

Company Registration No. 06661279 (England and Wales)

**TANDOM METALLURGICAL GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**



# TANDOM METALLURGICAL GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A G Lumsden	
	Mr T Muir	
	Mr D J Ponsonby	(Appointed 20 December 2017)
	Mr P M Dines	(Appointed 20 December 2017)
	Mr L J Mc Nelis	(Appointed 20 December 2017)
	Mr N A Rose	(Appointed 20 December 2017)
	Mr R J Charles	(Appointed 20 December 2017)

**Secretary** Mr A G Lumsden

**Company number** 06661279

**Registered office** Third Avenue  
Radnor Park Industrial Estate  
Congleton  
Cheshire  
CW12 4XE

**Auditor** Bennett Verby Limited  
7 St Petersgate  
Stockport  
Cheshire  
SK1 1EB

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# TANDOM METALLURGICAL GROUP LIMITED

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# TANDOM METALLURGICAL GROUP LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

### **Fair review of the business**

The directors are satisfied with the trading performance of the group during the year. Turnover has increased, mainly due to increased trading together with rising metal prices during the year. The directors expect to maintain these trading levels in the coming year albeit with falling metal prices.

### **Principal risks and uncertainties**

As for many companies of this size, the business environment in which it operates continues to be challenging. The group seeks to mitigate the effects of volatile aluminium prices by buying and forward selling against average prices reported on the London Metal Exchange.

### **Development and performance**

Turnover for the year has increased, mainly as a result of improving market conditions and rising metal prices. This has, in turn, led to a significant increase in profits which has left the group in a very good financial position at the year end, in line with the expectations of the directors.

This has been achieved by both increasing volumes of sales to existing customers and exploration of new markets.

The directors seek to maintain these trading levels in the coming year while also planning for further expansion and exploration of new markets.

### **Key performance indicators**

The directors consider the key performance indicators to be those that communicate the financial performance and strength of the group as a whole, these being turnover, gross margin and return on capital employed

Increase in turnover	2018 11%	2017 39%	2016 (12)%	2015 10%
Gross Margin	2018 9%	2017 9%	2016 10%	2015 9%
Return on capital employed	2018 36%	2017 31%	2016 23%	2015 31%

On behalf of the board

Mr A G Lumsden

Director

22 May 2019

# TANDOM METALLURGICAL GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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

#### Principal activities

The principal activity of the group continued to be that of an aluminium alloy ingot producer and metal trader specialising in non-ferrous, base and precious metals.

#### Directors

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

Mr A G Lumsden	
Mr T Muir	
Mr D J Ponsonby	(Appointed 20 December 2017)
Mr P M Dines	(Appointed 20 December 2017)
Mr L J Mc Nelis	(Appointed 20 December 2017)
Mr N A Rose	(Appointed 20 December 2017)
Mr R J Charles	(Appointed 20 December 2017)

#### Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £400,000. The directors do not recommend payment of a final dividend.

#### Auditor

In accordance with the company's articles, a resolution proposing that Bennett Verby Limited be reappointed as auditor of the group will be put at a General Meeting.

#### Statement of directors' responsibilities

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 group and company, 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 and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# TANDOM METALLURGICAL GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)


*FOR THE YEAR ENDED 31 AUGUST 2018*

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### 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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



J. A. G. Lumsden  
Director

22 May 2019

# TANDOM METALLURGICAL GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TANDOM METALLURGICAL GROUP LIMITED

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#### Opinion

We have audited the financial statements of Tandom Metallurgical Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 31 August 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 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 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.
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# TANDOM METALLURGICAL GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TANDOM METALLURGICAL GROUP LIMITED

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#### **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 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 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, 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.

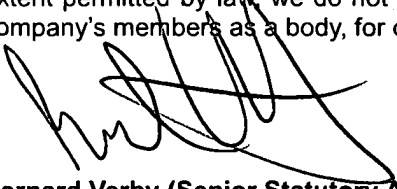
#### **Auditor's responsibilities for the audit of the financial statements**

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.



