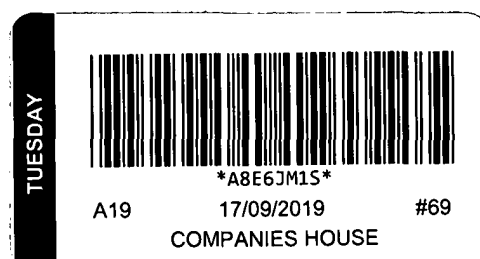


Registered number
03106954

Hambleton Steel Limited
Consolidated Report and Financial Statements
31 December 2018



Hambleton Steel Limited
Report and accounts
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Hambleton Steel Limited Company Information

Directors

J W Grice
P Grice
C R Watson
M H Jobbings

Secretary

P Grice

Auditors

Counting North
Salvus House
Aykley Heads
Durham City
Durham
DH1 5TS

Bankers

HSBC Bank plc
189 High Street
Northallerton
North Yorkshire
DL7 8LQ

Registered office

Gatherley Road
Brompton on Swale
Richmond
North Yorkshire
DL10 5SF

Registered number

03106954

Hambleton Steel Limited**Registered number:** 03106954**Directors' Report**

The directors present their report and financial statements for the year ended 31 December 2018.

Principal activities

The group's principal activity during the year continued to be that of fabrication and erection of steel framed buildings.

Future developments

The group continues to work on improving profitability and efficiency within the company and the group.

Financial instrument risk

The details of the financial instrument risks are provided in the Strategic Report.

Directors

The following persons served as directors during the year:

J W Grice
P Grice
C R Watson
M H Jobbings

Auditors

The auditors, Counting North, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Hambleton Steel Limited

Registered number: 03106954

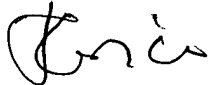
Directors' Report

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 auditor is aware of that information.

This report was approved by the board on 3 September 2019 and signed on its behalf.



J W Grice
Director

Hambleton Steel Limited

Strategic Report

The directors present their report and financial statements for the year ended 31 December 2018.

Review of the business

The principal activity of the group continued to be that of fabrication and erection of steel framed buildings.

Over the course of 2018 the group invested significantly in developing the manufacturing facilities at Brompton on Swale. It is anticipated that once these facilities are fully developed and operational they will contribute significantly to the overall profitability of the group.

Turnover increased from £13,075,237 in 2017 to £16,453,521 in 2018 and overall gross profit margins decreased from £2,379,579 in 2017 to £2,232,502 in 2018.

Administrative expenses and overheads have increased from £2,009,732 in 2017 to £2,374,808 in 2018.

Overall pre tax profits for the group decreased from £326,839 to a pre tax loss of £190,848 in 2018.

The net assets of the group at 31 December 2018 were £3,205,158 (2017 - £3,378,987), with net current assets of £1,132,698 (2017 - £1,851,499).

Given the conditions impacting on the general UK economy and specifically the construction sector, particularly following the high profile failure of Carillion and others, the directors are pleased with the overall profitability and are satisfied with the results for the year.

Principal risks and uncertainties

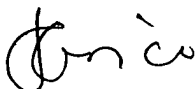
The directors consider that the principal risk to the operations of the group to be exposures arising from working on substantial contracts and the fluctuations in the timing of cash flows relating to these contracts. Care is taken during the negotiation of contract payment terms to alleviate working capital pressures as much as possible and minimise the use of the available overdraft facility.

A further risk is the exposure to fluctuations in steel prices, particularly given many of the contracts are on a fixed price basis. Where possible pre-agreed prices and terms are negotiated with the main steel suppliers for contracted work.

There is a credit risk arising from exposure to customers defaulting on trade debts. The risk is minimised through tight credit control procedures and in only dealing with reputable clients.

The group meets its day to day working capital requirements primarily through an overdraft facility that falls due for renewal every 12 months, and was renewed again in June 2019. The group's forecasts and projections, taking account of reasonable potential changes in trading performance, show that the group should be able to operate within its current facility for the foreseeable future. The directors are not aware of any reason why the overdraft facility should not continue to be available, as required by the group, at the next renewal date.

This report was approved by the board on 3 September 2019 and signed on its behalf.



