

# Valbruna UK Limited

Registered number: 2015096

## Directors' report and financial statements

For the year ended 31 December 2016

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COMPANY INFORMATION

Directors	M A Gresele V Viero P Wood
Company secretary	V Viero
Registered number	2015096
Registered office	Oldbury Road West Bromwich West Midlands B70 9BT
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT
Bankers	HSBC Bank Plc 130 New Street Birmingham West Midlands B2 4JU

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**VALBRUNA UK LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Introduction**

The principal activity of the company continued to be stockholders of stainless steel and nickel alloys.

There have not been any significant changes in the Company's activities in the year under review. The directors are not aware, as at the date of this report, of any likely major changes in the Company's principal activities in the next year.

**Business review**

Market conditions have continued to be slow throughout the year. As a result the company reached £15.7 million in sales which represents a 11% decrease on the previous year. In spite of this gross percentage margins generated were slightly higher than last year.

Collections of trade receivables were generally within trading terms and no significant bad debt was incurred. The level of business and the year end financial position were not completely satisfactory, but the beginning of 2017 shows encouragement.

**Principal risks and uncertainties**

The principal risk identified by the directors continues to be in relation to the growth of revenues and customers in what continues to be a challenging and competitive market. The company always continues to develop and grow relations with existing customers and grow overall customer numbers by delivering a high quality product.

**Financial key performance indicators**

Turnover of £15,715,324 was 11% lower than 2015 (£17,751,046) and profits before tax increased by 194% to £111,751 (2015: loss (£118,853)). The gross margin was 14.3% (2015: 12.6%).

Cash generated in operating activities was £228,062 (2015: £765,643).

**Outlook**

The directors are optimistic that the level of activity will remain satisfactory in the 2017 financial year in spite of some ongoing challenging market conditions.

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



.....  
**M A Gresele**  
Director

Date:

31 MAR. 2017

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £81,345 (2015 - loss £76,602).

**Dividends**

The directors do not recommend the payment of any dividend.

**Directors**

The directors who served during the year were:

M A Gresele  
V Viero  
P Wood

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Financial risk management**

**Credit Risk**

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

**Liquidity Risk**

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

**Future development**

The directors are optimistic that the level of activity will remain satisfactory in the 2017 financial year in spite of some ongoing challenging market conditions.

**Directors indemnity**

The company has Directors' and Officers' Insurance in place and the directors have confirmed that the level of cover taken out is adequate.

**Disclosure of Information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

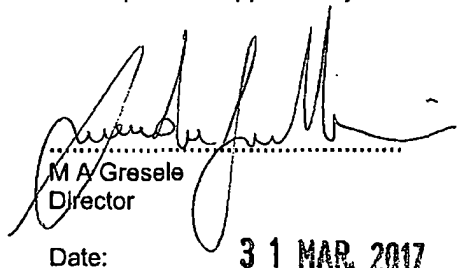
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

  
M A Gresele  
Director  
Date: 31 MAR 2017

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VALBRUNA UK LIMITED**

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We have audited the financial statements of Valbruna UK Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and 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 SHAREHOLDERS OF VALBRUNA UK LIMITED

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

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

Louis Burns

Louis Burns (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street  
Birmingham  
B3 2RT

Date: 13 April 2017



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	15,715,324	17,751,046
Cost of sales		(13,471,333)	(15,508,875)
<b>Gross profit</b>		<b>2,243,991</b>	<b>2,242,171</b>
Distribution costs		(826,442)	(992,097)
Administrative expenses		(1,323,150)	(1,280,843)
Other operating income	4	169,884	90,034
<b>Operating profit</b>	5	<b>264,283</b>	<b>59,265</b>
Interest receivable and similar income	9	4,913	199
Interest payable and expenses	10	(157,445)	(178,317)
<b>Profit/(loss) before tax</b>		<b>111,751</b>	<b>(118,853)</b>
Tax on profit/(loss)	11	(30,406)	42,251
<b>Profit/(loss) for the year</b>		<b>81,345</b>	<b>(76,602)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>81,345</b>	<b>(76,602)</b>

