

**L.H. STAINLESS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022
PAGES FOR FILING WITH THE REGISTRAR**

L.H. STAINLESS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

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L.H. STAINLESS LIMITED
BALANCE SHEET
AS AT 31 JANUARY 2022

	Note	2022	2021
		£	£
Fixed assets			
Tangible assets	3	612,678	634,763
		612,678	634,763
Current assets			
Stocks	4	1,396,964	896,693
Debtors	5	1,523,183	775,273
Cash at bank and in hand		449,337	190,378
		3,369,484	1,862,344
Creditors			
Amounts falling due within one year	6	(2,518,639)	(1,412,895)
Net current assets		850,845	449,449
Total assets less current liabilities		1,463,523	1,084,212
Creditors			
Amounts falling due after more than one year	7	(58,074)	(62,456)
Provisions for liabilities	8	(45,587)	(37,427)
Net assets		1,359,862	984,329
Capital and reserves			
Called-up share capital	9	46,900	46,900
Share premium account		395,100	395,100
Profit and loss account		917,862	542,329
Total shareholder's funds		1,359,862	984,329

L.H. STAINLESS LIMITED
BALANCE SHEET (CONTINUED)
AS AT 31 JANUARY 2022

For the financial year ending 31 January 2022 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the financial year in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements; and
- These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and a copy of the Statement of Income and Retained Earnings has not been delivered.

The financial statements of L.H. Stainless Limited (registered number: SC190833) were approved and authorised for issue by the Director on 26 July 2022. They were signed on its behalf by:

Garry Fraser
Director

Stuart Fraser
Director

L.H. STAINLESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year, unless otherwise stated.

General information and basis of accounting

L.H. Stainless Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the Company's registered office is Towiemore, Drummuir, Keith, AB55 5JA, United Kingdom.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are presented in pounds sterling which is the functional currency of the company and rounded to the nearest £.

Turnover

Turnover is represented receivable from the manufacture and supply of stainless steel products and systems, net of VAT.

Revenue from contracts for the manufacture and supply of products is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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.

Taxation

Current tax

Current tax is provided at amounts expected to be paid (or recoverable) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment property and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

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Land and buildings	10 - 50 years straight line
Plant and machinery	20 % reducing balance
Vehicles	15 % reducing balance
Office equipment	25 % reducing balance

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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 credited or charged to profit or loss.

Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Statement of Income and Retained Earnings over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Income and Retained Earnings as described below.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes direct materials and where applicable, direct labour costs that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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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.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

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Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Retirement Benefits

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

2. Employees

	2022	2021
	Number	Number
Monthly average number of persons employed by the Company during the year, including directors	31	29

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3. Tangible assets

	Land and buildings	Plant and machinery	Vehicles	Office equipment	Total
	£	£	£	£	£
Cost					
At 01 February 2021	466,627	469,654	417,785	62,575	1,416,641
Additions	7,839	9,019	42,290	4,823	63,971
Disposals	0	(108,397)	(38,850)	(620)	(147,867)
At 31 January 2022	474,466	370,276	421,225	66,778	1,332,745
Accumulated depreciation					
At 01 February 2021	52,859	377,047	316,288	35,684	781,878
Charge for the financial year	14,879	19,769	33,313	4,753	72,714
Disposals	0	(105,624)	(28,309)	(592)	(134,525)
At 31 January 2022	67,738	291,192	321,292	39,845	720,067
Net book value					
At 31 January 2022	406,728	79,084	99,933	26,933	612,678
At 31 January 2021	413,768	92,607	101,497	26,891	634,763

4. Stocks

	2022	2021
	£	£
Stocks	676,992	421,556
Work in progress	719,972	475,137
	1,396,964	896,693

5. Debtors

	2022	2021
	£	£
Trade debtors	690,772	478,742
Amounts owed by Group undertakings	56,707	148,376
Other debtors	775,704	148,155
	1,523,183	775,273

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6. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans	10,000	2,500
Trade creditors	310,566	324,194
Amounts owed to Group undertakings	24,004	19,616
Other creditors	1,909,261	946,972
Corporation tax	94,329	30,777
Other taxation and social security	155,024	56,236
Obligations under finance leases and hire purchase contracts	15,455	32,600
	2,518,639	1,412,895

Obligations under finance lease are secured by a fixed charge over the assets to which it relates.

Bank loans are secured over the assets of the company.

7. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	37,500	47,500
Obligations under finance leases and hire purchase contracts	20,574	14,956
	58,074	62,456

Obligations under finance lease are secured by a fixed charge over the assets to which it relates.

8. Provision for liabilities

	2022	2021
	£	£
Deferred tax	45,587	37,427

9. Called-up share capital

	2022	2021
	£	£
Allotted, called-up and fully-paid		
46,900 Ordinary shares of £ 1.00 each	46,900	46,900

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10. Financial commitments

Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
- within one year	40,000	40,000
- between one and five years	160,000	160,000
- after five years	40,000	80,000
	<u>240,000</u>	<u>280,000</u>

The operating lease commitment disclosed above represents a property lease which expires in 2027.

11. Related party transactions

Transactions with entities in which the entity itself has a participating interest

	2022	2021
	£	£
Entities with control, joint control or significant influence over the company.	24,004	19,615
	<u>24,004</u>	<u>19,615</u>

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