J W Grice
Director

Hambleton Steel Limited
Independent auditor's report
to the members of Hambleton Steel Limited

Opinion

We have audited the financial statements of Hambleton Steel Limited (the 'parent company') and its subsidiaries ('the group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and 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 FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Hambleton Steel Limited
Independent auditor's report
to the members of Hambleton Steel Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gerald Henderson FCCA ACA
(Senior Statutory Auditor)
for and on behalf of
Counting North
Accountants and Statutory Auditors
3 September 2019

Salvus House
Aykley Heads
Durham City
Durham
DH1 5TS

Hambleton Steel Limited
Consolidated Income Statement
for the year ended 31 December 2018

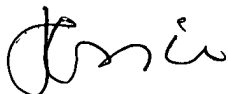
	Notes	2018 £	2017 £
Turnover	3	16,453,521	13,075,237
Cost of sales		(14,221,019)	(10,695,658)
Gross profit		<u>2,232,502</u>	<u>2,379,579</u>
Administrative expenses		(2,374,808)	(2,009,732)
Other operating income		-	5,420
Operating (loss)/profit	4	<u>(142,306)</u>	<u>375,267</u>
Interest receivable		321	-
Interest payable	7	(48,863)	(48,428)
(Loss)/profit on ordinary activities before taxation		<u>(190,848)</u>	<u>326,839</u>
Tax on (loss)/profit on ordinary activities	8	77,019	23,833
(Loss)/profit for the financial year		<u>(113,829)</u>	<u>350,672</u>

Hambleton Steel Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £	2017 £
(Loss)/profit for the financial year		(113,829)	350,672
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(113,829)</u>	<u>350,672</u>

Hambleton Steel Limited
Consolidated Statement of Financial Position
as at 31 December 2018

	Notes	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	2,655,654	2,506,437	2,655,654	2,506,437
Investments	11	-	-	200	200
		<u>2,655,654</u>	<u>2,506,437</u>	<u>2,655,854</u>	<u>2,506,637</u>
Current assets					
Stocks	12	170,879	176,280	170,879	176,280
Debtors	13	5,567,310	5,048,036	5,567,310	5,048,036
Cash at bank and in hand		666	269,006	666	269,006
		<u>5,738,855</u>	<u>5,493,322</u>	<u>5,738,855</u>	<u>5,493,322</u>
Creditors: amounts falling due within one year	14	(4,606,157)	(3,641,823)	(4,606,257)	(3,641,923)
Net current assets		<u>1,132,698</u>	<u>1,851,499</u>	<u>1,132,598</u>	<u>1,851,399</u>
Total assets less current liabilities		<u>3,788,352</u>	<u>4,357,936</u>	<u>3,788,452</u>	<u>4,358,036</u>
Creditors: amounts falling due after more than one year	15	(446,668)	(562,086)	(446,668)	(562,086)
Provisions for liabilities					
Deferred taxation	17	(136,526)	(191,292)	(136,526)	(191,292)
Other provisions	18	-	(225,571)	-	(225,571)
		<u>(136,526)</u>	<u>(416,863)</u>	<u>(136,526)</u>	<u>(416,863)</u>
Net assets		<u>3,205,158</u>	<u>3,378,987</u>	<u>3,205,258</u>	<u>3,379,087</u>
Capital and reserves					
Called up share capital	19	1,000	1,000	1,000	1,000
Share premium	20	37,760	37,760	37,760	37,760
Profit and loss account	21	3,166,398	3,340,227	3,166,498	3,340,327
Total equity		<u>3,205,158</u>	<u>3,378,987</u>	<u>3,205,258</u>	<u>3,379,087</u>



J W Grice
Director

Approved by the board on 3 September 2019

Hambleton Steel Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2018

Group	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 January 2017	1,000	37,760	-	3,212,186	3,250,946
Profit for the financial year	-	-	-	350,672	350,672
Dividends	-	-	-	(222,631)	(222,631)
At 31 December 2017	<u>1,000</u>	<u>37,760</u>	<u>-</u>	<u>3,340,227</u>	<u>3,378,987</u>
At 1 January 2018	1,000	37,760	-	3,340,227	3,378,987
Loss for the financial year	-	-	-	(113,829)	(113,829)
Dividends	-	-	-	(60,000)	(60,000)
At 31 December 2018	<u>1,000</u>	<u>37,760</u>	<u>-</u>	<u>3,166,398</u>	<u>3,205,158</u>