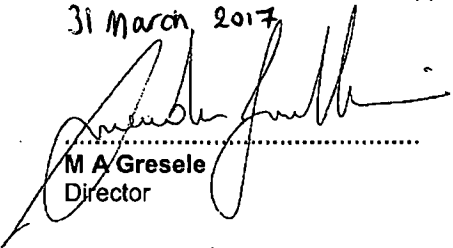
There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	12	1,863,775	2,071,869
Investments	13	500	2,763
Investment property	14	1,850,000	1,850,000
		<u>3,714,275</u>	<u>3,924,632</u>
<b>Current assets</b>			
Stocks	15	12,319,773	14,550,435
Debtors: amounts falling due within one year	16	3,555,542	3,699,232
Cash at bank and in hand	17	92,598	75,631
		<u>15,967,913</u>	<u>18,325,298</u>
Creditors: amounts falling due within one year	18	(11,685,095)	(14,312,244)
<b>Net current assets</b>		<u>4,282,818</u>	<u>4,013,054</u>
<b>Total assets less current liabilities</b>		<u>7,997,093</u>	<u>7,937,686</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(278,270)	(300,208)
		<u>(278,270)</u>	<u>(300,208)</u>
<b>Net assets</b>		<u><u>7,718,823</u></u>	<u><u>7,637,478</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1,500,000	1,500,000
Revaluation reserve	22	959,955	959,955
Profit and loss account	22	5,258,868	5,177,523
		<u><u>7,718,823</u></u>	<u><u>7,637,478</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

31 March 2017

  
M A Gresele  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Called up share capital</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2015</b>	1,500,000	959,955	5,254,125	7,714,080
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(76,602)	(76,602)
<b>At 1 January 2016</b>	1,500,000	959,955	5,177,523	7,637,478
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	81,345	81,345
<b>At 31 December 2016</b>	<u>1,500,000</u>	<u>959,955</u>	<u>5,258,868</u>	<u>7,718,823</u>

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	81,345	(76,602)
<b>Adjustments for:</b>		
Amortisation of intangible assets	2,263	-
Depreciation of tangible assets	267,989	294,443
Loss on disposal of tangible assets	(1,332)	(2,452)
Interest paid	157,445	178,317
Interest received	(4,913)	(199)
Taxation charge	30,406	(42,251)
Decrease in stocks	2,230,662	174,945
Decrease in debtors	165,542	1,798,103
(Increase)/decrease in amounts owed by groups	(12,421)	54,751
Increase/(decrease) in creditors	11,587	(2,013,827)
(Decrease)/increase in amounts owed to groups	(2,699,272)	417,749
Corporation tax (paid)	(1,239)	(17,334)
<b>Net cash generated from operating activities</b>	<b>228,062</b>	<b>765,643</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(64,863)	(110,879)
Sale of tangible fixed assets	6,300	3,781
Interest received	4,913	199
<b>Net cash from investing activities</b>	<b>(53,650)</b>	<b>(106,899)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	-	(500,000)
Interest paid	(157,445)	(178,317)
<b>Net cash used in financing activities</b>	<b>(157,445)</b>	<b>(678,317)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,967</b>	<b>(19,573)</b>
Cash and cash equivalents at beginning of year	75,631	95,204
<b>Cash and cash equivalents at the end of year</b>	<b>92,598</b>	<b>75,631</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	92,598	75,631
	<b>92,598</b>	<b>75,631</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. Accounting policies**

**1.1 General information**

Valbruna UK Limited is limited company incorporated in England and Wales. The address of its registered office and principal place of business are disclosed on the company information page of these financial statements.

**1.2 Statement of compliance**

The financial statements of Valbruna UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**1.3 Basis of preparation of financial statements**

The financial statements have been prepared under the historical costs convention as modified by the revaluation of investment properties and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016****1. Accounting policies (continued)****1.5 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 12.5%
Plant & machinery	- 12.5%
Motor vehicles	- 25%
Fixtures & fittings	- 12.5%
Computer equipment	- 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**1.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.7 Investment property**

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

**1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)****1.11 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)****1.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.13 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in Other Comprehensive Income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**1.14 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.15 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.16 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.17 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**1.18 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**1.19 Provisions**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.20 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regards, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

