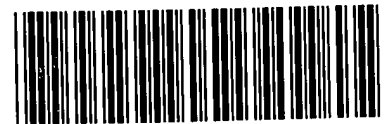


Company Registration No. 03192327 (England and Wales)

THE SEBDEN GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2018

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THE SEBDEN GROUP LIMITED

COMPANY INFORMATION

Directors B J Sanders
 R E Hill
 M P Whitby
 M C Weisselberg - non executive

Company number 03192327

Registered office Craven House
 Craven Road
 Broadheath
 Altrincham
 Cheshire
 WA14 5HE

Auditor RSM UK Audit LLP
 Chartered Accountants
 Bluebell House
 Brian Johnson Way
 Preston
 Lancashire
 PR2 5PE

Business address Craven House
 Craven Road
 Broadheath
 Altrincham
 Cheshire
 WA14 5HE

Bankers HSBC
 4 Hardman Square
 Spinningfields
 Manchester
 M3 3EB

THE SEBDEN GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present the strategic report and financial statements for the year ended 30 April 2018.

Fair review of the business

The directors are satisfied with the results for the year and anticipate the present level of activity will be sustained for the next twelve months.

Position at the end of the period

The balance sheet at the end of the period shows that the group's net assets have increased by £2.7m to £21.1m.

Principal risks and uncertainties

The Directors do not feel there are any strategic risks other than expected trading risks. The risks around financial management are considered in the Directors' Report.

Development and performance

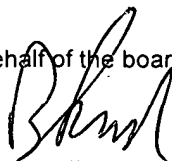
The profit on the ordinary activities of the group before taxation amounted to £5,078,00 (2017: £8,562,000). After tax, the profit of £4,261,000 (2017: £6,866,000) has been transferred to reserves. The Directors continue to be pleased with the performance of the business in a tough economic climate and expect the business to continue to perform well in the future.

Key performance indicators

The group's key performance indicators are financial in nature and during the period were as follows:

	2018	2017
Turnover	£165.2m	£130.2m
Gross profit	£12.80m	£18.42m
Gross profit %	7.75%	14.14%
Profit before tax and amortisation	£5.18m	£8.56m
Stock	£26.95m	£20.8m
Net asset position	£21.13m	£18.59m

On behalf of the board



.....
B J Sanders
Director

Date: 20.12.18

THE SEBDEN GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities

The principal activities of the group continued to be those of steel service centres and processors. The principal activity of the company continued to be that of a parent company.

Directors

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

B J Sanders
R E Hill
M P Whitby
M C Weisselberg - non executive

Results and dividends

The results for the year are set out on page 7.

Details of dividends are set out in note 11 of the accounts.

Financial risk management objectives and policies

The group finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings.

The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the group's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the group's trading activities.

The group uses forward exchange contracts to mitigate its exchange risk.

Where appropriate, funds are invested in short term variable rate accounts and borrowings are all obtained from standard bank loan accounts and as such there is little price risk exposure. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

THE SEBDEN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

On behalf of the board



.....
B J Sanders
Director

Date: 20.12.18

THE SEBDEN GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2018

The directors are responsible for preparing the Strategic Report and Strategic Report, Directors' 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 group and of the profit or loss of the group 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;
- 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SEBDEN GROUP LIMITED

Opinion

We have audited the financial statements of The Sebden Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company 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 group's and the parent company's affairs as at 30 April 2018 and of the group's 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 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 group's or the parent 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 annual report, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SEBDEN GROUP LIMITED (CONTINUED)

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 and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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: <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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Musgrave (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

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THE SEBDEN GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £000	2017 £000
Turnover	3	165,153	130,244
Cost of sales		(152,353)	(111,829)
Gross profit		<u>12,800</u>	<u>18,415</u>
Administrative expenses		(8,450)	(9,574)
Operating profit	4	<u>4,350</u>	<u>8,841</u>
Interest payable and similar expenses	8	(332)	(279)
Profit before taxation		<u>4,018</u>	<u>8,562</u>
Tax on profit	9	(817)	(1,696)
Profit for the financial year		<u><u>3,201</u></u>	<u><u>6,866</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