Company	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 January 2017	1,000	37,760	-	3,395,734	3,434,494
Profit for the financial year	-	-	-	167,224	167,224
At 31 December 2017	<u>1,000</u>	<u>37,760</u>	<u>-</u>	<u>3,340,327</u>	<u>3,379,087</u>
At 1 January 2018	1,000	37,760	-	3,340,327	3,379,087
Loss for the financial year	-	-	-	(113,829)	(113,829)
Dividends	-	-	-	(60,000)	(60,000)
At 31 December 2018	<u>1,000</u>	<u>37,760</u>	<u>-</u>	<u>3,166,498</u>	<u>3,205,258</u>

Hambleton Steel Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Operating activities			
(Loss)/profit for the financial year		(113,829)	350,672
Adjustments for:			
Interest receivable		(321)	-
Interest payable		48,863	48,428
Tax on (loss)/profit on ordinary activities		(77,019)	(23,833)
Depreciation		330,790	261,289
Profit on disposal of assets		(8,520)	(1,604)
Decrease/(increase) in stocks		5,401	(119,655)
Increase in debtors		(476,587)	(2,291,097)
Increase in creditors		138,426	1,296,627
		<u>(152,796)</u>	<u>(479,173)</u>
Interest received		321	-
Interest paid		(10,755)	(4,956)
Interest element of finance lease payments		(38,108)	(43,472)
		<u>(201,338)</u>	<u>(527,601)</u>
Cash used in operating activities			
Investing activities			
Payments to acquire tangible fixed assets		(510,611)	(638,921)
Proceeds from sale of tangible fixed assets		39,125	1,099,428
		<u>(471,486)</u>	<u>460,507</u>
Cash (used in)/generated by investing activities			
Financing activities			
Equity dividends paid		(60,000)	(222,631)
Repayment of bank and other loans		-	(302,867)
New finance		160,831	-
Capital element of finance lease payments		(247,910)	(197,244)
		<u>(147,079)</u>	<u>(722,742)</u>
Cash used in financing activities			
Net cash used			
Cash used in operating activities		(201,338)	(527,601)
Cash (used in)/generated by investing activities		(471,486)	460,507
Cash used in financing activities		(147,079)	(722,742)
		<u>(819,903)</u>	<u>(789,836)</u>
Net cash used			
Cash and cash equivalents at 1 January		269,003	1,058,839
Cash and cash equivalents at 31 December		<u>(550,900)</u>	<u>269,003</u>
Cash and cash equivalents comprise:			
Cash at bank		666	269,006
Bank overdrafts	14	<u>(551,566)</u>	<u>(3)</u>
		<u>(550,900)</u>	<u>269,003</u>

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018

1 Summary of significant accounting policies

Statutory information

Hambleton Steel Limited is a private company limited by shares incorporated in England, registration number 03106954. The registered office is Gatherley Road, Brompton on Swale, Richmond, North Yorkshire, DL10 5SF.

Statement of compliance

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention.

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

The principal accounting policies are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Hambleton Steel Limited and of its subsidiaries made up to 31 December 2018. Intra group transactions and profits are eliminated fully on consolidation.

The company has taken advantage of section 408 of the Companies Act 2006 and does not publish a separate profit and loss account. The company's loss for the year was £113,829 against a profit for 2017 of £167,224.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, which is at least, but not limited to, twelve months from the date the financial statements are approved. On this basis they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Amounts recoverable on contracts are included within debtors and represent turnover recognised in excess of payments on account. Payments on account in excess of amounts recognised as turnover are included within creditors.

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018

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 balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. 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.

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 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.

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

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants are recognised based on the performance model. Under the performance model grants are recognised as income where no specified performance-related conditions are imposed on the recipient. Grants that do impose specified future performance-related conditions on a recipient are recognised as income only when the performance-related conditions are met.

Intangible fixed assets

Intangible fixed assets represent goodwill which is measured at cost less accumulative amortisation and any accumulative impairment losses. The economic life of the goodwill is considered to be 10 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses.

