Company Registration No. 00246435 (England and Wales)

J. STELL & SONS, LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

J. STELL & SONS, LIMITED

COMPANY INFORMATION

Directors	S V Stell	
	S A Stell	
	L J Skelton	(Appointed 17 May 2019)
Secretary	S V Stell	
Company number	00246435	
Registered office	Riverside Business Park Royd Ings Avenue Keighley BD21 4AF	
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB	

J. STELL & SONS, LIMITED

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J. STELL & SONS, LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business and future developments

Despite a slight softening of sales, primarily due to uncertainty around Brexit, underlying profitability actually increased again this year. Gross margins however remain under pressure with increases in labour, transport and raw materials costs, but these have been offset through various productivity initiatives. The business continued to trade throughout the Covid-19 lockdown, albeit at a reduced output, but was able to supply key industries throughout the pandemic.

Principal risks and uncertainties

Obviously, Covid-19 presents the biggest challenge to the business by far. However, after initially experiencing lower customer demand, the business has seen a steady increase and is now close to ‘pre-Covid’ levels. The business has been able to adapt to the changing demands of the many markets it operates in and has also been exploring alternative revenue streams as it continues to flourish.

Key performance indicators

	Unit	**2020**	**2019**
Turnover (decrease)/growth	%	(2)	6
Profit before tax	£	417,840	380,610
Return on capital employed	%	10	9

J. STELL & SONS, LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Financial instruments and future developments

Objectives and policies

The company utilises appropriate financial instruments in order to carry out its business activities in an effective manner.

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors and loans to the business. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

On behalf of the board

S A Stell
Director
22 September 2020

J. STELL & SONS, LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of the manufacture of paper tubes and centres.

Directors

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

R I Guest	(Resigned 18 July 2019)
S V Stell	
S A Stell	
L J Skelton	(Appointed 17 May 2019)

Results and dividends

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

Ordinary dividends were paid amounting to £370,000. The directors do not recommend payment of a final dividend.

Auditor

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the fair review of the business, principal risks and uncertainties, financial instruments and future developments.

Statement of disclosure to auditor

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

On behalf of the board

S A Stell
Director

22 September 2020

J. STELL & SONS, LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

J. STELL & SONS, LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J. STELL & SONS, LIMITED

Opinion

We have audited the financial statements of J. Stell & Sons, Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

J. STELL & SONS, LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J. STELL & SONS, LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

J. STELL & SONS, LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J. STELL & SONS, LIMITED

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.

Nigel Bullas (Senior Statutory Auditor)
for and on behalf of BHP LLP

22 September 2020

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

J. STELL & SONS, LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	9,638,884	9,802,015
Cost of sales		(6,361,283)	(6,647,362)
Gross profit		3,277,601	3,154,653
Administrative expenses		(2,752,474)	(2,660,936)
Other operating income		26,490	26,490
Operating profit	4	551,617	520,207
Interest receivable and similar income	8	-	1
Interest payable and similar expenses	9	(133,777)	(139,598)
Profit before taxation		417,840	380,610
Tax on profit	10	(86,000)	(9,000)
Profit for the financial year		331,840	371,610

The profit and loss account has been prepared on the basis that all operations are continuing operations.

J. STELL & SONS, LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Goodwill	12		1		1
Tangible assets	13		5,773,244		6,052,381
			5,773,245		6,052,382
Current assets					
Stocks	14	661,457		632,223	
Debtors	15	1,854,143		1,970,888	
Cash at bank and in hand		562		464	
		2,516,162		2,603,575	
Creditors: amounts falling due within one year	16	(2,932,154)		(3,063,901)	
Net current liabilities			(415,992)		(460,326)
Total assets less current liabilities			5,357,253		5,592,056
Creditors: amounts falling due after more than one year	17		(1,908,581)		(2,191,224)
Provisions for liabilities	20		(110,000)		(24,000)
Net assets			3,338,672		3,376,832
Capital and reserves					
Called up share capital	23		45,200		45,200
Other reserves			122,677		122,677
Profit and loss reserves			3,170,795		3,208,955
Total equity			3,338,672		3,376,832