**Bernard Verby (Senior Statutory Auditor)**  
for and on behalf of Bennett Verby Limited  
Chartered Certified Accountants  
Statutory Auditor  
7 St Petersgate  
Stockport  
Cheshire  
SK1 1EB

22 May 2019

# TANDOM METALLURGICAL GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
<b>Turnover</b>	<b>3</b>	95,610,173	85,934,797
Cost of sales		(87,084,446)	(78,394,040)
<b>Gross profit</b>		<u>8,525,727</u>	<u>7,540,757</u>
Administrative expenses		(5,240,336)	(5,090,203)
Other operating income		18,500	10,000
<b>Operating profit</b>	<b>4</b>	<u>3,303,891</u>	<u>2,460,554</u>
Interest receivable and similar income	<b>8</b>	36	463
Interest payable and similar expenses	<b>9</b>	(322,832)	(207,541)
<b>Profit before taxation</b>		<u>2,981,095</u>	<u>2,253,476</u>
Tax on profit	<b>10</b>	(611,866)	(438,507)
<b>Profit for the financial year</b>	<b>26</b>	<u><u>2,369,229</u></u>	<u><u>1,814,969</u></u>
Profit for the financial year is attributable to:			
- Owners of the parent company		2,118,904	1,679,115
- Non-controlling interests		250,325	135,854
		<u><u>2,369,229</u></u>	<u><u>1,814,969</u></u>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		2,118,904	1,679,115
- Non-controlling interests		250,325	135,854
		<u><u>2,369,229</u></u>	<u><u>1,814,969</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# TANDOM METALLURGICAL GROUP LIMITED

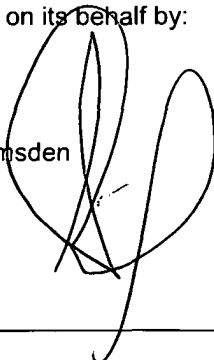
## GROUP BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		1		1
Tangible assets	13		6,497,558		6,223,733
			<u>6,497,559</u>		<u>6,223,734</u>
<b>Current assets</b>					
Stocks	17	7,368,181		6,827,300	
Debtors	18	13,531,110		15,526,919	
Cash at bank and in hand		124,627		326,361	
		<u>21,023,918</u>		<u>22,680,580</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(18,360,760)</u>		<u>(20,950,755)</u>	
<b>Net current assets</b>			2,663,158		1,729,825
<b>Total assets less current liabilities</b>			<u>9,160,717</u>		<u>7,953,559</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(2,262,480)		(3,071,440)
<b>Provisions for liabilities</b>	23		(467,958)		(421,069)
<b>Net assets</b>			<u>6,430,279</u>		<u>4,461,050</u>
<b>Capital and reserves</b>					
Called up share capital	25		200		200
Share premium account	26		299,914		299,914
Capital redemption reserve	26		465,086		465,086
Profit and loss reserves	26		4,922,782		3,203,878
			<u>5,687,982</u>		<u>3,969,078</u>
<b>Equity attributable to owners of the parent company</b>			5,687,982		3,969,078
<b>Non-controlling interests</b>			742,297		491,972
			<u>6,430,279</u>		<u>4,461,050</u>

The financial statements were approved by the board of directors and authorised for issue on 22 May 2019 and are signed on its behalf by:

Mr A G Lumsden  
Director



Mr T Muir  
Director



# TANDOM METALLURGICAL GROUP LIMITED

## COMPANY BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		1		1
Tangible assets	13		5,934,623		5,673,697
Investments	14		275		275
			<u>5,934,899</u>		<u>5,673,973</u>
<b>Current assets</b>					
Stocks	17	5,218,900		5,014,810	
Debtors	18	8,268,947		9,562,212	
Cash at bank and in hand		52,557		174,300	
		<u>13,540,404</u>		<u>14,751,322</u>	
<b>Creditors: amounts falling due within one year</b>	19	(13,350,139)		(14,554,117)	
<b>Net current assets</b>			190,265		197,205
<b>Total assets less current liabilities</b>			<u>6,125,164</u>		<u>5,871,178</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(2,234,067)		(2,989,158)
<b>Provisions for liabilities</b>	23		(429,927)		(388,779)
<b>Net assets</b>			<u>3,461,170</u>		<u>2,493,241</u>
<b>Capital and reserves</b>					
Called up share capital	25		200		200
Share premium account	26		299,914		299,914
Capital redemption reserve	26		465,086		465,086
Profit and loss reserves	26		2,695,970		1,728,041
<b>Total equity</b>			<u>3,461,170</u>		<u>2,493,241</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,367,929 (2017 - £1,271,555 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 May 2019 and are signed on its behalf by:

Mr A G Lumsden  
Director

Mr T Muir  
Director

Company Registration No. 06661279

**TANDOM METALLURGICAL GROUP LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 September 2016</b>		286	299,914	465,000	4,924,763	5,689,963	356,118	6,046,081
<b>Year ended 31 August 2017:</b>								
Profit and total comprehensive income for the year		-	-	-	1,679,115	1,679,115	135,854	1,814,969
Dividends	11	-	-	-	(400,000)	(400,000)	-	(400,000)
Purchase of own shares		(86)	-	-	(2,999,914)	(3,000,000)	-	(3,000,000)
Transfer on cancellation of shares purchased	25	-	-	86	(86)	-	-	-
<b>Balance at 31 August 2017</b>		200	299,914	465,086	3,203,878	3,969,078	491,972	4,461,050
<b>Year ended 31 August 2018:</b>								
Profit and total comprehensive income for the year		-	-	-	2,118,904	2,118,904	250,325	2,369,229
Dividends	11	-	-	-	(400,000)	(400,000)	-	(400,000)
<b>Balance at 31 August 2018</b>		200	299,914	465,086	4,922,782	5,687,982	742,297	6,430,279

# TANDOM METALLURGICAL GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 September 2016</b>		286	299,914	465,000	3,856,486	4,621,686
<b>Year ended 31 August 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	1,271,555	1,271,555
Dividends	11	-	-	-	(400,000)	(400,000)
Purchase of own shares		(86)	-	-	(2,999,914)	(3,000,000)
Transfer on cancellation of shares purchased	25	-	-	86	(86)	-
<b>Balance at 31 August 2017</b>		200	299,914	465,086	1,728,041	2,493,241
<b>Year ended 31 August 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	1,367,929	1,367,929
Dividends	11	-	-	-	(400,000)	(400,000)
<b>Balance at 31 August 2018</b>		200	299,914	465,086	2,695,970	3,461,170

# TANDOM METALLURGICAL GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	3,137,704		1,491,029	
Interest paid		(322,832)		(207,541)	
Income taxes paid		(441,357)		(211,492)	
<b>Net cash inflow from operating activities</b>		<u>2,373,515</u>		<u>1,071,996</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(874,123)		(636,653)	
Proceeds on disposal of tangible fixed assets		9,000		29,297	
Other investments and loans made		(7,218)		(4,581)	
Interest received		36		463	
<b>Net cash used in investing activities</b>		<u>(872,305)</u>		<u>(611,474)</u>	
<b>Financing activities</b>					
Purchase of treasury shares		-		(3,000,000)	
Repayment of borrowings		-		(120,400)	
Proceeds of new bank loans		-		3,450,000	
Repayment of bank loans		(600,000)		(617,999)	
Payment of finance leases obligations		(329,068)		(315,435)	
Dividends paid to equity shareholders		(400,000)		(400,000)	
<b>Net cash used in financing activities</b>		<u>(1,329,068)</u>		<u>(1,003,834)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>172,142</u>		<u>(543,312)</u>	
Cash and cash equivalents at beginning of year		(90,104)		453,208	
<b>Cash and cash equivalents at end of year</b>		<u><u>82,038</u></u>		<u><u>(90,104)</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		124,627		326,361	
Bank overdrafts included in creditors payable within one year		(42,589)		(416,465)	

