Company Registration No. 01137143 (England and Wales)

Tomrods Limited

Annual report and financial statements for the year ended 31 December 2018

Tomrods Limited

Contents

Tomrods Limited

Company information

Directors	John Thompson	
	Andrew Shakespeare	
	Neil Latcham	
	Julie Thompson	(Appointed 1 January 2018)
	Melinda Bruce	(Appointed 1 January 2018)
	Mr Jacek Przybyl	(Appointed 1 October 2018)
Company number	01137143	
Registered office	Hambleton Steel Works York Road Thirsk North Yorkshire YO7 3BT	
Independent auditor	Saffery Champness LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX	
Bankers	HSBC Bank plc Yorkshire and North East Corporate Banking Centre 4th Floor, City Point 29 King Street Leeds LS1 2HL	

Strategic report
For the year ended 31 December 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

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

This business review has been prepared solely to provide information to shareholders as a body to assess the company's strategies and the potential for those strategies to succeed. The review should not be relied on by any other party or for any other purpose.

We consider that our key performance indicators are those demonstrating our financial performance and strength of the company as a whole, being turnover, gross margin and net assets.

	2018	2017	2016
	£000s	£000s	£000s
Turnover	19,541	17,868	15,079
Gross profit margin (see below)	20.0%	21.9%	26.6%
Net assets	4,385	4,213	3,718

The above Gross Profit Margin percentages are calculated after charging processing costs but before transport costs.

The Turnover generated in 2018 was ahead of budget due to continuing steel price increases during the year. Margins reduced returning closer to historic levels. Steel demand in the UK reduced during 2018 and this resulted in selling prices and margins coming under pressure.

The business trading performance continues to be enhanced by the ongoing investment in processing capacity at the Thirsk site. Additional processing equipment was commissioned in 2018 supporting the business as it continues to focus on further improving customer service to both new and existing customers.

Tomrods continues to invest in improving the work environment and maintaining the assets of the business. During 2018 all the warehouse roofs were replaced at a cost of £447k, this expenditure has been shown as an exceptional item within administrative expenses due to its size and nature.

Net Assets increased to £4,385,332 after awarding dividends totalling £160,000.

HSBC continued to provide finance facilities throughout 2018 and ongoing facilities have been extended for 2019.

Principal risks and uncertainties

The business' principal customers are across a wide range of industries so the business is not significantly exposed to risks in one business sector.

The principal risk the business faces is the volatility in steel prices, the Directors continue to manage this risk by monitoring the market and ensuring stocks and forward purchases are kept at the right levels to reflect the market situation.

The company also closely tracks the UK relationship with the EU. The business increased stock levels to mitigate any adverse impact on steel supplies during the ongoing Brexit process with the prime objective of maintaining customer service levels.

The company continues to insure its debts through QBE.

There is minimal foreign exchange risk as the company forward buys or sells currency at the point each contract is finalised.

On behalf of the board

J. D. Thompson

....

John Thompson
Director
11.6.19.

Directors' report
For the year ended 31 December 2018

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

Principal activities
Tomrods Limited is a general steel stockholder based in North Yorkshire supplying steel to a wide variety of industrial sectors in the North of England.

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

John Thompson	
Andrew Shakespeare	
Neil Latcham	
Julie Thompson	(Appointed 1 January 2018)
Melinda Bruce	(Appointed 1 January 2018)
Mr Jacek Przybyl	(Appointed 1 October 2018)

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £160,000. The directors do not recommend payment of a final dividend.

Future developments
The directors' stategy for the company is to continue development in its current markets and to identify any new opportunities that arise.

Auditor
Saffery Champness LLP have expressed their willingness to continue in office.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J. D. Thompson
....
John Thompson
Director
Date: 11.6.19.

Directors' responsibilities statement
For the year ended 31 December 2018

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

Independent auditor's report
To the member of Tomrods Limited

Opinion

We have audited the financial statements of Tomrods Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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: http://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 company's member 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Martin Holden (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Saffery Champness LLP

Chartered Accountants
Statutory Auditors

17/06/19.