**Investment property valuations**

The directors have made key assumptions in the determination of the fair value of investment properties in respect of the state of the property market in the locations where the properties are situated and in respect of the range of reasonable fair value estimates of the asset. The valuation method is further described in Note 14 together with the valuation of the property at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**3. Turnover**

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	14,854,597	17,080,200
Rest of Europe	663,974	391,241
Rest of the world	196,753	279,605
	<u>15,715,324</u>	<u>17,751,046</u>

**4. Other operating income**

	2016 £	2015 £
Other operating income	169,884	90,034
	<u>169,884</u>	<u>90,034</u>

**5. Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	267,989	294,443
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	20,500	22,500
Defined contribution pension cost	28,463	22,314
	<u>296,952</u>	<u>339,257</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	20,500	22,500
	<u>20,500</u>	<u>22,500</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Services relating to corporation tax compliance	4,468	4,800
All other non-audit services not included above	4,025	4,787
	<u>8,493</u>	<u>9,587</u>

## 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	866,187	890,372
Social security costs	88,892	92,872
Cost of defined contribution scheme	28,463	22,314
	<u>983,542</u>	<u>1,005,558</u>

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

	2016 No.	2015 No.
Management	1	1
Administration	17	18
Production	13	13
Sales	4	6
	<u>35</u>	<u>38</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	67,018	66,933
Company contributions to defined contribution pension schemes	1,650	1,650
	<u>68,668</u>	<u>68,583</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2016 £	2015 £
Other interest receivable	4,913	199
	<u>4,913</u>	<u>199</u>

**10. Interest payable and similar charges**

	2016 £	2015 £
Interest on bank loans	85,743	93,026
Interest payable on bank overdraft	-	2
Other interest payable on factored debt	71,702	85,289
	<u>157,445</u>	<u>178,317</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**
**11. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	51,105	-
Adjustments in respect of previous periods	1,239	2,458
	<u>52,344</u>	<u>2,458</u>
<b>Total current tax</b>	<u>52,344</u>	<u>2,458</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,239)	(25,510)
Changes to tax rates	(16,619)	(19,199)
Adjustments in respect of prior periods	(1,080)	-
<b>Total deferred tax</b>	<u>(21,938)</u>	<u>(44,709)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>30,406</u>	<u>(42,251)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	<u>111,751</u>	<u>(118,853)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	22,350	(24,068)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,510	5,479
Capital allowances for year in excess of depreciation	21,259	(27,129)
Utilisation of tax losses	-	1,009
Adjustments to tax charge in respect of previous periods - deferred tax	(1,080)	-
Adjustments to tax charge in respect of prior periods	1,239	2,458
Changes to deferred tax rates	(15,872)	-
<b>Total tax charge for the year</b>	<u>30,406</u>	<u>(42,251)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. Tangible fixed assets**

	Freehold property £	Motor Vehicles, Plant & Machinery £	Computer, Fixtures & Fittings £	Total £
<b>Cost</b>				
At 1 January 2016	2,408,585	1,822,563	464,479	4,695,627
Additions	-	49,771	15,092	64,863
Disposals	-	(14,905)	-	(14,905)
At 31 December 2016	2,408,585	1,857,429	479,571	4,745,585
<b>Depreciation</b>				
At 1 January 2016	991,751	1,271,464	360,543	2,623,758
Charge for the period	79,802	152,335	35,852	267,989
Disposals	-	(9,937)	-	(9,937)
At 31 December 2016	1,071,553	1,413,862	396,395	2,881,810
<b>Net book value</b>				
At 31 December 2016	1,337,032	443,567	83,176	1,863,775
At 31 December 2015	1,416,834	551,099	103,936	2,071,869

Included within freehold property is land of £318,991 (2015: £318,991), which is not depreciated.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## 13. Fixed asset investments

	Investments in group companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	1	2,762	2,763
At 31 December 2016	1	2,762	2,763
<b>Impairment</b>			
Impairment in the period	-	2,263	2,263
At 31 December 2016	-	2,263	2,263
<b>Net book value</b>			
At 31 December 2016	1	499	500
At 31 December 2015	1	2,762	2,763

## Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Valbruna Ireland Limited	Ordinary	.01 %	Stockholder of stainless steel and nickel alloy

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**14. Investment property**

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2016	1,850,000
<b>At 31 December 2016</b>	<u>1,850,000</u>
<b>Comprising</b>	
Cost	1,008,772
Annual revaluation surplus/(deficit):	
2009	151,761
2010	40,000
2013	649,467
<b>At 31 December 2016</b>	<u>1,850,000</u>

The 2016 valuations were made by Kutner Associates Chartered Surveyors, on an open market value for existing use basis.