# TANDOM METALLURGICAL GROUP LIMITED

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	2,511,911		1,806,185	
Interest paid		(231,135)		(178,178)	
Income taxes paid		(326,634)		(145,254)	
<b>Net cash inflow from operating activities</b>		<u>1,954,142</u>		<u>1,482,753</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(802,504)		(336,669)	
Proceeds on disposal of tangible fixed assets		9,000		29,297	
Other investments and loans made		(7,218)		(4,581)	
Interest received		36		463	
<b>Net cash used in investing activities</b>		<u>(800,686)</u>		<u>(311,490)</u>	
<b>Financing activities</b>					
Purchase of treasury shares		-		(3,000,000)	
Repayment of borrowings		-		(120,400)	
Proceeds of new bank loans		-		3,450,000	
Repayment of bank loans		(600,000)		(617,999)	
Payment of finance leases obligations		(275,199)		(287,021)	
Dividends paid to equity shareholders		(400,000)		(400,000)	
<b>Net cash used in financing activities</b>		<u>(1,275,199)</u>		<u>(975,420)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(121,743)</u>		<u>195,843</u>	
Cash and cash equivalents at beginning of year		174,300		(21,543)	
<b>Cash and cash equivalents at end of year</b>		<u><u>52,557</u></u>		<u><u>174,300</u></u>	

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

#### Company information

Tandom Metallurgical Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Tandom Metallurgical Group Limited and all of its subsidiaries.

#### 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. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Tandom Metallurgical Group Limited and all of its subsidiaries (ie 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 31 August 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.

#### 1.3 Going concern

The consolidated financial statements have been prepared on a going concern basis. The accounts of two of the subsidiary companies included in these accounts, Integrali Limited and A L Resources Limited, have not been prepared on a going concern basis, as they both ceased trading 31 August 2010. However all trade from that date has instead taken place through the parent company, Tandom Metallurgical Group Limited, following on from a decision by the directors to cease trading through these two subsidiary companies, so that there has been no effect on the group as a whole.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

---

### 1 Accounting policies

(Continued)

#### 1.4 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.

#### 1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of five years.

#### 1.6 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.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight line
Leasehold improvements	2% Reducing balance
Plant and machinery	15% Reducing balance and 5% straight line
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

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 recognised in the profit and loss account.

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

---

### 1 Accounting policies

(Continued)

#### 1.8 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

#### 1.10 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.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

(Continued)

##### 1.11 Financial instruments

The group 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 group's balance sheet 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **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.

##### **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 group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

---

### 1 Accounting policies

(Continued)

#### **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**

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 that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through 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.

#### **Derecognition of financial liabilities**

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

### 1.12 Equity instruments

Equity instruments issued by the group 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 group.

### 1.13 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 profit and loss account 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 group'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 taxation arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

#### 1.14 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.

#### 1.15 Retirement benefits

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

#### 1.16 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss 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 profit or loss 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.

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.

#### 1.17 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 profit and loss account for the period.

#### 1.18 Factored debtors

Some of the sales invoices are factored. These invoices are included in trade debtors until the related monies are received by the factoring company from the customer. The amount due to the factoring company is included in other creditors and is secured on an all asset debenture.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 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.

### 3 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Sales	95,610,173	85,934,797

	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	36	463

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
UK	56,987,409	45,707,927
Europe	17,993,078	13,569,565
Asia	18,733,369	26,657,305
Rest of the world	1,896,317	-
	95,610,173	85,934,797

### 4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	17,317	91,705
Depreciation of owned tangible fixed assets	439,173	492,360
Depreciation of tangible fixed assets held under finance leases	185,568	141,591
Profit on disposal of tangible fixed assets	(4,855)	(1,570)
Cost of stocks recognised as an expense	79,275,818	71,679,778
Operating lease charges	190,905	206,124

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 4 Operating profit (Continued)

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £17,317 (2017 - £91,705).

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	6,000	4,000
Audit of the financial statements of the company's subsidiaries	5,000	5,000
	11,000	9,000
	11,000	9,000

### 6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Production	88	82	80	76
Administration	28	27	21	21
	116	109	101	97
	116	109	101	97

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	4,211,163	3,702,504	3,599,097	3,251,750
Social security costs	427,691	367,135	373,987	335,014
Pension costs	32,203	22,014	28,609	20,188
	4,671,057	4,091,653	4,001,693	3,606,952
	4,671,057	4,091,653	4,001,693	3,606,952