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Tomrods Limited

Statement of comprehensive income
For the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	3	19,540,525	17,868,107
Cost of sales		(16,347,704)	(14,561,971)
Gross profit		3,192,821	3,306,136
Administrative expenses		(2,240,919)	(2,226,073)
Other operating income		28,682	179,302
Exceptional administrative expense	4	(447,332)	-
Operating profit	5	533,252	1,259,365
Interest payable and similar expenses	8	(112,743)	(52,263)
Profit before taxation		420,509	1,207,102
Tax on profit	9	(88,380)	(249,833)
Profit for the financial year		332,129	957,269

The Income Statement has been prepared on the basis that all operations are continuing operations.

Tomrods Limited

Statement of financial position
As at 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	11		3,110,569		2,793,970
Current assets					
Stocks	13	5,081,827		3,761,135	
Debtors	14	3,947,886		4,247,570	
Cash at bank and in hand		242,241		466,394	
		9,271,954		8,475,099	
Creditors: amounts falling due within one year	15	(6,682,427)		(5,905,082)	
Net current assets			2,589,527		2,570,017
Total assets less current liabilities			5,700,096		5,363,987
Creditors: amounts falling due after more than one year	16		(1,196,849)		(1,045,862)
Provisions for liabilities	19		(117,915)		(104,922)
Net assets			4,385,332		4,213,203
Capital and reserves					
Called up share capital	22		115,535		115,535
Revaluation reserve	23		152,023		152,823
Capital redemption reserve			18,204		18,204
Profit and loss reserves	24		4,099,570		3,926,641
Total equity			4,385,332		4,213,203

The financial statements were approved by the board of directors and authorised for issue on 11.6.19 and are signed on its behalf by:

J. D. Thompson
....
John Thompson
Director

Company Registration No. 01137143

Tomrods Limited

Statement of changes in equity
For the year ended 31 December 2018

	Notes	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 January 2017		115,535	153,623	18,204	3,433,572	3,720,934
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	-	-	957,269	957;269
Dividends	10	-	-	-	(465,000)	(465,000)
Transfers		-	(800)	-	800	-
Balance at 31 December 2017		115,535	152,823	18,204	3,926,641	4,213,203
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	332,129	332,129
Dividends	10	-	-	-	(160,000)	(160,000)
Transfers		-	(800)	-	800	-
Balance at 31 December 2018		115,535	152,023	18,204	4,099,570	4,385,332

Tomrods Limited

Statement of cash flows
For the year ended 31 December 2018

	Notes	£	2018 £	£	2017 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(1,380,102)		1,702,837
Interest paid			(112,743)		(52,263)
Income taxes paid			(264,472)		(295,836)
Net cash (outflow)/inflow from operating activities			(1,757,317)		1,354,738
Investing activities					
Purchase of tangible fixed assets		(104,831)		(52,369)	
Proceeds on disposal of tangible fixed assets		28,370		105,501	
Proceeds from other investments and loans		-		2,648	
Net cash (used in)/generated from investing activities			(76,461)		55,780
Financing activities					
Repayment of bank loans		(125,859)		(126,416)	
Payment of finance leases obligations		(197,075)		(176,600)	
Dividends paid		(160,000)		(465,000)	
Net cash used in financing activities			(482,934)		(768,016)
Net (decrease)/increase in cash and cash equivalents			(2,316,712)		642,502
Cash and cash equivalents at beginning of year			466,394		(176,108)
Cash and cash equivalents at end of year			(1,850,318)		466,394
Relating to:					
Cash at bank and in hand			242,241		466,394
Bank overdrafts included in creditors payable within one year			(2,092,559)		-

1 Accounting policies

Company information

Tomrods Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hambleton Steel Works, York Road, Thirsk, North Yorkshire, YO7 3BT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line on buildings
Plant and machinery	15% - 20% straight line
Fixtures, fittings & equipment	25% - 33% straight line
Motor vehicles	15% - 25% straight line

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.

1.5 Impairment of fixed assets

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors, 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies (continued)

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, 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.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

Derecognition of financial liabilities

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

1 Accounting policies (continued)

1.9 Equity instruments

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

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

4 Exceptional costs

	2018	2017
	£	£
Exceptional administrative expense	447,332	-

During the year the company replaced the roof on its freehold property at a cost of £447,332. Due to the amount, this is considered to be exceptional in the context of the 2018 results.