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

Leasehold improvements	5 - 10 years straight line
Plant and machinery	8% - 15% reducing balance
Fixtures, fittings, tools and equipment	25% reducing balance
Motor vehicles	25% reducing balance

Investments

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method.

The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of 3 months or less net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds.

Impairment of assets

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

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and reduced to its recoverable amount through an impairment in profit and loss.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leasing and hire purchase commitments

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases and hire purchase contracts are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

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.

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2018

2 Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

i) Carrying value of property, plant and equipment (note 10)

The carrying value of property, plant and equipment as at 31 December 2018 was £2,655,654. Additions in the year totalled £510,611 and the depreciation charge was £330,790. Estimated useful economic lives of property, plant and equipment are based on management's judgements and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted. Due to the significance of capital investment, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset values are reviewed annually and historically changes to remaining estimates of useful lives have not been material.

(ii) Amounts recoverable on long term contracts (Note 13)

The carrying value of amounts recoverable under long term contracts as at 31 December 2018 was £3,233,223. These are calculated by reference to the stage of completion of a contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. The nature of construction contracts is such that disputes can occur over the valuation and recoverability of contract income at a particular point in time, particularly where there have been variations made contracts as they progress. In calculating the amounts recoverable under long term contracts the management have used their judgement and experience in calculating and assessing the valuation and recoverability of contract amounts.

3 Analysis of turnover

	2018 £	2017 £
Revenue from construction contracts	16,360,015	13,013,537
Sales of waste material	93,506	61,700
	<u>16,453,521</u>	<u>13,075,237</u>
By geographical market:		
UK	<u>16,453,521</u>	<u>13,075,237</u>

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
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4 Operating profit	2018	2017
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	186,228	139,758
Depreciation of assets held under finance leases and hire purchase contracts	144,562	121,531
Operating lease rentals - land and buildings	207,575	50,831
Auditors' remuneration for audit services	12,000	12,500
Auditors' remuneration for other services	5,000	5,000
Key management personnel compensation (including directors' emoluments)	352,442	350,277
Construction contract purchases (including provisions for onerous contracts - note 18)	<u>11,698,100</u>	<u>8,771,940</u>
5 Directors' emoluments	2018	2017
	£	£
Emoluments	91,733	122,681
Company contributions to defined contribution pension plans	<u>45,000</u>	<u>20,000</u>
	<u>136,733</u>	<u>142,681</u>
Number of directors to whom retirement benefits accrued:	2018	2017
	Number	Number
Defined contribution plans	<u>3</u>	<u>3</u>
6 Staff costs	2018	2017
	£	£
Wages and salaries	2,747,676	2,213,289
Social security costs	284,703	231,859
Other pension costs	<u>212,872</u>	<u>177,276</u>
	<u>3,245,251</u>	<u>2,622,424</u>
Average number of employees during the year	Number	Number
Administration	9	9
Manufacturing	<u>84</u>	<u>69</u>
	<u>93</u>	<u>78</u>

Hambleton Steel Limited
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7 Interest payable	2018	2017
	£	£
Bank loans and overdrafts	10,755	4,956
Finance charges payable under finance leases and hire purchase contracts	38,108	43,472
	<u>48,863</u>	<u>48,428</u>

8 Taxation	2018	2017
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	22,253
Adjustments in respect of previous periods	(22,253)	(53,176)
	<u>(22,253)</u>	<u>(30,923)</u>
Deferred tax:		
Origination and reversal of timing differences	(54,766)	7,090
	<u>(77,019)</u>	<u>(23,833)</u>
Tax on loss on ordinary activities	<u>(77,019)</u>	<u>(23,833)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2018	2017
	£	£
(Loss)/profit on ordinary activities before tax	<u>(190,848)</u>	<u>326,839</u>
Standard rate of corporation tax in the UK	19.00%	19.25%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	(36,261)	62,917
Effects of:		
Expenses not deductible for tax purposes	1,917	4,851
Capital allowances for period in excess of depreciation	(8,730)	(24,148)
Utilisation of tax losses	-	(21,367)
Losses available for carry forward and group relief	43,074	-
Adjustments to tax charge in respect of previous period arising from research and development tax credits	(22,253)	(53,176)
Deferred tax adjustments	(54,766)	7,090
Tax charge for period	<u>(77,019)</u>	<u>(23,833)</u>