The financial statements were approved by the board of directors and authorised for issue on 22 September 2020 and are signed on its behalf by:

S A Stell
Director

Company Registration No. 00246435

J. STELL & SONS, LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2018		45,200	122,677	2,902,325	3,070,202
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	371,610	371,610
Dividends	11	-	-	(64,980)	(64,980)
Balance at 31 March 2019		45,200	122,677	3,208,955	3,376,832
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	331,840	331,840
Dividends	11	-	-	(370,000)	(370,000)
Balance at 31 March 2020		45,200	122,677	3,170,795	3,338,672

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

J. Stell & Sons, Limited is a private company limited by shares incorporated in England and Wales. The registered office is Riverside Business Park, Royd Ings Avenue, Keighley, BD21 4AF.

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

The individual accounts of J. Stell & Sons, Limited have also adopted the following disclosure exemptions:

- the requirements of Section 7 to present a statement of cash flows and related notes.
- the requirements of Section 33 paragraph 33.7 to disclose related party transactions with key management personnel.

1.2 Going concern

The Directors have considered the impact of COVID-19 on the Company's trade, workforce and supply chain, as well as the wider economy. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Directors are confident that they have in place plans to deal with any financial losses that may arise. Such plans include, but are not limited to fully utilising the support that has been made available by the government in relation to staff costs and payment deferral of taxation.

1.3 Turnover

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

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

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

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

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

1.5 Tangible fixed assets

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

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

Land and buildings Freehold	2% on cost
Plant and machinery	between 2% an 20% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies **(Continued)**

1.7 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.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

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.

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies **(Continued)**

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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.

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies **(Continued)**

1.14 Leases

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

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

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

1.15 Government grants

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.16 Foreign exchange

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

1.17 Research and development

Research and development expenditure is written off as incurred.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Sales of goods	9,638,884	9,802,015

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue **(Continued)**

	2020	2019
	£	£
Other significant revenue		
Interest income	-	1
Grants received	26,490	26,490

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	9,638,884	9,802,015

4 Operating profit

	2020	2019
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,587)	1,502
Government grants	(26,490)	(26,490)
Depreciation of owned tangible fixed assets	349,947	172,289
Depreciation of tangible fixed assets held under finance leases	-	167,095

5 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	8,270	7,215
For other services		
Other assurance services	3,585	1,500
Taxation compliance services	735	685
All other non-audit services	18,550	1,800
	22,870	3,985

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Employees

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

	2020 Number	2019 Number
Production	89	92
Administration	13	14
Selling and distribution	5	5
Total	107	111

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,727,202	2,729,395
Social security costs	228,871	235,396
Pension costs	136,332	147,667
	3,092,405	3,112,458

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	183,308	205,432
Company pension contributions to defined contribution schemes	11,663	12,628
	194,971	218,060

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

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

	2020 £	2019 £
Remuneration for qualifying services	n/a	127,019
Company pension contributions to defined contribution schemes	n/a	7,741

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Other interest income	-	1

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	61,661	65,509
Interest on finance leases and hire purchase contracts	16,614	14,773
Interest on invoice finance arrangements	55,502	59,316
	133,777	139,598

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	86,000	9,000

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:

	2020	2019
	£	£
Profit before taxation	417,840	380,610
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 17.00%)	79,390	64,704
Change in unrecognised deferred tax assets	6,610	(55,771)
Other differences	-	67
Tax credit for the year	86,000	9,000

11 Dividends

	2020	2019
	£	£
Interim paid	370,000	64,980

12 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2019 and 31 March 2020	1
Amortisation and impairment	
At 1 April 2019 and 31 March 2020	-
Carrying amount	
At 31 March 2020	1
At 31 March 2019	1

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	4,054,088	5,609,608	14,665	9,678,361
Additions	-	70,810	-	70,810
At 31 March 2020	4,054,088	5,680,418	14,665	9,749,171
Depreciation and impairment				
At 1 April 2019	20,902	3,590,413	14,665	3,625,980
Depreciation charged in the year	-	349,947	-	349,947
At 31 March 2020	20,902	3,940,360	14,665	3,975,927
Carrying amount				
At 31 March 2020	4,033,186	1,740,058	-	5,773,244
At 31 March 2019	4,033,186	2,019,195	-	6,052,381

