profit		1,271,732	1,943,763
Distribution costs		(103,177)	(192,552)
Administrative expenses		(1,290,388)	(2,007,528)
Other operating income		614,331	402,276
Operating profit	3	492,498	145,959
Interest receivable and similar income	5	22,641	14,656
Interest payable and similar charges	6	-	(23)
Changes in value of investment assets	7	-	5,360,153
Profit before taxation		515,139	5,520,745
Taxation	8	(110,439)	(1,125,707)
Profit for the financial year	20	404,700	4,395,038

The income statement has been prepared on the basis that all operations are continuing operations.

EUROPEAN STEEL SHEETS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Profit for the year	404,700	4,395,038
	<u> </u>	<u> </u>
Other comprehensive income		
Revaluation of tangible fixed assets	-	1,980,000
Tax relating to other comprehensive income	-	(396,000)
	<u> </u>	<u> </u>
Other comprehensive income for the year	-	1,584,000
	<u> </u>	<u> </u>
Total comprehensive income for the year	404,700	5,979,038
	<u> </u>	<u> </u>

EUROPEAN STEEL SHEETS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	10	3,163,155		3,281,479	
Investment properties	11	13,225,000		13,225,000	
		<u>16,388,155</u>		<u>16,506,479</u>	
Current assets					
Stocks	13	5,854,969	5,021,462		
Debtors	14	3,870,834	4,337,133		
Investments	15	206,847	176,109		
Cash at bank and in hand		6,909,906	6,263,775		
		<u>16,842,556</u>	<u>15,798,479</u>		
Creditors: amounts falling due within one year	16	<u>(2,343,678)</u>	<u>(1,796,187)</u>		
Net current assets		14,498,878		14,002,292	
Total assets less current liabilities		<u>30,887,033</u>		<u>30,508,771</u>	
Provisions for liabilities	17	<u>(1,810,933)</u>		<u>(1,823,371)</u>	
Net assets		<u>29,076,100</u>		<u>28,685,400</u>	
Capital and reserves					
Called up share capital	19	68	68		
Revaluation reserve		2,085,030	2,085,030		
Capital redemption reserve		34	34		
Profit and loss reserves	20	26,990,968	26,600,268		
Total equity		<u>29,076,100</u>		<u>28,685,400</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 September 2016 and are signed on its behalf by:



D W Broadhurst
Director

Company Registration No. 06436498

EUROPEAN STEEL SHEETS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		68	3,246,009	34	19,824,251	22,756,362
Effect of transition to FRS 102		-	(2,744,979)	-	2,430,979	(314,000)
Balance at 1 January 2014		68	501,030	34	22,255,230	22,442,362
Period ended 31 December 2014:						
Profit for the year		-	-	-	4,395,038	4,395,038
Other comprehensive income:						
Revaluation of tangible fixed assets		-	1,980,000	-	-	1,980,000
Tax relating to other comprehensive income		-	(396,000)	-	-	(396,000)
Total comprehensive income for the year		-	1,584,000	-	4,395,038	5,979,038
Dividends	9	-	-	-	(50,000)	(50,000)
Balance at 31 December 2014		68	2,085,030	34	26,600,268	28,685,400
Period ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	404,700	404,700
Dividends	9	-	-	-	(14,000)	(14,000)
Balance at 31 December 2015		68	2,085,030	34	26,990,968	29,076,100

EUROPEAN STEEL SHEETS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	26	765,886		2,863,111	
Interest paid		-		(23)	
Income taxes paid		-		(300,000)	
Net cash inflow from operating activities		<u>765,886</u>		<u>2,563,088</u>	
Investing activities					
Purchase of tangible fixed assets		-		(8,280)	
Proceeds on disposal of fixed asset investments		(30,738)		59,984	
Proceeds from other investments and loans		(97,658)		116,702	
Interest received		11,750		4,982	
Dividends received		10,891		9,674	
Net cash (used in)/generated from investing activities		<u>(105,755)</u>		<u>183,062</u>	
Financing activities					
Dividends paid		(14,000)		(50,000)	
Net cash used in financing activities		<u>(14,000)</u>		<u>(50,000)</u>	
Net increase in cash and cash equivalents		<u>646,131</u>		<u>2,696,150</u>	
Cash and cash equivalents at beginning of year		6,263,775		3,567,625	
Cash and cash equivalents at end of year		<u><u>6,909,906</u></u>		<u><u>6,263,775</u></u>	

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

European Steel Sheets Limited is a company limited by shares incorporated in England and Wales. The registered office is Jean Broadhurst Works, Doris Road, Bordesley Green, Birmingham, West Midlands, B9 4SJ.