Hambleton Steel Limited
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9 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2018	<u>80,000</u>
At 31 December 2018	<u>80,000</u>
Amortisation	
At 1 January 2018	<u>80,000</u>
At 31 December 2018	<u>80,000</u>
Carrying amount	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>
Company	Goodwill £
Cost	
At 1 January 2018	<u>80,000</u>
At 31 December 2018	<u>80,000</u>
Amortisation	
At 1 January 2018	<u>80,000</u>
At 31 December 2018	<u>80,000</u>
Carrying amount	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

Hambleton Steel Limited
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10 Tangible fixed assets

Group	Freehold land and buildings <i>At cost</i> £	Leasehold land and buildings <i>At cost</i> £	Plant and machinery <i>At cost</i> £	Fixtures, fittings, tools and equipment <i>At cost</i> £
Cost or valuation				
At 1 January 2018	-	1,175,786	2,166,707	231,902
Additions	-	203,087	231,264	26,405
Disposals	-	-	-	-
At 31 December 2018	<u>-</u>	<u>1,378,873</u>	<u>2,397,971</u>	<u>258,307</u>
Depreciation				
At 1 January 2018	-	250,659	675,290	210,684
Charge for the year	-	123,050	179,149	8,055
On disposals	-	-	-	-
At 31 December 2018	<u>-</u>	<u>373,709</u>	<u>854,439</u>	<u>218,739</u>
Carrying amount				
At 31 December 2018	<u>-</u>	<u>1,005,164</u>	<u>1,543,532</u>	<u>39,568</u>
At 31 December 2017	<u>-</u>	<u>925,127</u>	<u>1,491,417</u>	<u>21,218</u>

	Motor vehicles <i>At cost</i> £	Total £
Cost or valuation		
At 1 January 2018	186,230	3,760,625
Additions	49,855	510,611
Disposals	<u>(72,023)</u>	<u>(72,023)</u>
At 31 December 2018	<u>164,062</u>	<u>4,199,213</u>
Depreciation		
At 1 January 2018	117,555	1,254,188
Charge for the year	20,536	330,790
On disposals	<u>(41,419)</u>	<u>(41,419)</u>
At 31 December 2018	<u>96,672</u>	<u>1,543,559</u>
Carrying amount		
At 31 December 2018	<u>67,390</u>	<u>2,655,654</u>
At 31 December 2017	<u>68,675</u>	<u>2,506,437</u>

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
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10 Tangible fixed assets (continued)

Company	Freehold land and buildings <i>At cost</i> £	Leasehold land and buildings <i>At cost</i> £	Plant and machinery <i>At cost</i> £	Fixtures, fittings, tools and equipment <i>At cost</i> £
Cost or valuation				
At 1 January 2018	-	1,175,786	2,166,707	231,902
Additions	-	203,087	231,264	26,405
Disposals	-	-	-	-
At 31 December 2018	-	1,378,873	2,397,971	258,307
Depreciation				
At 1 January 2018	-	250,659	675,290	210,684
Charge for the year	-	123,050	179,149	8,055
On disposals	-	-	-	-
At 31 December 2018	-	373,709	854,439	218,739
Carrying amount				
At 31 December 2018	-	1,005,164	1,543,532	39,568
At 31 December 2017	-	925,127	1,491,417	21,218
	Motor vehicles <i>At cost</i> £			Total £
Cost or valuation				
At 1 January 2018	186,230			3,760,625
Additions	49,855			510,611
Disposals	(72,023)			(72,023)
At 31 December 2018	164,062			4,199,213
Depreciation				
At 1 January 2018	117,555			1,254,188
Charge for the year	20,536			330,790
On disposals	(41,419)			(41,419)
At 31 December 2018	96,672			1,543,559
Carrying amount				
At 31 December 2018	67,390			2,655,654
At 31 December 2017	68,675			2,506,437

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
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10 Tangible fixed assets (continued)

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Carrying value of plant and machinery held under finance leases and hire purchase contracts	<u>1,220,087</u>	<u>1,269,435</u>	<u>1,220,087</u>	<u>1,269,435</u>

11 Investments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Shares in subsidiary undertakings	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>

The company holds 20% or more of the share capital of the following companies:

Company	Shares held		Nature of
	Class	%	Business
Hambleton Steel (South) Limited	Ordinary	100	Dormant
Hambleton Structures Limited	Ordinary	100	Dormant

All subsidiaries have been included in the consolidation.