5 Operating profit

	2018	2017
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	5,573	(6,441)
Government grants	(9,000)	(9,000)
Fees payable to the company's auditor for the audit of the company's financial statements	11,075	11,920
Depreciation of owned tangible fixed assets	130,414	118,003
Depreciation of tangible fixed assets held under finance leases	155,822	151,558
Profit on disposal of tangible fixed assets	(2,750)	(10,201)
Cost of stocks recognised as an expense	15,224,783	13,456,574

6 Employees

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

	2018	2017
	Number	Number
Distribution staff	35	33
Administrative staff	22	22
	57	55

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provisions against debtors and stock
Provisions are made for bad and doubtful debts and obsolete stock. These provisions require management's best estimate of the recoverability of trade debtors and the expected future use of stock.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	19,540,525	17,868,107

	2018	2017
	£	£
Other significant revenue		
Grants received	9,000	9,000

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	19,330,997	17,451,655
Europe	209,528	416,452
	19,540,525	17,868,107

6 Employees (continued)

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	1,831,303	1,966,270
Social security costs	168,069	152,422
Pension costs	18,922	10,895
	2,018,294	2,129,587

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	246,156	317,850

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018	2017
	£	£
Remuneration for qualifying services	106,163	165,973

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	59,557	37,125
Interest on finance leases and hire purchase contracts	12,497	15,138
Interest payable to group undertakings	40,689	-
	112,743	52,263

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	75,032	264,117
Adjustments in respect of prior periods	355	342
Total current tax	75,387	264,459
Deferred tax		
Origination and reversal of timing differences	12,993	(14,626)
Total tax charge	88,380	249,833

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	420,509	1,207,102
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	79,897	229,349
Tax effect of expenses that are not deductible in determining taxable profit	9,766	15,037
Adjustments in respect of prior years	355	341
Effect of change in corporation tax rate	-	3,385
Change in deferred tax rate	-	1,721
Other adjustments	(1,638)	-
Taxation charge for the year	88,380	249,833

10 Dividends

	2018	2017
	£	£
Interim paid	160,000	465,000

11 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2018	2,312,500	1,607,439	208,718	580,683	4,709,340
Additions	17,107	566,869	31,489	12,990	628,455
Disposals	-	-	-	(115,595)	(115,595)
At 31 December 2018	2,329,607	2,174,308	240,207	478,078	5,222,200
Depreciation and impairment					
At 1 January 2018	83,200	1,231,006	166,747	434,417	1,915,370
Depreciation charged in the year	21,142	156,520	33,813	74,761	286,236
Eliminated in respect of disposals	-	-	-	(89,975)	(89,975)
At 31 December 2018	104,342	1,387,526	200,560	419,203	2,111,631
Carrying amount					
At 31 December 2018	2,225,265	786,782	39,647	58,875	3,110,569
At 31 December 2017	2,229,300	376,433	41,971	146,266	2,793,970

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018	2017
	£	£
Plant and machinery	682,361	247,421
Motor vehicles	44,758	137,516
	727,119	384,937
Depreciation charge for the year in respect of leased assets	155,822	151,558

Land and buildings with gross carrying amount £2,312,500 were revalued at 1 January 2014 on transition to FRS 102 by Carter Jonas, independent valuers not connected with the company on the basis of market value.

11 Tangible fixed assets (continued)

If revalued assets were stated on an historical cost basis rather than a revalued amount as deemed cost, the total amounts included would have been as follows:

	2018	2017
	£	£
Cost	2,229,091	2,229,091
Accumulated depreciation	(170,000)	(150,000)
Carrying value	2,059,091	2,079,091

12 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,788,025	4,082,812
Carrying amount of financial liabilities		
Measured at amortised cost	7,368,804	6,260,363

13 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	5,081,827	3,761,135

14 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	3,754,855	3,941,254
Other debtors	33,170	141,558
Prepayments and accrued income	159,861	164,758
	3,947,886	4,247,570

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	17	2,222,054	127,785
Obligations under finance leases	18	176,535	137,542
Trade creditors		2,042,626	3,425,713
Amounts owed to group undertakings		1,266,981	1,337,568
Corporation tax		75,032	264,117
Other taxation and social security		411,440	393,464
Government grants		9,000	9,000
Other creditors		259,918	3,843
Accruals and deferred income		218,841	206,050
		6,682,427	5,905,082

