

REGISTERED NUMBER: SC332613 (Scotland)

COMPANIES HOUSE

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



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COMPANIES HOUSE

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2017**

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**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017**

DIRECTORS:

S T Kelly
G Higgins
A Farmery
J Murdoch

SECRETARY:

J Murdoch

REGISTERED OFFICE:

Dunivaig Road
Easter Queenslie Industrial Estate
Glasgow
G33 4TP

REGISTERED NUMBER:

SC332613 (Scotland)

AUDITORS:

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

BANKERS:

Royal Bank of Scotland plc
Corporate Banking
Kirkstane House
139 St. Vincent Street
Glasgow
G2 5JF

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their strategic report for the year ended 31 March 2017.

REVIEW OF BUSINESS

The key financial highlights are as follows:

	2017 £	2016 £	2015 £
Turnover	20,942,558	20,067,201	18,874,573
Turnover growth	4%	6.3%	2.8%
Profit before tax	294,986	96,131	499,871

The net assets of the company have increased from £981,812 at 31st March 2016 to £1,217,188 at 31st March 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure continues in the market place and the directors strive to ensure that margins and profitability remain consistent year on year.

In addition the directors seek to control overhead costs in order to maintain the profitability of the company.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the period ended 31st March 2017 and consider the company to be well placed to take advantage of opportunities which may arise in the current year.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

DISABLED EMPLOYEES

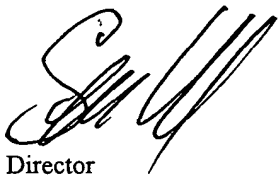
The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment.

ON BEHALF OF THE BOARD:



S T Kelly - Director

28 August 2017

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of stockholders of non-ferrous metals. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

DIVIDENDS

Post year end the company paid a dividend totally £80,000 relating to the year ended 31st March 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

S T Kelly
G Higgins
A Farmery
J Murdoch

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.

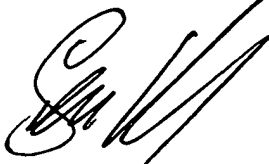
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



S T Kelly - Director

28 August 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

We have audited the financial statements of Richard Austin Alloys (South West) Limited for the year ended 31 March 2017 on pages six to twenty two. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and 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 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.

Respective responsibilities of directors and auditors

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. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2017 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 matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICHARD AUSTIN ALLOYS (SOUTH WEST)
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.

Milne Craig

Mrs S B Malcolm BAcc CA (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

28 August 2017

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
TURNOVER	3	20,942,558	20,067,201
Cost of sales		(17,976,581)	(17,443,413)
GROSS PROFIT		2,965,977	2,623,788
Distribution costs		(1,889,105)	(1,723,366)
Administrative expenses		(732,579)	(740,160)
OPERATING PROFIT		344,293	160,262
Interest receivable and similar income		8	10
		344,301	160,272
Interest payable and similar expenses	5	(49,315)	(64,141)
PROFIT BEFORE TAXATION	6	294,986	96,131
Tax on profit	7	(59,610)	(21,764)
PROFIT FOR THE FINANCIAL YEAR		235,376	74,367

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		235,376	74,367
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>235,376</u>	<u>74,367</u>

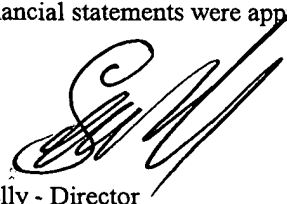
The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED (REGISTERED NUMBER: SC332613)**

**STATEMENT OF FINANCIAL POSITION
31 MARCH 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	49,278	66,521
CURRENT ASSETS			
Stocks	10	4,205,954	3,392,644
Debtors	11	6,073,967	5,284,228
Cash in hand		610	604
		<u>10,280,531</u>	<u>8,677,476</u>
CREDITORS			
Amounts falling due within one year	12	<u>9,085,657</u>	<u>7,734,963</u>
NET CURRENT ASSETS		<u>1,194,874</u>	<u>942,513</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,244,152</u>	<u>1,009,034</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>26,964</u>	<u>27,222</u>
NET ASSETS		<u><u>1,217,188</u></u>	<u><u>981,812</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	100,000	100,000
Retained earnings	20	<u>1,117,188</u>	<u>881,812</u>
SHAREHOLDERS' FUNDS		<u><u>1,217,188</u></u>	<u><u>981,812</u></u>

The financial statements were approved by the Board of Directors on 28 August 2017 and were signed on its behalf by:


S T Kelly - Director

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2015	100,000	957,445	1,057,445
Changes in equity			
Dividends	-	(150,000)	(150,000)
Total comprehensive income	-	74,367	74,367
Balance at 31 March 2016	<u>100,000</u>	<u>881,812</u>	<u>981,812</u>
Changes in equity			
Total comprehensive income	-	235,376	235,376
Balance at 31 March 2017	<u><u>100,000</u></u>	<u><u>1,117,188</u></u>	<u><u>1,217,188</u></u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	(284,703)	625,215
Interest paid		(46,288)	(60,311)
Interest element of hire purchase payments paid		(3,027)	(3,830)
Tax paid		(538)	(72,424)
Net cash from operating activities		<u>(334,556)</u>	<u>488,650</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(19,884)	(46,613)
Sale of tangible fixed assets		1,499	-
Interest received		8	10
Net cash from investing activities		<u>(18,377)</u>	<u>(46,603)</u>
Cash flows from financing activities			
New hire purchase financing		-	56,156
Capital repayments in year		(8,603)	(48,767)
Equity dividends paid		-	(150,000)
Net cash from financing activities		<u>(8,603)</u>	<u>(142,611)</u>
(Decrease)/increase in cash and cash equivalents		<u>(361,536)</u>	<u>299,436</u>
Cash and cash equivalents at beginning of year	2	(2,016,485)	(2,315,921)
Cash and cash equivalents at end of year	2	<u><u>(2,378,021)</u></u>	<u><u>(2,016,485)</u></u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Profit before taxation	294,986	96,131
Depreciation charges	37,128	49,463
Profit on disposal of fixed assets	(1,500)	-
Finance costs	49,315	64,141
Finance income	(8)	(10)
	<u>379,921</u>	<u>209,725</u>
Increase in stocks	(813,310)	(5,643)
(Increase)/decrease in trade and other debtors	(790,718)	81,853
Increase in trade and other creditors	<u>939,404</u>	<u>339,280</u>
Cash generated from operations	<u>(284,703)</u>	<u>625,215</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2017

	31/3/17 £	1/4/16 £
Cash and cash equivalents	610	604
Bank overdrafts	(2,378,631)	(2,017,089)
	<u>(2,378,021)</u>	<u>(2,016,485)</u>

Year ended 31 March 2016

	31/3/16 £	1/4/15 £
Cash and cash equivalents	604	315
Bank overdrafts	(2,017,089)	(2,316,236)
	<u>(2,016,485)</u>	<u>(2,315,921)</u>

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

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

1. STATUTORY INFORMATION

Richard Austin Alloys (South West) Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The nature of the company's operations and its principal activities are set out in the Directors Report on page 3.

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.

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 £.

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.

Critical accounting judgments & key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Consideration is given to the point at which the company is entitled to receive the income, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably..

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	-	over 4 years
Plant and machinery	-	over 5 years
Fixtures and fittings	-	over 5 years

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs, and value in use.

Stocks

Stocks are stated at the lower of cost and net realisable value where cost is defined as the cost incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

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 balance sheet 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 debtors and cash and bank balances, are initially measured at transaction price including transactions 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.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are in the profit and loss account.

Leases

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 profit and loss account 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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

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 profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Cash and cash equivalents

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

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:

	2017 £	2016 £
Sales of non-ferrous metals	20,942,558	20,067,201
	<u>20,942,558</u>	<u>20,067,201</u>

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
UK and Republic of Ireland	20,942,558	20,067,201
	<u>20,942,558</u>	<u>20,067,201</u>

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

3. TURNOVER - continued

Segmental analysis has not been provided as the directors consider that such disclosure would be prejudicial to the business.

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,132,235	1,010,029
Social security costs	113,529	94,745
Other pension costs	86,590	75,953
	<u>1,332,354</u>	<u>1,180,727</u>

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

	2017	2016
Sales and administration	12	11
Warehouse and drivers	21	20
	<u>33</u>	<u>31</u>

	2017 £	2016 £
Directors' remuneration	214,080	167,010
Directors' pension contributions to money purchase schemes	16,182	12,233
	<u>230,262</u>	<u>179,243</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director for the year ended 31 March 2017 is as follows:

	2017 £
Emoluments etc	126,835
Pension contributions to money purchase schemes	9,787
	<u>136,622</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Bank overdraft interest	46,288	60,311
Hire purchase interest	3,027	3,830
	<u>49,315</u>	<u>64,141</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

6. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	21,332	12,862
Depreciation - assets on hire purchase contracts	15,796	36,601
Profit on disposal of fixed assets	(1,500)	-
Auditors' remuneration	4,250	4,150
Auditors' remuneration for non audit work	2,425	2,751
	<u>21,332</u>	<u>12,862</u>

7. TAXATION

Analysis of the tax charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	58,651	20,530
Adjustment in respect of prior years	(20)	-
Total current tax	<u>58,631</u>	<u>20,530</u>
Deferred tax	979	1,234
Tax on profit	<u>59,610</u>	<u>21,764</u>

UK corporation tax has been charged at 20% (2016 - 20%).

