

Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 December 2019
for
EUROPEAN STEEL SHEETS LIMITED

Contents of the Financial Statements
for the year ended 31 December 2019

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

EUROPEAN STEEL SHEETS LIMITED

Company Information
for the year ended 31 December 2019

Directors:	D Broadhurst S Broadhurst
Secretary:	S Broadhurst
Registered office:	Jean Broadhurst Works Doris Road Bordesley Green Birmingham West Midlands B9 4SJ
Registered number:	06436498 (England and Wales)
Auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE

Strategic Report
for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Review of business

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.

Principal risks and uncertainties

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.

Development and performance

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 reduced by 25.9% compared to the previous period. Gross margin has decreased to 12.61% (2018 18.32%).

Overall there has been an operating profit of £581,220 (2018 £2,391,734) and a profit before tax of £622,913 (2018 £4,799,719). Profit before tax includes a surplus arising on the revaluation of investment properties of £Nil (2018 £2,380,090). After taxation, £491,072 (2018 £3,878,785) has been added to reserves

Return on capital employed has reduced to 1.5% (2018 6.7%). Return on capital employed is calculated as profit before surplus arising on revaluation, exceptional items, interest and tax divided by capital employed, which constitutes total assets less current liabilities.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

On behalf of the board:

D Broadhurst - Director

18 December 2020

Report of the Directors
for the year ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

Principal activity

The principal activity of the company in the year under review was that of steel stockholders.

Dividends

No dividends will be distributed for the year ended 31 December 2019.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

D Broadhurst

S Broadhurst

Financial instruments

Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Political donations

No political donations were made in the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
for the year ended 31 December 2019

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Haines Watts Birmingham LLP be re-appointed as auditor will be put to the Annual General Meeting.

On behalf of the board:

D Broadhurst - Director

18 December 2020

Report of the Independent Auditors to the Members of
European Steel Sheets Limited

Opinion

We have audited the financial statements of European Steel Sheets Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. At the time of approval of this report, the COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is disclosed in the accounting policies note.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
European Steel Sheets Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Lee Meredith ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

18 December 2020

Income Statement
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	3	15,137,380	20,423,700
Cost of sales		<u>(13,228,751)</u>	<u>(16,681,174)</u>
Gross profit		1,908,629	3,742,526
Distribution costs		(118,716)	(158,855)
Administrative expenses		<u>(1,932,773)</u>	<u>(1,851,220)</u>
		(142,860)	1,732,451
Other operating income	4	<u>724,080</u>	659,283
Operating profit	6	581,220	2,391,734
Income from fixed asset investments		13,152	13,236
Interest receivable and similar income	7	<u>28,541</u>	<u>14,659</u>
		622,913	2,419,629
Surplus arising on revaluation		-	2,380,090
Profit before taxation		<u>622,913</u>	<u>4,799,719</u>
Tax on profit	8	<u>(131,841)</u>	<u>(920,934)</u>
Profit for the financial year		<u>491,072</u>	<u>3,878,785</u>

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 December 2019

Notes	2019 £	2018 £
Profit for the year	491,072	3,878,785
Other comprehensive income		
Unrealised surplus on revaluation	-	234,200
Income tax relating to other comprehensive income	-	(44,716)
Other comprehensive income for the year, net of income tax	-	189,484
Total comprehensive income for the year	491,072	4,068,269

The notes form part of these financial statements

EUROPEAN STEEL SHEETS LIMITED (REGISTERED NUMBER: 06436498)

Balance Sheet
31 December 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	9		3,313,983		3,407,285
Investment property	10		16,545,000		16,545,000
			19,858,983		19,952,285
Current assets					
Stocks	11	6,636,401		5,667,224	
Debtors	12	5,522,758		5,857,851	
Investments	13	206,847		206,847	
Cash at bank and in hand		9,426,097		8,235,911	
		21,792,103		19,967,833	
Creditors					
Amounts falling due within one year	14	2,670,062		1,422,581	
Net current assets			19,122,041		18,545,252
Total assets less current liabilities			38,981,024		38,497,537
Provisions for liabilities	17		2,327,985		2,335,570
Net assets			36,653,039		36,161,967
Capital and reserves					
Called up share capital	18		68		68
Revaluation reserve	19		2,274,514		2,274,514
Capital redemption reserve	19		34		34
Retained earnings	19		34,378,423		33,887,351
Shareholders' funds			36,653,039		36,161,967

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2020 and were signed on its behalf by:

D Broadhurst - Director

Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	68	30,008,566	2,085,030	34	32,093,698
Changes in equity					
Total comprehensive income	-	3,878,785	189,484	-	4,068,269
Balance at 31 December 2018	68	33,887,351	2,274,514	34	36,161,967
Changes in equity					
Total comprehensive income	-	491,072	-	-	491,072
Balance at 31 December 2019	68	34,378,423	2,274,514	34	36,653,039

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	2,305,594	2,250,111
Tax paid		(250,000)	(535,000)
Net cash from operating activities		<u>2,055,594</u>	<u>1,715,111</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(103,553)
Purchase of investment property		-	(675,744)
Sale of tangible fixed assets		11,000	5,000
Interest received		28,541	14,659
Dividends received		13,152	13,236
Net cash from investing activities		<u>52,693</u>	<u>(746,402)</u>
Cash flows from financing activities			
Amount introduced by directors		-	71,324
Amount withdrawn by directors		(918,101)	-
Net cash from financing activities		<u>(918,101)</u>	<u>71,324</u>
Increase in cash and cash equivalents		<u>1,190,186</u>	<u>1,040,033</u>
Cash and cash equivalents at beginning of year	2	8,235,911	7,195,878
Cash and cash equivalents at end of year	2	<u>9,426,097</u>	<u>8,235,911</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the year ended 31 December 2019**

1. Reconciliation of profit before taxation to cash generated from operations

	2019	2018
	£	£
Profit before taxation	622,913	4,799,719
Depreciation charges	91,410	94,247
Profit on disposal of fixed assets	(9,108)	(2,857)
Gain on revaluation of fixed assets	-	(2,380,090)
Finance income	(41,693)	(27,895)
	663,522	2,483,124
(Increase)/decrease in stocks	(969,177)	964,583
Decrease/(increase) in trade and other debtors	1,479,415	(518,871)
Increase/(decrease) in trade and other creditors	1,131,834	(678,725)
Cash generated from operations	2,305,594	2,250,111

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	9,426,097	8,235,911

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	8,235,911	7,195,878

3. Analysis of changes in net funds

	At 1/1/19	Cash flow	At 31/12/19
	£	£	£
Net cash			
Cash at bank and in hand	8,235,911	1,190,186	9,426,097
	8,235,911	1,190,186	9,426,097
Liquid resources			
Current asset investments	206,847	-	206,847
	206,847	-	206,847
Total	8,442,758	1,190,186	9,632,944

Notes to the Financial Statements
for the year ended 31 December 2019

1. **Statutory information**

European Steel Sheets Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Going concern

At the time of approval of these financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors are required to consider a period of at least 12 months from the date of approval of the financial statements.

The impact of COVID-19

In response to the COVID-19 pandemic, the directors have further considered their cash flow projections to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, and given the measures that could be taken to mitigate the current adverse conditions, together with the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the financial statements.

Significant judgements and estimates

In the application of the company'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.

Asset valuation

Asset impairment reviews and calculations require the exercise of judgement by the directors which may include references to market conditions, general economic conditions and recent trends in the business.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rental income is recognised on a straight line basis over the course of the lease.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Notes to the Financial Statements - continued
for the year ended 31 December 2019

2. Accounting policies - continued

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:

Freehold property	1% straight line
Plant and machinery	10% reducing balance
Fixtures and fittings	20% on cost
Motor vehicles	25% reducing balance

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
Steel sales	15,137,380	20,423,700
	<u>15,137,380</u>	<u>20,423,700</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2019

3. **Turnover - continued**

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	15,011,886	20,423,700
Europe	<u>125,494</u>	<u>-</u>
	<u>15,137,380</u>	<u>20,423,700</u>

4. **Other operating income**

	2019 £	2018 £
Rents received	<u>724,080</u>	<u>659,283</u>

5. **Employees and directors**

	2019 £	2018 £
Wages and salaries	890,137	599,408
Social security costs	114,578	75,611
Other pension costs	<u>9,129</u>	<u>5,659</u>
	<u>1,013,844</u>	<u>680,678</u>

The average number of employees during the year was as follows:

	2019	2018
Directors	2	2
Direct labour	4	4
Sales	3	3
Administration	<u>4</u>	<u>4</u>
	<u>13</u>	<u>13</u>

	2019 £	2018 £
Directors' remuneration	423,027	151,943
Directors' pension contributions to money purchase schemes	<u>750</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
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Information regarding the highest paid director for the year ended 31 December 2019 is as follows:

	2019 £
Emoluments etc	222,497
Pension contributions to money purchase schemes	<u>750</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2019

6. Operating profit

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Other operating leases	27,251	29,465
Depreciation - owned assets	91,410	94,247
Profit on disposal of fixed assets	(9,108)	(2,857)
Auditors' remuneration	16,650	9,000
Stock impairment write off (back)	(124,078)	(11,487)

7. Interest receivable and similar income

	2019	2018
	£	£
Deposit account interest	28,541	14,659

8. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	139,426	457,630
Deferred tax:		
Deferred tax	(7,585)	11,087
Deferred tax on revaluation	-	452,217
Total deferred tax	(7,585)	463,304
Tax on profit	131,841	920,934

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	622,913	4,799,719
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	118,353	911,947
Effects of:		
Expenses not deductible for tax purposes	10,107	5,477
Income not taxable for tax purposes	(2,499)	(2,152)
Depreciation on assets not qualifying for capital allowances	5,880	5,662
Total tax charge	131,841	920,934

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2019.

**Notes to the Financial Statements - continued
for the year ended 31 December 2019**

8. Taxation - continued

	Gross £	Tax £	2018 Net £
Unrealised surplus on revaluation	<u>234,200</u>	<u>(44,716)</u>	<u>189,484</u>

9. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 January 2019	3,095,000	3,003,937	550,092	665,645	7,314,674
Disposals	-	-	-	(84,000)	(84,000)
At 31 December 2019	<u>3,095,000</u>	<u>3,003,937</u>	<u>550,092</u>	<u>581,645</u>	<u>7,230,674</u>
Depreciation					
At 1 January 2019	-	2,907,957	544,691	454,741	3,907,389
Charge for year	30,950	9,596	1,160	49,704	91,410
Eliminated on disposal	-	-	-	(82,108)	(82,108)
At 31 December 2019	<u>30,950</u>	<u>2,917,553</u>	<u>545,851</u>	<u>422,337</u>	<u>3,916,691</u>
Net book value					
At 31 December 2019	<u>3,064,050</u>	<u>86,384</u>	<u>4,241</u>	<u>159,308</u>	<u>3,313,983</u>
At 31 December 2018	<u>3,095,000</u>	<u>95,980</u>	<u>5,401</u>	<u>210,904</u>	<u>3,407,285</u>

The freehold land and buildings were independently valued at 31 December 2018 by Stephens McBride, Chartered Surveyors on the basis of open market value for existing use value. The surplus on revaluation of £234,200 has been credited to revaluation reserve.

If freehold land and buildings had not been revalued they would have been included at an historical cost of £894,970 (2018 £894,970) and depreciation of £424,837 (2018 £416,837).

The historical cost value of freehold land that is not depreciated is £94,970.

10. Investment property

	Total £
Fair value	
At 1 January 2019 and 31 December 2019	<u>16,545,000</u>
Net book value	
At 31 December 2019	<u>16,545,000</u>
At 31 December 2018	<u>16,545,000</u>

Investment property comprises a large portfolio of mostly freehold commercial land and property with a combined value of £16,545,000. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2018 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. The surplus arising on revaluation of £2,380,090 has been recognised in the income statement.

Notes to the Financial Statements - continued
for the year ended 31 December 2019

10. Investment property - continued

Fair value at 31 December 2019 is represented by:

Valuation in 2018	£ 16,545,000
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If investment property had not been revalued it would have been included at the following historical cost:

	2019	2018
	£	£
Cost	5,603,795	5,603,795

11. Stocks

	2019	2018
	£	£
Goods held for sale	6,636,401	5,667,224

12. Debtors: amounts falling due within one year

	2019	2018
	£	£
Trade debtors	3,945,382	5,619,721
Other debtors	126,180	139,847
Corporation tax repayable	237,293	5,513
Directors' current accounts	930,132	17,591
VAT	211,850	-
Prepayments and accrued income	71,921	75,179
	5,522,758	5,857,851

13. Current asset investments

	2019	2018
	£	£
Listed investments	206,847	206,847
Market value of listed investments at 31 December 2019 - £ 227,197 (2018 - £ 189,951).		

14. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	2,298,540	938,030
Tax	133,742	12,535
Social security and other taxes	26,396	53,955
VAT	-	198,225
Other creditors	-	12,678
Other payables	60,780	60,780
Sundry creditors	12,500	12,500
Wages control account	42	42
Pension control account	-	225
Directors' current accounts	-	5,560
Accruals and deferred income	138,062	128,051
	2,670,062	1,422,581

Notes to the Financial Statements - continued
for the year ended 31 December 2019

15. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	20,837	20,837
Between one and five years	10,513	31,350
	<u>31,350</u>	<u>52,187</u>

Operating lease payments represent rentals payable by the company for certain items of plant and equipment. Leases are typically negotiated for 2 to 3 years at fixed monthly rates

The company leases property assets to third parties. Leases are typically negotiated for one year based on prevailing market conditions. At the year-end date the company had contracts with tenants for minimum lease payments with a value of £1,040,000 (2018 £725,000).

16. Financial instruments

At the year-end the carrying value of financial assets which are debt instruments carried at amortised cost was £5,001,694 (2018 £5,777,159).

At the year-end the carrying value of financial assets which are equity instruments carried at cost less impairment was £206,847 (2018 £206,847).

At the year-end the carrying value of financial liabilities which are debt instruments carried at amortised cost was £2,371,862 (2018 £1,029,815).

17. Provisions for liabilities

	2019	2018
	£	£
Deferred tax	<u>2,327,985</u>	<u>2,335,570</u>
		Deferred tax
		£
Balance at 1 January 2019		2,335,570
Provided during year		(7,585)
Revaluation reserve		
Balance at 31 December 2019		<u>2,327,985</u>

The provision for deferred taxation consists of £2,290,933 in estimated tax due on unrealised property revaluations, and £37,052 in respect of timing differences due to accelerated capital allowance claims. The provision for the capital allowances is expected to reverse by approximately £8,000 in the next period.

18. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
68	Ordinary shares	£1	<u>68</u>	<u>68</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2019

19. **Reserves**

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2019	33,887,351	2,274,514	34	36,161,899
Profit for the year	491,072			491,072
At 31 December 2019	34,378,423	2,274,514	34	36,652,971

20. **Pension commitments**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. In the period the amount charged to profit and loss for employer contributions was £9,129 (2018 £5,659).

21. **Contingent liabilities**

At the time of approval of the financial statements, the company is responding to an enquiry from HM Revenue and Customs into contributions made by the company, over the 7 year period from the financial year ended 31 December 2013, up to and including the financial year ended 31 December 2019, into a Creditor Remuneration Trust. HM Revenue and Customs have indicated their view that adjustments are required, but at this time it is impractical to give an accurate estimate of the financial effect of these adjustments. The Directors are of the opinion that no provision for any amounts should be recognised in the financial statements as they strongly believe that no transfer of funds or settlement of any obligation is probable.

22. **Other financial commitments**

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

23. **Directors' advances, credits and guarantees**

The following advances and credits to directors subsisted during the years ended 31 December 2019 and 31 December 2018:

	2019 £	2018 £
D Broadhurst		
Balance outstanding at start of year	17,591	48,725
Amounts advanced	495,271	63,866
Amounts repaid	(1,316)	(95,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	511,546	17,591
S Broadhurst		
Balance outstanding at start of year	(5,560)	34,631
Amounts advanced	424,310	29,809
Amounts repaid	(165)	(70,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	418,585	(5,560)

The advances are unsecured and interest free.

24. **Related party disclosures**

Notes to the Financial Statements - continued
for the year ended 31 December 2019

24. **Related party disclosures - continued**

Other related parties

	2019	2018
	£	£
Amount due to related party	<u>212,116</u>	<u>191,898</u>

During the period the company made sales of £469,182 and made purchases of £133,566 in trading with "other related parties".

25. **Post balance sheet events**

At the time of approval of these financial statements, the COVID-19 viral pandemic is one of the most significant economic events for the UK and the wider world. For entities with a year end 31 December 2019 or earlier, the emerging impact of COVID-19 in the post balance sheet period is viewed under UK accounting principles as a non-adjusting post balance sheet event. The directors are required, however, to consider the impact on the business in the post balance sheet period and on the outlook for the foreseeable future in terms of their confirmation of the going concern assumption as the appropriate basis for preparation of the accounts. Further details of the directors' view of the impact of COVID-19 are given in the Accounting Policies.

26. **Remuneration trust**

The company made a contribution in the accounting period to a Remuneration Trust in the amount of £275,000 (2018 £600,000). The terms of the trust are set out in a trust deed executed by the company and the original trustees.

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