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	17	798,459	926,028
Obligations under finance leases	18	383,390	95,834
Government grants		15,000	24,000
		1,196,849	1,045,862

Amounts included above which fall due after five years are as follows:

	2018	2017
Payable by instalments	233,749	374,818

17 Loans and overdrafts

	2018	2017
	£	£
Bank loans	927,954	1,053,813
Bank overdrafts	2,092,559	-
	3,020,513	1,053,813
Payable within one year	2,222,054	127,785
Payable after one year	798,459	926,028

Bank borrowings are secured by a debenture dated 16 April 2010 including a fixed and floating charge over all assets of the company. In addition, the bank hold a first legal charge dated 24 June 2010 over the company's freehold property.

Interest on these borrowings is charged at 2.5% per annum over the Bank's sterling base rate, which at the year end was 0.5%.

18 Finance lease obligations

	2018	2017
Future minimum lease payments due under finance leases:	£	£
Within one year	192,210	144,898
In two to five years	416,090	104,761
	608,300	249,659
Less: future finance charges	(48,375)	(16,283)
	559,925	233,376

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

		2018	2017
	Notes	£	£
Deferred tax liabilities	20	117,915	104,922

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018	Liabilities 2017
Balances:	**£**	**£**
Accelerated capital allowances	118,177	105,086
Short term differences	(262)	(164)
	117,915	104,922

	2018
Movements in the year:	**£**
Liability at 1 January 2018	104,922
Charge to profit or loss	12,993
Liability at 31 December 2018	117,915

During the year beginning 1 January 2019 the net reversal of deferred tax liabilities is expected to increase the corporation tax charge for the year due to the reversal of accelerated capital allowances.

21 Retirement benefit schemes

	2018	2017
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	18,922	10,895

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2018	2017
	£	**£**
Ordinary share capital		
Issued and fully paid		
115,535 Ordinary shares of £1 each	115,535	115,535

22 Share capital (continued)

The company has one class of ordinary shares which carry no right to fixed income.

23 Revaluation reserve

	2018	2017
	£	£
At the beginning of the year	152,823	153,623
Transfer to retained earnings	(800)	(800)
At the end of the year	152,023	152,823

24 Profit and loss reserves

	2018	2017
	£	£
At the beginning of the year	3,926,641	3,433,572
Profit for the year	332,129	957,269
Dividends declared and paid in the year	(160,000)	(465,000)
Transfer from revaluation reserve	800	800
At the end of the year	4,099,570	3,926,641

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	359,746	317,850

25 Related party transactions (continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2018	2017	2018	2017
	£	£	£	£
Entities under common control	5,168	281,914	724	3,470,947

	Overhead recharges to		Management charges to	
	2018	2017	2018	2017
	£	£	£	£
Entities under common control	-	615,504	-	163,801

During the year the company was also recharged costs of £nil (2017: £9,194) from entities under common control.

The following amounts were outstanding at the reporting end date:

	2018	2017
Amounts due to related parties	£	£
Entities with control, joint control or significant influence over the company	1,236,246	1,337,568
Key management personnel	256,477	-

Amounts owed to key management personnel represent directors' loans, which are unsecured, interest free and repayable on demand.

The following amounts were outstanding at the reporting end date:

	2018	2017
Amounts due from related parties	£	£
Entities under common control	35,127	65,322

26 Controlling party

The ultimate parent company of Tomrods Limited is Thompson Steel Limited, a company registered in England and Wales.

The ultimate controlling party of Tomrods Limited is John Thompson by virtue of his ownership of the entire share capital of Thompson Steel Limited.

27 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	332,129	957,269
Adjustments for:		
Taxation charged	88,380	249,833
Finance costs	112,743	52,263
Gain on disposal of tangible fixed assets	(2,750)	(10,201)
Depreciation and impairment of tangible fixed assets	286,236	269,561
Movements in working capital:		
(Increase) in stocks	(1,320,692)	(997,889)
Decrease/(increase) in debtors	299,684	(1,060,848)
(Decrease)/increase in creditors	(1,166,832)	2,251,849
(Decrease) in deferred income	(9,000)	(9,000)
Cash (absorbed by)/generated from operations	(1,380,102)	1,702,837