THE SEBDEN GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	Notes	2018		2017	
		£000	£000	£000	£000
Fixed assets					
Goodwill	12		1,302		1,405
Tangible assets	13		18,710		18,221
Investments	14		150		150
			<u>20,162</u>		<u>19,776</u>
Current assets					
Stocks	16	26,951		20,847	
Debtors	17	41,217		40,725	
Investments	18	100		100	
Cash at bank and in hand		632		268	
		<u>68,900</u>		<u>61,940</u>	
Creditors: amounts falling due within one year	19	(65,293)		(59,532)	
Net current assets			<u>3,607</u>		<u>2,408</u>
Total assets less current liabilities			<u>23,769</u>		<u>22,184</u>
Creditors: amounts falling due after more than one year	20		(1,767)		(2,844)
Provisions for liabilities	24		(752)		(755)
Net assets			<u><u>21,250</u></u>		<u><u>18,585</u></u>
Capital and reserves					
Called up share capital	25		145		145
Share premium account	26		2,386		2,386
Capital redemption reserve	26		21		21
Profit and loss reserves	26		18,698		16,033
Total equity			<u><u>21,250</u></u>		<u><u>18,585</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20.12.18 and are signed on its behalf by:

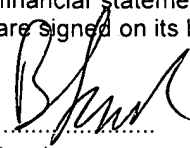

B J Sanders
Director

THE SEBDEN GROUP LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 APRIL 2018**

	Notes	2018 £000	£000	2017 £000	£000
Fixed assets					
Investments	14		6,182		6,182
Current assets					
Debtors	17	3,127		3,128	
Cash at bank and in hand		58		24	
		<u>3,185</u>		<u>3,152</u>	
Creditors: amounts falling due within one year	19	<u>(6,840)</u>		<u>(6,713)</u>	
Net current liabilities			<u>(3,655)</u>		<u>(3,561)</u>
Total assets less current liabilities			<u>2,527</u>		<u>2,621</u>
Capital and reserves					
Called up share capital	25		25		25
Share premium account	26		2,386		2,386
Capital redemption reserve	26		21		21
Profit and loss reserves	26		95		189
Total equity			<u>2,527</u>		<u>2,621</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £442,000 (2017: £1,410,000)

The financial statements were approved by the board of directors and authorised for issue on 20.12.18 and are signed on its behalf by:



 B J Sanders
 Director

THE SEBDEN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2018

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 May 2016		145	2,386	21	10,483	13,035
Year ended 30 April 2017:						
Profit and total comprehensive income for the year		-	-	-	6,866	6,866
Transactions with owners	10	-	-	-	(1,316)	(1,316)
Balance at 30 April 2017		145	2,386	21	16,033	18,585
Year ended 30 April 2018:						
Profit and total comprehensive income for the year		-	-	-	3,201	3,201
Transactions with owners	10	-	-	-	(536)	(536)
Balance at 30 April 2018		145	2,386	21	18,698	21,250

THE SEBDEN GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 May 2016		25	2,386	21	95	2,527
Year ended 30 April 2017:						
Profit and total comprehensive income for the year		-	-	-	1,410	1,410
Transactions with owners	10	-	-	-	(1,316)	(1,316)
Balance at 30 April 2017		25	2,386	21	189	2,621
Year ended 30 April 2018:						
Profit and total comprehensive income for the year		-	-	-	442	442
Transactions with owners	10	-	-	-	(536)	(536)
Balance at 30 April 2018		25	2,386	21	95	2,527

THE SEBDEN GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

		2018		2017	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	31		6,401		3,576
Interest paid			(332)		(279)
Income taxes paid			(1,653)		(743)
Net cash inflow from operating activities			<u>4,416</u>		<u>2,554</u>
Investing activities					
Purchase of tangible fixed assets		(1,533)		(1,530)	
Proceeds on disposal of tangible fixed assets		4		106	
Net cash used in investing activities			<u>(1,529)</u>		<u>(1,424)</u>
Financing activities					
Repayment of bank loans		(80)		(57)	
Payment of finance leases obligations		(888)		(767)	
Dividends paid to equity shareholders		(1,555)		(297)	
Net cash used in financing activities			<u>(2,523)</u>		<u>(1,121)</u>
Net increase in cash and cash equivalents			364		9
Cash and cash equivalents at beginning of year			268		259
Cash and cash equivalents at end of year			<u>632</u>		<u>268</u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

Company information

The Sebden Group Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Craven House, Craven Road, Broadheath, Altrincham, Cheshire, WA14 5HE.