### 7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	639,099	285,000
	639,099	285,000

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Directors' remuneration		(Continued)	
Remuneration disclosed above includes the following amounts paid to the highest paid director:			
	2018	2017	
	£	£	
Remuneration for qualifying services	161,667	150,000	
	<u>          </u>	<u>          </u>	
8 Interest receivable and similar income		2018	2017
	£	£	
Interest income			
Other interest income	36	463	
	<u>          </u>	<u>          </u>	
9 Interest payable and similar expenses		2018	2017
	£	£	
<b>Interest on financial liabilities measured at amortised cost:</b>			
Interest on bank overdrafts and loans	283,377	170,752	
Interest on finance leases and hire purchase contracts	37,775	36,784	
	<u>          </u>	<u>          </u>	
	321,152	207,536	
<b>Other finance costs:</b>			
Other interest	1,680	5	
	<u>          </u>	<u>          </u>	
Total finance costs	322,832	207,541	
	<u>          </u>	<u>          </u>	
10 Taxation		2018	2017
	£	£	
<b>Current tax</b>			
UK corporation tax on profits for the current period	586,780	442,006	
Adjustments in respect of prior periods	(21,803)	618	
	<u>          </u>	<u>          </u>	
Total current tax	564,977	442,624	
	<u>          </u>	<u>          </u>	
<b>Deferred tax</b>			
Origination and reversal of timing differences	46,889	(4,117)	
	<u>          </u>	<u>          </u>	
Total tax charge	611,866	438,507	
	<u>          </u>	<u>          </u>	

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 10 Taxation

(Continued)

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	2,981,095	2,253,476
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.58%)	566,408	441,231
Tax effect of expenses that are not deductible in determining taxable profit	13,876	10,761
Adjustments in respect of prior years	(21,803)	618
Permanent capital allowances in excess of depreciation	6,496	(9,986)
Deferred tax adjustments in respect of prior years	46,889	(4,117)
Taxation charge	611,866	438,507

#### 11 Dividends

	2018 £	2017 £
Interim paid	400,000	400,000

#### 12 Intangible fixed assets

<b>Group</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 September 2017 and 31 August 2018	10,000
<b>Amortisation and impairment</b>	
At 1 September 2017 and 31 August 2018	9,999
<b>Carrying amount</b>	
At 31 August 2018	1
At 31 August 2017	1
<b>Company</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 September 2017 and 31 August 2018	10,000
<b>Amortisation and impairment</b>	
At 1 September 2017 and 31 August 2018	9,999

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 12 Intangible fixed assets

(Continued)

#### Carrying amount

At 31 August 2018

1

At 31 August 2017

1

### 13 Tangible fixed assets

Group	Land and buildings Freehold	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2017	1,740,764	228,946	6,604,358	214,740	188,991	8,977,799
Additions	527,955	24,898	318,984	35,374	-	907,211
Disposals	-	-	(18,000)	-	-	(18,000)
At 31 August 2018	2,268,719	253,844	6,905,342	250,114	188,991	9,867,010
<b>Depreciation and impairment</b>						
At 1 September 2017	160,502	1,869	2,402,684	89,192	99,819	2,754,066
Depreciation charged in the year	37,563	6,385	538,011	20,490	22,292	624,741
Eliminated in respect of disposals	-	-	(9,355)	-	-	(9,355)
At 31 August 2018	198,065	8,254	2,931,340	109,682	122,111	3,369,452
<b>Carrying amount</b>						
At 31 August 2018	2,070,654	245,590	3,974,002	140,432	66,880	6,497,558
At 31 August 2017	1,580,262	227,077	4,201,674	125,548	89,172	6,223,733

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 13 Tangible fixed assets (Continued)

Company	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2017	1,740,764	6,207,743	149,351	188,991	8,286,849
Additions	527,955	277,206	30,431	-	835,592
Disposals	-	(18,000)	-	-	(18,000)
At 31 August 2018	2,268,719	6,466,949	179,782	188,991	9,104,441
<b>Depreciation and impairment</b>					
At 1 September 2017	160,502	2,280,139	72,692	99,819	2,613,152
Depreciation charged in the year	37,563	493,242	12,924	22,292	566,021
Eliminated in respect of disposals	-	(9,355)	-	-	(9,355)
At 31 August 2018	198,065	2,764,026	85,616	122,111	3,169,818
<b>Carrying amount</b>					
At 31 August 2018	2,070,654	3,702,923	94,166	66,880	5,934,623
At 31 August 2017	1,580,262	3,927,604	76,659	89,172	5,673,697