**15. Stocks**

	2016 £	2015 £
Raw materials and consumables	12,319,773	14,550,435
	<u>12,319,773</u>	<u>14,550,435</u>

Stock recognised in cost of sales during the year as an expense was £13,030,537 (2015: 15,172,697).

An impairment loss of £440,796 (2015: £279,629) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**16. Debtors**

	2016 £	2015 £
Trade debtors	3,416,182	3,557,231
Amounts owed by group undertakings	41,791	29,370
Other debtors	17,593	12,939
Prepayments and accrued income	79,976	58,847
Tax recoverable	-	40,845
	<u>3,555,542</u>	<u>3,699,232</u>

**17. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	92,598	75,631
	<u>92,598</u>	<u>75,631</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**18. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank loans	7,000,000	7,000,000
Trade creditors	164,006	165,950
Amounts owed to group undertakings	944,153	3,643,425
Corporation tax	51,105	-
Other taxation and social security	370,701	249,990
Other creditors	3,067,756	3,159,720
Accruals	87,374	93,159
	<u>11,685,095</u>	<u>14,312,244</u>

**Secured loans**

The company has an invoice discounting agreement with HSBC Invoice Finance (UK) Limited pursuant to which the company has assigned to HSBC Invoice Finance (UK) Limited all book debts belonging to the company. The invoice discounting facility is secured by way of a fixed charge on non-vesting debts and a floating charge dated 18 April 2012. The amount outstanding under the invoice discounting agreement as at 31 December 2016 was £3,056,147 (2015 - £3,149,348).

The overdraft facility provided by HSBC Bank plc was secured by a debenture dated 2 April 2012 pursuant to which the company has granted fixed and floating charges over all of its property, assets and undertaking.

The company has bank loans secured by parent company Acciaierie Valbruna Spa, with a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant and machinery.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**19. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,850,500	78,393
Financial assets that are debt instruments measured at amortised cost	3,568,164	3,599,540
	<u>5,418,664</u>	<u>3,677,933</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(11,175,915)	(14,062,254)
	<u>(11,175,915)</u>	<u>(14,062,254)</u>

Financial assets measured at fair value through profit or loss comprise unlisted investments and investment properties

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by group undertaking and other debtors.

Financial liabilities measured at amortised cost comprise bank loan, trade creditors, amounts owed to group undertaking and other creditors.

**20. Deferred taxation**

	2016 £
At beginning of year	(300,208)
Charged to the profit or loss	21,938
<b>At end of year</b>	<u>(278,270)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(119,804)	(131,061)
Revaluation of investment properties	(163,192)	(172,792)
Other short term timing differences	4,726	3,645
	<u>(278,270)</u>	<u>(300,208)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**21. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Authorised</b>		
5,000,000 Ordinary Share shares of £1 each	5,000,000	5,000,000
<b>Allotted, called up and fully paid</b>		
1,500,000 Ordinary Share shares of £1 each	1,500,000	1,500,000

**22. Reserves**

**Revaluation reserve**

The revaluation reserve represents the cumulative effect of revaluations of investment properties which are revalued to fair value at each reporting date.

**Profit & loss account**

The profit and loss reserve represents cumulative profits or losses, excluding unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

**23. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,463 (2015: £22,314) At 31 December 2016 contributions amounting to nil (2015: nil) were payable to the fund and are included in creditors.

**24. Commitments under operating leases**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	-	6,639
	-	6,639

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**25. Related party transactions**

The company has taken advantage of the exemption under FRS 102 "Related Party Disclosures" not to disclose related party transactions between companies which are 100% or more owned by the ultimate parent company.

**26. Controlling party**

The immediate and ultimate parent company is Acciaierie Valbruna s.p.a a company incorporated in Italy. Copies of its consolidated financial statements are publicly available.