The group consists of The Sebden Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the large and medium sized companies and groups (Accounts and Reports Regulations) 2008.

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 £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of The Sebden Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

Going concern

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the group had adequate cash resources to indicate that the group will continue to trade within its existing bank facilities.

Turnover

Turnover represents the invoiced amount of goods sold less returns and allowances, excluding value added tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards have been transferred to the customer, which is on invoice.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life. In the directors' opinions, the useful economic life of the Goodwill is 20 years, as they feel that this represents the period over which the goodwill is expected to give rise to economic benefits.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

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

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

Freehold buildings	2% straight line
Short leasehold land and buildings	Equally over the period of the lease
Plant, vehicles and equipment	10% - 25% reducing balance

Land is not depreciated

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments 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.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

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.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

The directors consider there to be no material judgements or estimation uncertainty used, upon the production of the financial statements.

3 Turnover and other revenue

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

	2018	2017
	£000	£000
Turnover analysed by class of business		
Sale of goods	165,153	130,244

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

3 Turnover and other revenue (Continued)

The directors have not disclosed turnover by geographical location as they consider it to be seriously prejudicial to the interests of the company to disclose such information.

4 Operating profit

	2018	2017
	£000	£000
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	15	-
Depreciation of owned tangible fixed assets	847	827
Depreciation of tangible fixed assets held under finance leases	197	134
Impairment of owned tangible fixed assets	-	152
(Profit)/loss on disposal of tangible fixed assets	(4)	9
Amortisation of intangible assets	103	111
Operating lease charges	603	645
	<u>603</u>	<u>645</u>

5 Employees

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

	Group	
	2018	2017
	Number	Number
Production	152	145
Administrative	94	96
	<u>246</u>	<u>241</u>

Their aggregate remuneration comprised:

	Group	
	2018	2017
	£000	£000
Wages and salaries	7,740	9,263
Social security costs	792	1,001
Pension costs	347	293
	<u>8,879</u>	<u>10,557</u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

6	Directors' remuneration	2018	2017
		£000	£000
	Remuneration for qualifying services	736	1,318
	Company pension contributions to defined contribution schemes	73	25
		<u>809</u>	<u>1,343</u>
		<u><u>809</u></u>	<u><u>1,343</u></u>
7	Auditor's remuneration	2018	2017
		£000	£000
	Fees payable to the company's auditor and its associates:		
	For audit services		
	Audit of the financial statements of the group and company	25	25
		<u>25</u>	<u>25</u>
	For other services		
	Taxation compliance services	6	6
	All other non-audit services	6	6
		<u>12</u>	<u>12</u>
		<u><u>12</u></u>	<u><u>12</u></u>
8	Interest payable and similar expenses	2018	2017
		£000	£000
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	253	159
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	47	65
	Other interest	32	55
		<u>332</u>	<u>279</u>
	Total finance costs	<u><u>332</u></u>	<u><u>279</u></u>
9	Taxation	2018	2017
		£000	£000
	Current tax		
	UK corporation tax on profits for the current period	843	1,791
	Adjustments in respect of prior periods	(22)	(30)
		<u>821</u>	<u>1,761</u>
	Total current tax	<u><u>821</u></u>	<u><u>1,761</u></u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

9 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(5)	(19)
Changes in tax rates	-	(46)
Adjustment in respect of prior periods	1	-
	<u> </u>	<u> </u>
Total deferred tax	(4)	(65)
	<u> </u>	<u> </u>
Total tax charge for the year	817	1,696
	<u> </u>	<u> </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018	2017
	£000	£000
Profit before taxation	4,018	8,562
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%)	763	1,705
Tax effect of expenses that are not deductible in determining taxable profit	58	32
Adjustments in respect of prior years	(21)	-
Effect of change in corporation tax rate	-	(35)
Other permanent differences	17	-
Under/(over) provided in prior years	-	(30)
Deferred tax adjustments in respect of prior years	-	3
Fixed asset differences	-	21
	<u> </u>	<u> </u>
Taxation charge for the year	817	1,696
	<u> </u>	<u> </u>

The Chancellor stated his intention to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016.