All subsidiaries have registered offices at Gatherley Road, Brompton on Swale, Richmond, North Yorkshire, DL10 5SF.

12 Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	<u>170,879</u>	<u>176,280</u>	<u>170,879</u>	<u>176,280</u>

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
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13 Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	981,339	614,924	981,339	614,924
Amounts owed by group undertakings and undertakings in which the company has a participating interest	930,351	1,003,240	930,351	1,003,240
Other debtors	235,449	157,181	235,449	157,181
Prepayments and accrued income	186,948	151,704	186,948	151,704
Construction contract debtors	3,233,223	3,120,987	3,233,223	3,120,987
	<u>5,567,310</u>	<u>5,048,036</u>	<u>5,567,310</u>	<u>5,048,036</u>
Amounts due after more than one year included in:				
Trade debtors	<u>552,352</u>	<u>150,377</u>	<u>552,352</u>	<u>150,377</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank overdrafts	551,566	3	551,566	3
Obligations under finance lease and hire purchase contracts	260,462	232,123	260,462	232,123
Trade creditors	2,520,194	2,538,996	2,520,194	2,538,996
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	-	100	100
Corporation tax	42,687	22,253	42,687	22,253
Other taxes and social security costs	221,908	103,005	221,908	103,005
Other creditors	894,205	159,369	894,205	159,369
Accruals and deferred income	115,135	586,074	115,135	586,074
	<u>4,606,157</u>	<u>3,641,823</u>	<u>4,606,257</u>	<u>3,641,923</u>

The bank overdraft is secured by way of a charge over the assets of the company and by way of a cross guarantee between the company, its parent company and its subsidiaries.

15 Creditors: amounts falling due after one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Obligations under finance lease and hire purchase contracts	<u>446,668</u>	<u>562,086</u>	<u>446,668</u>	<u>562,086</u>

Hambleton Steel Limited
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16 Obligations under finance leases and hire purchase contracts

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts payable:				
Within one year	260,462	232,123	260,462	232,123
Within two to five years	446,668	562,086	446,668	562,086
	<u>707,130</u>	<u>794,209</u>	<u>707,130</u>	<u>794,209</u>

Obligations under finance leases and hire purchase contracts includes amounts of £457,523 (2017 - £623,439) in respect of the Voortman steel cutting and handling system installed at the Rotherham facility during the previous year. This finance lease is over a period of 6 years with a fixed rate of interest of 5.58%.

The remaining obligations are secured on the assets to which the individual agreements relate. These leases are all on a fixed repayment basis with an average lease term of 3 years.

17 Deferred taxation

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	203,266	191,292	203,266	191,292
Tax losses carried forward	(66,740)	-	(66,740)	-
	<u>136,526</u>	<u>191,292</u>	<u>136,526</u>	<u>191,292</u>

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
At 1 January	191,292	184,202	191,292	184,202
(Credited)/charged to the profit and loss account	(54,766)	7,090	(54,766)	7,090
At 31 December	<u>136,526</u>	<u>191,292</u>	<u>136,526</u>	<u>191,292</u>

Hambleton Steel Limited
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18 Provisions for liabilities	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Other provisions				
At 1 January 2018	225,571	-	225,571	-
New provisions	-	225,571	-	225,571
Released to the profit and loss account	(225,571)	-	(225,571)	-
At 31 December	<u>-</u>	<u>225,571</u>	<u>-</u>	<u>225,571</u>

Other provisions relate to provisions made for losses on onerous contracts. During the course of 2017 the company commenced work on a construction contract which was completed in 2018. Due to unforeseen circumstances the costs associated with this contract escalated and not all of these costs were recoverable by the company. As a result the company forecasted that the contract would ultimately be loss making. A provision for the anticipated loss was therefore made in accordance with the provisions of FRS 102.