1.1 Accounting convention

The financial statements are prepared in compliance with FRS102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

The company transitioned from previous UK GAAP to FRS102 as at 1 January 2015. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 16.

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

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

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

1.3 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.

1.4 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	1% on valuation
Plant and machinery	10% on reducing balance
Fixtures, fittings & equipment	20% on cost
Motor vehicles	25% on reducing balance

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 income statement.

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 Impairment of fixed assets

At each reporting end date, the company 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.

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 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.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

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.

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.8 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other receivables 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.

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 publically 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 company 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 company after deducting all of its liabilities.

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables 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.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 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 income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 income statement, 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 when the company has 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.

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.11 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.

1.12 Leases

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.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

2 Turnover and other revenue

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

	2015 £	2014 £
Turnover		
Steel Sales	10,665,127	13,969,780
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	11,750	4,982
Dividends received	10,891	9,674
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2015 £	2014 £
United Kingdom	10,615,518	13,802,258
EEC	49,609	167,522
	<u> </u>	<u> </u>
	10,665,127	13,969,780
	<u> </u>	<u> </u>

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

3 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	9,000	8,000
Depreciation of owned tangible fixed assets	118,324	148,183
Cost of stocks recognised as an expense	9,393,395	12,026,017
Operating lease charges	16,250	13,801
	<u> </u>	<u> </u>

4 Employees

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

	2015 Number	2014 Number
Directors	2	2
Cost of Sales	3	3
Sales	3	3
Admin	4	4
	<u> </u>	<u> </u>
	12	12
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	402,140	376,882
Social security costs	48,859	44,160
	<u> </u>	<u> </u>
	450,999	421,042
	<u> </u>	<u> </u>

5 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Interest on bank deposits	11,750	4,982
Other income from investments		
Dividends received	10,891	9,674
	<u> </u>	<u> </u>
Total income	22,641	14,656
	<u> </u>	<u> </u>

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

		(Continued)	
5	Interest receivable and similar income		
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	11,750	4,982
	Dividends from financial assets measured at fair value through profit or loss	10,891	9,674
		<u> </u>	<u> </u>
6	Interest payable and similar charges		
		2015	2014
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on other loans	-	23
		<u> </u>	<u> </u>
7	Changes in value of investments		
		2015	2014
		£	£
	Gain/(loss) on disposal of financial assets held at fair value through profit or loss	-	(59,983)
	Changes in the fair value of investment properties	-	5,420,136
		<u> </u>	<u> </u>
		-	5,360,153
		<u> </u>	<u> </u>
8	Taxation		
		2015	2014
		£	£
	Current tax		
	UK corporation tax on profits for the current period	122,877	54,046
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(12,438)	1,071,661
		<u> </u>	<u> </u>
	Total tax charge	110,439	1,125,707
		<u> </u>	<u> </u>

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £	2014 £
Profit before taxation	515,139	5,520,745
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014: 20.00%)	104,290	1,104,149
Tax effect of expenses that are not deductible in determining taxable profit	2,321	13,925
Tax effect of income not taxable in determining taxable profit	(2,205)	(2,019)
Depreciation on assets not qualifying for tax allowances	6,033	9,652
Tax expense for the year	110,439	1,125,707

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2015 £	2014 £
Deferred tax arising on: Revaluation of property	-	396,000

9 Dividends

	2015 £	2014 £
Interim paid	14,000	50,000
	14,000	50,000

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, Motor vehicles fittings & equipment		Total
	£	£	£	£	£
Cost					
At 1 January 2015	2,980,000	3,000,005	544,294	861,265	7,385,564
At 31 December 2015	2,980,000	3,000,005	544,294	861,265	7,385,564
Depreciation and impairment					
At 1 January 2015	-	2,861,195	495,209	747,681	4,104,085
Depreciation charged in the year	29,800	13,881	48,997	25,646	118,324
At 31 December 2015	29,800	2,875,076	544,206	773,327	4,222,409
Carrying amount					
At 31 December 2015	2,950,200	124,929	88	87,938	3,163,155
At 31 December 2014	2,980,000	138,810	49,085	113,584	3,281,479

11 Investment property

	2015 £
Fair value	
At 1 January 2015 and 31 December 2015	13,225,000

Investment property comprises £13,225,000. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2014 by Stephens McBride Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. In the opinion of the directors there has been no material change in the valuation of the properties at 31 December 2015.