10 Dividends

	2018	2017
	£000	£000
Final paid	-	1,019
Interim paid	536	297
	<u> </u>	<u> </u>
	536	1,316
	<u> </u>	<u> </u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 £000	2017 £000
In respect of:			
Property, plant and equipment	13	-	152
		<u> </u>	<u> </u>
Recognised in:			
Administrative expenses		-	152
		<u> </u>	<u> </u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

12 Intangible fixed assets

Group	Goodwill £000	Negative goodwill £000	Other intangibles £000	Total £000
Cost				
At 1 May 2017 and 30 April 2018	2,866	(404)	25	2,487
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment				
At 1 May 2017	1,461	(404)	25	1,082
Amortisation charged for the year	103	-	-	103
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 2018	1,564	(404)	25	1,185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount				
At 30 April 2018	1,302	-	-	1,302
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 2017	1,405	-	-	1,405
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company had no intangible fixed assets at 30 April 2018 or 30 April 2017.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

13 Tangible fixed assets

Group	Freehold	Short leasehold	Plant, vehicles and equipment	Total
	buildings	land and buildings	and buildings	
	£000	£000	£000	£000
Cost				
At 1 May 2017	9,298	488	21,581	31,367
Additions	-	71	1,462	1,533
Disposals	-	(11)	(221)	(232)
At 30 April 2018	<u>9,298</u>	<u>548</u>	<u>22,822</u>	<u>32,668</u>
Depreciation and impairment				
At 1 May 2017	344	285	12,517	13,146
Depreciation charged in the year	49	41	954	1,044
Eliminated in respect of disposals	-	(11)	(221)	(232)
At 30 April 2018	<u>393</u>	<u>315</u>	<u>13,250</u>	<u>13,958</u>
Carrying amount				
At 30 April 2018	<u>8,905</u>	<u>233</u>	<u>9,572</u>	<u>18,710</u>
At 30 April 2017	<u>8,954</u>	<u>203</u>	<u>9,064</u>	<u>18,221</u>

The company had no tangible fixed assets at 30 April 2018 or 30 April 2017.

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

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Plant, vehicles and equipment	<u>1,776</u>	<u>1,973</u>	-	-
Depreciation charge for the year in respect of leased assets	<u>197</u>	<u>134</u>	-	-

More information on the impairment arising in the previous year is given in note 11.

14 Fixed asset investments

	Notes	Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Investments in subsidiaries	15	<u>150</u>	<u>150</u>	<u>6,182</u>	<u>6,182</u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£000

Cost or valuation

At 1 May 2017 and 30 April 2018

6,182

Carrying amount

At 30 April 2018

6,182

At 30 April 2017

6,182

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Albion Sections Limited	2	Manufacturer of cold rolled sections for the construction and engineering industries	Ordinary		100.00
Bytecomm Limited	1	Dormant	Ordinary		100.00
Cobco (236) Limited	1	Property investment	Ordinary		100.00
Cobco (939) Limited	1	Dormant holding company	Ordinary	100.00	
Sebden Steel Limited	1	Dormant holding company	Ordinary	100.00	
Sebden Steel Service Centres Limited	1	Steel service centres and processor	Ordinary		100.00
Structural Systems Limited	2	Design fabrication and installation of steelwork	Ordinary		100.00

1 - Craven House, Craven Road, Broadheath, Altrincham, Cheshire, WA14 5HE

2 - 2 Albion Road, West Bromwich, West Midlands, B70 8BD

16 Stocks

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Raw materials and consumables	695	568	-	-
Work in progress	30	27	-	-
Finished goods and goods for resale	26,226	20,252	-	-
	<u>26,951</u>	<u>20,847</u>	<u>-</u>	<u>-</u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

17 Debtors

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Amounts falling due within one year:				
Trade debtors	40,019	39,266	1	1
Corporation tax recoverable	135	-	-	-
Amounts owed by group undertakings	-	-	2,897	2,989
Other debtors	249	832	221	138
Prepayments and accrued income	814	627	8	-
	<u>41,217</u>	<u>40,725</u>	<u>3,127</u>	<u>3,128</u>