19 Share capital	Nominal value	2018 Number	2018 £	2017 £
Allotted, called up and fully paid: Ordinary shares	£1 each	1,000	<u>1,000</u>	<u>1,000</u>

20 Share premium	2018 £	2017 £
At 1 January	37,760	37,760
At 31 December	<u>37,760</u>	<u>37,760</u>

21 Profit and loss account	Group		Company	
	2018 £	2017 £	2018 £	2017 £
At 1 January	3,340,227	3,212,186	3,340,327	3,395,734
(Loss)/profit for the financial year	(113,829)	350,672	(113,829)	167,224
Dividends	(60,000)	(222,631)	(60,000)	(222,631)
At 31 December	<u>3,166,398</u>	<u>3,340,227</u>	<u>3,166,498</u>	<u>3,340,327</u>

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
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22 Dividends	2018 £	2017 £
Dividends on ordinary shares (note 21)	<u>60,000</u>	<u>222,631</u>
Dividends proposed after the reporting date	<u>-</u>	<u>140,000</u>

23 Defined contribution pension plans

The group operates defined contribution retirement plans for all qualifying employees. The total expense charged to the profit and loss account in the year was £212,872 (2017 - £177,276).

24 Other financial commitments

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

	Land and buildings 2018 £	Land and buildings 2017 £	Other 2018 £	Other 2017 £
Falling due:				
within one year	174,020	174,020	28,833	74,116
within two to five years	547,514	621,797	40,714	69,547
in over five years	<u>398,948</u>	<u>498,685</u>	<u>-</u>	<u>-</u>
	<u>1,120,482</u>	<u>1,294,502</u>	<u>69,547</u>	<u>143,663</u>

25 Contingent liabilities

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Performance bonds	<u>964,725</u>	<u>964,725</u>	<u>964,725</u>	<u>964,725</u>

Performance bonds require the company to make payments to third parties in the event that the company does not perform what is expected of it under the terms of certain construction contracts. These bonds are guaranteed by the company's bankers HSBC Bank plc.

On 17 June 2019 the company was released from £321,575 of the overall potential liability under bonds by the third parties leaving an ongoing potential liability of £643,150.

Cross guarantees exist between the company, its subsidiaries and its parent company in respect of bank borrowings held with with HSBC Bank plc.

Hambleton Steel Limited
Notes to the Consolidated Financial Statements
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26 Loans to directors

Description and conditions	B/fwd £	Paid £	Repaid £	C/fwd £
C R Watson Directors loan	131,845	18,262	-	150,107
	<u>131,845</u>	<u>18,262</u>	<u>-</u>	<u>150,107</u>

27 Related party transactions

Transactions with directors

The company occupies premises owned by J W Grice, a director and shareholder. A commercial rent of £25,000 (2017 - £25,831) was paid on a rolling basis for office premises occupied during the year. As at 31 December 2018 no amounts were outstanding (2017 - £nil).

During the year the company maintained a loan with Castlevale Investments Limited, a company in which J W Grice is a shareholder. Included within creditors at 31 December 2018 is an amount of £50,228 (2017 - £50,228) due to Castlevale Investments Limited.

During the year the company received a loan from Heroncliff Limited, a company in which J W Grice is a shareholder. Included within creditors at 31 December 2018 is an amount of £618,500 due to Heroncliff Limited. As at 31 December 2017 debtors included an amount of £6,500 due from Heroncliff Limited.

The company maintained a loan from J W Grice, a director and shareholder. Included within other creditors at 31 December 2018 is an amount of £185,468 (2017 - £92,980) due to J W Grice.

Other related parties

In addition to the directors key management personnel includes the heads of the contract, operations and finance management teams. The remuneration in respect of key management personnel is disclosed in note 4.

28 Controlling party

The company is controlled by its parent company, Hambleton Steel Group Limited, a company incorporated in England and Wales (company number 10635312). This is by virtue of its holding 100% of the issued share capital in the company. A copy of the consolidated accounts can be obtained from the registered office.

The company is ultimately controlled by J W Grice by virtue of his majority shareholding in the parent company Hambleton Steel Group Limited.