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and machinery	1,372,897	1,208,605	1,372,897	1,208,605
Motor vehicles	27,765	17,284	27,765	17,284
	1,400,662	1,225,889	1,400,662	1,225,889

### 14 Fixed asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	-	-	275	275

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments

##### Company

#### Cost or valuation

At 1 September 2017 and 31 August 2018

275

#### Carrying amount

At 31 August 2018

275

At 31 August 2017

275

Shares in  
group  
undertakings  
£

### 15 Subsidiaries

Details of the company's subsidiaries at 31 August 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
A L Resources Limited	England & Wales	Dormant	Ordinary	100.00	
Integrali Limited	England & Wales	Dormant	Ordinary	100.00	
Tandom Metallurgical (Midlands) Limited	England & Wales	Metal trader	Ordinary	75.00	

### 16 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	11,935,666	13,274,973	7,260,761	8,036,648
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	19,925,505	23,467,792	15,137,733	17,114,490

### 17 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	7,368,181	6,827,300	5,218,900	5,014,810

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	11,889,492	10,815,920	7,237,525	5,801,719
Other debtors	786,139	4,003,025	400,360	3,138,750
Prepayments and accrued income	855,479	707,974	631,062	621,743
	<u>13,531,110</u>	<u>15,526,919</u>	<u>8,268,947</u>	<u>9,562,212</u>

### 19 Creditors: amounts falling due within one year

	Group 2018	2017	Company 2018	2017
Notes	£	£	£	£
Bank loans and overdrafts	21 642,589	1,016,465	600,000	600,000
Obligations under finance leases	22 231,196	322,716	177,327	268,847
Trade creditors	8,348,682	9,202,227	5,124,057	4,622,764
Amounts owed to group undertakings	-	-	1,325,715	1,687,455
Corporation tax payable	566,257	442,637	332,347	327,914
Other taxation and social security	131,478	111,766	114,126	100,871
Other creditors	6,985,077	8,707,589	4,875,556	6,280,616
Accruals and deferred income	1,455,481	1,147,355	801,011	665,650
	<u>18,360,760</u>	<u>20,950,755</u>	<u>13,350,139</u>	<u>14,554,117</u>

### 20 Creditors: amounts falling due after more than one year

	Group 2018	2017	Company 2018	2017
Notes	£	£	£	£
Bank loans and overdrafts	21 2,100,000	2,700,000	2,100,000	2,700,000
Obligations under finance leases	22 162,480	371,440	134,067	289,158
	<u>2,262,480</u>	<u>3,071,440</u>	<u>2,234,067</u>	<u>2,989,158</u>

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	2,700,000	3,300,000	2,700,000	3,300,000
Bank overdrafts	42,589	416,465	-	-
	<u>2,742,589</u>	<u>3,716,465</u>	<u>2,700,000</u>	<u>3,300,000</u>
Payable within one year	642,589	1,016,465	600,000	600,000
Payable after one year	<u>2,100,000</u>	<u>2,700,000</u>	<u>2,100,000</u>	<u>2,700,000</u>

Included in creditors are the following secured creditors:

- bank overdrafts of £42,589 (2017 £416,465), factoring creditors of £5,406,692 (2017 £6,981,723) and an export facility of £1,399,207 (2017 £1,650,476). These are all secured individually by fixed and floating charges over the undertaking and all property and assets present and future

- net obligations under finance leases of £393,676 (2017 £694,156) which are secured on the related assets acquired under the leases

- bank loans totalling £2,700,000 (2017 £3,300,000) which are secured on property owned by the group and cash held on account

### 22 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	231,196	322,716	177,327	268,847
In two to five years	162,480	371,440	134,067	289,158
	<u>393,676</u>	<u>694,156</u>	<u>311,394</u>	<u>558,005</u>

### 23 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:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	<u>467,958</u>	<u>421,069</u>

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 Deferred taxation	(Continued)	
Company	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	429,927	388,779
	<u>429,927</u>	<u>388,779</u>
	<b>Group 2018 £</b>	<b>Company 2018 £</b>
<b>Movements in the year:</b>		
Liability at 1 September 2017	421,069	388,779
Charge to profit or loss	(46,889)	(41,148)
	<u>467,958</u>	<u>429,927</u>
Liability at 31 August 2018	<u>467,958</u>	<u>429,927</u>

24 Retirement benefit schemes	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	32,203	22,014
	<u>32,203</u>	<u>22,014</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.