18 Current asset investments

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Unlisted investments	100	100	-	-
	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Bank loans and overdrafts	21	112	-	-	-
Obligations under finance leases	22	885	888	-	-
Trade creditors		36,677	35,725	-	-
Amounts due to group undertakings		8	8	6,641	5,199
Corporation tax payable		481	1,179	9	16
Other taxation and social security		967	827	36	32
Dividends payable		-	1,019	-	1,019
Other creditors		17,908	10,138	-	447
Accruals and deferred income		8,255	9,748	154	-
		<u>65,293</u>	<u>59,532</u>	<u>6,840</u>	<u>6,713</u>

Included in other creditors is £17,617,000 (2017: £9,501,000) which is secured on the book debts of the group.

Obligations under finance lease agreements are secured upon the assets concerned.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

20 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Bank loans and overdrafts	21	966	1,158	-	-
Obligations under finance leases	22	801	1,686	-	-
		<u>1,767</u>	<u>2,844</u>	<u>-</u>	<u>-</u>

21 Borrowings

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Bank loans	1,078	1,158	-	-
	<u>1,078</u>	<u>1,158</u>	<u>-</u>	<u>-</u>
Payable within one year	112	-	-	-
Payable after one year	966	1,158	-	-
	<u>1,078</u>	<u>1,158</u>	<u>-</u>	<u>-</u>

There is a debenture including Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debtors, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 22 August 2014.

Unlimited Multilateral Guarantee dated 15 July 2013 given by The Sebden Group Limited, Sebden Steel Service Centres Limited, Albion Sections Limited, Eterniti Steels Limited, Cobco (236) Limited.

First Legal charge dated 12 September 2014 over Freehold Property known as Unit 7, Langthwaite Road, Langthwaite Grange Industrial Estate.

22 Finance lease obligations

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Future minimum lease payments due under finance leases:				
Less than one year	885	888	-	-
Between one and five years	801	1,686	-	-
	<u>1,686</u>	<u>2,574</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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.

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

23 Financial instruments

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	40,268	40,098	3,119	3,128
Equity instruments measured at cost less impairment	-	-	6,182	6,182
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	63,926	57,796	6,795	6,665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

Group	Liabilities 2018 £000	Liabilities 2017 £000
Accelerated capital allowances	781	755
Tax losses	(29)	-
	<u> </u>	<u> </u>
	752	755
	<u> </u>	<u> </u>

The company has no deferred tax assets or liabilities.

	Group 2018 £000	Company 2018 £000
Movements in the year:		
Liability at 1 May 2017	755	-
Credit to profit or loss	(3)	-
	<u> </u>	<u> </u>
Liability at 30 April 2018	752	-
	<u> </u>	<u> </u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

25 Share capital

	Group and company	
	2018	2017
	£000	£000
Ordinary share capital		
Issued and fully paid		
2,253,327 Ordinary shares of 1p each	23	23
83,000 Ordinary 'B' shares of 1p each	1	1
158,000 Ordinary 'C' shares of 1p each	1	1
	<u>25</u>	<u>25</u>

Ordinary and Ordinary 'C' shares are entitled to one vote per share. There are no voting or dividend rights attached to Ordinary 'B' shares.

26 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

27 Retirement benefit schemes

	2018	2017
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	347	293
	<u>347</u>	<u>293</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Within one year	431	387	-	-
Between one and five years	1,267	1,177	-	-
In over five years	183	255	-	-
	<u>1,881</u>	<u>1,819</u>	<u>-</u>	<u>-</u>

THE SEBDEN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2018 £000	2017 £000
Aggregate compensation	909	1,500

30 Controlling party

The directors consider that the company's ultimate controlling party are the directors of that company.

31 Cash generated from group operations

	2018 £000	2017 £000
Profit for the year after tax	3,201	6,866
Adjustments for:		
Taxation charged	817	1,696
Finance costs	332	279
(Gain)/loss on disposal of tangible fixed assets	(4)	9
Amortisation and impairment of intangible assets	103	111
Depreciation and impairment of tangible fixed assets	1,044	1,113
Movements in working capital:		
(Increase) in stocks	(6,104)	(8,475)
(Increase) in debtors	(357)	(15,778)
Increase in creditors	7,369	17,800
(Decrease) in deferred income	-	(45)
Cash generated from operations	6,401	3,576