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:

	2017	2016
	£	£
Profit before tax	<u>294,986</u>	<u>96,131</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	58,997	19,226
Effects of:		
Disallowed expenses and non taxable income	684	877
Deferred tax rate changes	(51)	1,661
Movement in unprovided deferred tax	(20)	-
Total tax charge	<u>59,610</u>	<u>21,764</u>

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 15 July 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

8. DIVIDENDS

	2017 £	2016 £
Final	-	150,000

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2016	504,208	28,240	346,304	878,752
Additions	-	-	19,884	19,884
Disposals	-	-	(18,084)	(18,084)
At 31 March 2017	504,208	28,240	348,104	880,552
DEPRECIATION				
At 1 April 2016	503,649	28,240	280,342	812,231
Charge for year	559	-	36,569	37,128
Eliminated on disposal	-	-	(18,085)	(18,085)
At 31 March 2017	504,208	28,240	298,826	831,274
NET BOOK VALUE				
At 31 March 2017	-	-	49,278	49,278
At 31 March 2016	559	-	65,962	66,521

The net book value of tangible fixed assets includes £44,875 (2016 - £52,505) in respect of assets held under hire purchase contracts.

10. STOCKS

	2017 £	2016 £
Non ferrous metals	4,205,954	3,392,644

The difference between the purchase price of stocks and their replacement cost is not material.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	4,653,149	4,281,033
Other debtors	104,723	64,632
Amounts due by group companies	1,285,528	907,017
Deferred tax asset	30,567	31,546
	6,073,967	5,284,228

**RICHARD AUSTIN ALLOYS (SOUTH WEST)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 14)	2,378,631	2,017,089
Hire purchase contracts (see note 15)	15,107	23,452
Trade creditors	4,609,834	4,284,741
Amounts due to group companies	1,456,195	1,028,619
Corporation tax	55,263	(2,830)
Social security and other taxes	517,743	335,958
Accrued expenses	52,884	47,934
	<u>9,085,657</u>	<u>7,734,963</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Hire purchase contracts (see note 15)	<u>26,964</u>	<u>27,222</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,378,631</u>	<u>2,017,089</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017	2016
	£	£
Gross obligations repayable:		
Within one year	16,455	25,667
Between one and five years	29,363	29,684
	<u>45,818</u>	<u>55,351</u>
Finance charges repayable:		
Within one year	1,348	2,215
Between one and five years	2,399	2,462
	<u>3,747</u>	<u>4,677</u>
Net obligations repayable:		
Within one year	15,107	23,452
Between one and five years	26,964	27,222
	<u>42,071</u>	<u>50,674</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

15. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2017	2016
	£	£
In more than five years	90,000	90,000
	<u>90,000</u>	<u>90,000</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	2,378,631	2,017,089
Hire purchase contracts	42,071	50,674
	<u>2,420,702</u>	<u>2,067,763</u>

The bank overdraft is secured by a bond and floating charge in favour of the Royal Bank of Scotland Group together with standard securities over the groups properties and unlimited intercompany guarantees.

The hire purchase creditors are secured over the assets to which they relate.

17. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2017	2016
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	10,280,531	8,677,476
	<u>10,280,531</u>	<u>8,677,476</u>
Financial liabilities		
Financial liabilities measured at amortised cost	9,112,621	7,762,185
	<u>9,112,621</u>	<u>7,762,185</u>

18. DEFERRED TAX

	£
Balance at 1 April 2016	(31,546)
Origination and reversal of timing differences	2,639
Effect of changes in tax rates	(1,660)
	<u>(30,567)</u>
Balance at 31 March 2017	<u>(30,567)</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

18. DEFERRED TAX - continued

Deferred taxation provided for at 19% (2016:19%) in the financial statements is set out below:

	2017 £	2016 £
Accelerated capital allowances	(28,376)	(29,843)
Other timing differences	(2,191)	(1,703)
	<u>(30,567)</u>	<u>(31,546)</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

20. RESERVES

	Retained earnings £
At 1 April 2016	881,812
Profit for the year	235,376
At 31 March 2017	<u>1,117,188</u>

Profit and loss account

Includes all current and prior year retained profits and losses less dividends.

21. PENSION COMMITMENTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £86,590 (2016 - £75,953) for directors and employees.

Contributions were payable to the fund at 31st March 2017 amounting to £18,181 (2016 - £13,290).

22. ULTIMATE PARENT COMPANY

Richard Austin Alloys Limited, a company registered in Scotland, is the company's immediate and ultimate parent company.

23. CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers. At 31st March 2017, the group companies' combined bank borrowings amounted to £7,696,621 (2016 - £2,947,502).

Cross guarantees exist between all group companies in favour of three group suppliers. At 31st March 2017, the group companies' combined liabilities to these suppliers amounted to £15,085,441 (2016 - £11,075,231).

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

24. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption given in Financial Reporting Standard No. 8 not to disclose transactions between itself and other group companies on the basis that this company's financial statements are included in the consolidated group financial statements which are publicly available.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £214,080 (2016 - £167,010).