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

	2020	2019
	£	£
Plant and machinery	813,941	1,259,515

14 Stocks

	2020	2019
	£	£
Raw materials and consumables	476,512	466,759
Work in progress	104,048	90,834
Finished goods and goods for resale	80,897	74,630
	661,457	632,223

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	1,715,625	1,829,202
Amounts owed by group undertakings	83,095	79,810
Prepayments and accrued income	55,423	61,876
	1,854,143	1,970,888

16 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	143,811	268,695
Obligations under finance leases	19	135,379	157,999
Trade creditors		899,637	935,356
Taxation and social security		291,265	330,392
Other creditors		1,345,574	1,264,063
Accruals and deferred income		116,488	107,396
		2,932,154	3,063,901

17 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	1,646,185	1,791,872
Obligations under finance leases	19	262,396	399,352
		1,908,581	2,191,224

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

	2020	2019
Payable by instalments	1,079,288	1,243,116

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Loans and overdrafts

	2020	2019
	£	£
Bank loans	1,787,909	1,929,061
Bank overdrafts	2,087	131,506
	1,789,996	2,060,567
Payable within one year	143,811	268,695
Payable after one year	1,646,185	1,791,872

The bank borrowings are secured by a fixed charge over all present freehold and leasehold property; a fixed charge over book and other debts, goodwill and uncalled chattels both present and future; a floating charge over all assets and undertakings both present and future together with an unlimited multilateral guarantee given by the company and its parent company.

The company has a flexible business loan with HSBC of £442,953 (2019 - £478,117). The loan is repayable over the period until 2030 and the interest rate on the loan is 2.1% above the Bank of England base rate. The company also has a commercial mortgage with HSBC of £1,344,956 (2019 - £1,450,943). The mortgage is repayable over the period until 2030 and the interest rate on the mortgage is a fixed 3.41% for five years, before reverting to 2.1% above the Bank of England base rate.

19 Finance lease obligations

	2020	2019
Future minimum lease payments due under finance leases:	£	£
Within one year	135,380	157,999
In two to five years	262,395	399,352
	397,775	557,351

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases and hire purchase agreements are secured on the assets to which they relate.

20 Provisions for liabilities

		2020	2019
	Notes	£	£
Deferred tax liabilities	21	110,000	24,000

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
Balances:	**£**	**£**
Tax losses and capital allowances	110,000	24,000

	2020
Movements in the year:	**£**
Liability at 1 April 2019	24,000
Charge to profit or loss	86,000
Liability at 31 March 2020	110,000

22 Retirement benefit schemes

	2020	2019
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	136,332	147,667

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

Contributions totalling £29,082 (2019 - £25,920) were payable to the scheme at the end of the period and are included in creditors.

23 Share capital

	2020	2019
	£	**£**
Ordinary share capital		
Issued and fully paid		
45,200 Ordinary shares of £1 each	45,200	45,200

The company has one class of ordinary shares in issue which carry no right to fixed income and carry one vote per share.

J. STELL & SONS, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

24 Operating lease commitments

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

	2020	2019
	£	£
Within one year	36,806	37,412
Between two and five years	24,843	61,648
	61,649	99,060

25 Related party transactions

Remuneration of key management personnel

The company has taken advantage of the exemption in FRS 102 section 1.12 "Reduced disclosures for subsidiaries" from disclosing transactions with key management personnel and fellow group companies.

No guarantees have been given or received.

26 Ultimate controlling party

The immediate parent company is Stell Cardboard Tubes Limited and the ultimate parent company is V Stell & Sons Ltd.

The company is controlled by V Stell & Sons Ltd, which is controlled by S V Stell.

These financial statements contain information about J. Stell & Sons, Limited as an individual company and do not contain consolidated financial information on the group to which J. Stell & Sons, Limited belongs.

The financial statements of V Stell & Sons Ltd, which consolidate those of its subsidiary companies, are available from:

The Secretary
V Stell & Sons Ltd
Riverside Business Park
Royd Ings Avenue
Keighley
West Yorkshire
BD21 4BY