12 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,474,646	3,943,486
Equity instruments measured at cost less impairment	206,847	176,109
Carrying amount of financial liabilities		
Measured at amortised cost	2,200,478	1,715,113

13 Stocks

	2015 £	2014 £
Finished goods and goods for resale	5,854,969	5,021,462

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	3,169,335	3,735,833
Corporation tax recoverable	345,057	345,057
Other debtors	310,209	207,653
Prepayments and accrued income	46,233	48,590
	<u>3,870,834</u>	<u>4,337,133</u>

15 Current asset investments

	2015 £	2014 £
Listed investments	<u>206,847</u>	<u>176,109</u>

16 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,987,558	1,549,386
Corporation tax	122,877	-
Other taxation and social security	20,323	81,074
Other creditors	100,764	125,247
Accruals and deferred income	112,156	40,480
	<u>2,343,678</u>	<u>1,796,187</u>

17 Provisions for liabilities

	Notes	2015 £	2014 £
Deferred tax liabilities	18	<u>1,810,933</u>	<u>1,823,371</u>
		<u>1,810,933</u>	<u>1,823,371</u>

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

18 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2015 £	Liabilities 2014 £
Balances:		
Accelerated capital allowances	16,933	29,371
Revaluations	1,794,000	1,794,000
	<u>1,810,933</u>	<u>1,823,371</u>
Movements in the year:		2015 £
Liability at 1 January 2015		1,823,371
Credit to profit and loss		(12,438)
Liability at 31 December 2015		<u>1,810,933</u>

19 Share capital

	2015 £	2014 £
Ordinary share capital Issued and fully paid		
68 Ordinary of £1 each	<u>68</u>	<u>68</u>

20 Reserves

	2015 £	2014 £
At the beginning of the year as previously stated	19,833,153	19,824,251
Effect of transition to FRS 102	6,767,115	2,430,979
At the beginning of the year as restated	26,600,268	22,255,230
Profit for the year	404,700	4,395,038
Dividends	(14,000)	(50,000)
At the end of the year	<u>26,990,968</u>	<u>26,600,268</u>

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

21 Financial commitments, guarantees and contingent liabilities

Following the completion of the purchase of own shares in March 2013 the company may be liable for certain professional fees. The quantum and liability of such fees is under negotiation but no provision has been made in the accounts.

22 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Between two and five years	11,273	11,273

23 Remuneration trust

The company made a contribution in the accounting period to a Remuneration Trust in the amount of £372,000. The terms of the trust are set out in a trust deed executed by the company and the original trustees.

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, amounted to £nil (2014 £nil).

25 Directors' transactions

Interest free loans have been granted by the company to its directors as follows:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Interest free loan	-	22,052	80,332	-	7,000	95,384
Interest free loan	-	(1,326)	31,327	-	7,000	23,001
		20,726	111,659	-	14,000	118,385

The above loans have been repaid since 31 December 2015.

EUROPEAN STEEL SHEETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

26 Cash generated from operations

	2015 £	2014 £
Profit for the year after tax	404,700	4,395,038
Adjustments for:		
Taxation charged	110,439	1,125,707
Finance costs	-	23
Investment income	(22,641)	(14,656)
Depreciation and impairment of tangible fixed assets	118,324	148,183
Amounts written off investments	-	(5,360,153)
Movements in working capital:		
(Increase)/decrease in stocks	(833,507)	1,137,336
Decrease in debtors	563,957	2,019,130
Increase/(decrease) in creditors	424,614	(587,497)
Cash generated from operations	765,886	2,863,111

27 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 January 2014 £	31 December 2014 £
Notes		
Equity as reported under previous UK GAAP	23,070,362	30,479,400
Adjustments arising from transition to FRS 102:		
Deferred taxation arising on revaluation of investment properties	(314,000)	(1,794,000)
Equity reported under FRS 102	22,756,362	28,685,400