25 Share capital	Group and company	
Ordinary share capital Issued and fully paid	2018 £	2017 £
200 Ordinary shares of £1 each	200	200
	<u>200</u>	<u>200</u>

26 Reserves
<b>Capital redemption reserve</b>
The capital redemption reserve arose on the redemption of 465,000 £1 redeemable preference shares at par by the company during the year ended 31 August 2010, and on the purchase and subsequent cancellation of 86 of the company's own shares during the year ended 31 August 2017.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 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:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	182,386	155,236	106,737	96,203
Between two and five years	332,064	294,394	100,368	83,622
In over five years	133,554	185,715	4,387	6,548
	<u>648,004</u>	<u>635,345</u>	<u>211,492</u>	<u>186,373</u>

### 28 Related party transactions

#### Group

At the year A Lumsden, director, was owed £178,136 (2017 £75,366).

Dividends totalling £360,000 (2017 £380,000) were paid in the year in respect of shares held by the company's directors and members of their close families.

The group rents premises from Tandom MG SIPP at a cost for the year of £49,995 (2017 £50,045), and from Tandom Group SSAS at a cost for the year of £50,000 (2017 £49,945).

#### Company

At the year A Lumsden, director, was owed £178,136 (2017 £75,366).

Dividends totalling £360,000 (2017 £380,000) were paid in the year in respect of shares held by the company's directors and members of their close families.

The company rents premises from Tandom MG SIPP at a cost for the year of £49,995 (2017 £50,045).

The financial statements include purchases of £6,372,653 (2017 £4,575,923) and sales of £847,187 (2017 £2,400,115) relating to Tandom Metallurgical (Midlands) Limited, its 75% owned subsidiary company.

Creditors at the year-end include a loan of £1,325,515 (2017 £1,687,255) payable to Tandom Metallurgical (Midlands) Limited.

Advantage has been taken of the exemption available from disclosing transactions between the company and its 100% owned subsidiary companies, A L Resources Limited and Integralli Limited.

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 29 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Mr T Muir - loan	-	4,581	7,218	11,799
		<u>4,581</u>	<u>7,218</u>	<u>11,799</u>

### 30 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	2,369,229	1,814,969
Adjustments for:		
Taxation charged	611,866	438,507
Finance costs	322,832	207,541
Investment income	(36)	(463)
Gain on disposal of tangible fixed assets	(4,855)	(1,570)
Depreciation and impairment of tangible fixed assets	624,741	633,951
Movements in working capital:		
(Increase) in stocks	(540,881)	(1,800,792)
Decrease/(increase) in debtors	2,003,027	(4,373,955)
(Decrease)/increase in creditors	(2,248,219)	4,572,841
<b>Cash generated from operations</b>	<u>3,137,704</u>	<u>1,491,029</u>

# TANDOM METALLURGICAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 31 Cash generated from operations - company

	2018 £	2017 £
Profit for the year after tax	1,367,929	1,271,555
Adjustments for:		
Taxation charged	372,215	303,952
Finance costs	231,135	178,178
Investment income	(36)	(463)
Gain on disposal of tangible fixed assets	(4,855)	(1,570)
Depreciation and impairment of tangible fixed assets	566,021	598,686
Movements in working capital:		
(Increase) in stocks	(204,090)	(1,139,492)
Decrease/(increase) in debtors	1,300,483	(2,335,343)
(Decrease)/increase in creditors	(1,116,891)	2,930,682
<b>Cash generated from operations</b>	<u>2,511,911</u>	<u>1,806,185</u>