Registered no: 1287461

Dyfed Steels Limited

Annual report
for the year ended 31 January 2009

Dyfed Steels Limited

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for the year ended 31 January 2009

Directors and advisers

Directors
D W Thomas
S Jones

Secretary and registered office
A J Morgan
Tube Works
Maescanner Road
Dafen
Llanelli
SA14 8NS

Auditors
PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Bankers
HSBC Bank plc
97 Bute Street
Cardiff
CF10 5NA

Directors' report for the year ended 31 January 2009

The directors present their report and the audited financial statements for the year ended 31 January 2009.

Business review and principal activities

The principal activity of the group is that of metal stockholders.

The results of the group show a pre tax profit of £3,214,000 (2008: £2,346,000) for the year and sales of £50,042,000 (2008: £41,146,000). The group has net debt of £9,756,000 (2008: £10,215,000).

Principal risks and uncertainties

The management of the business and execution of strategy are subject to a number of risks. Key business risks principally relate to market competition, both from a national and international perspective and the retention of suitably qualified employees. Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate their impact.

Key performance indicators (KPIS)

Given the straightforward nature of the business the company's directors are of the opinion that analysis using KPIS is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Price risk

The company is exposed to commodity price risk as a result of its operations. The directors monitor market movements in material price on a regular basis, but do not consider it cost beneficial to undertake any formal hedging arrangements. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company actively maintains short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Dividends

Dividends of £Nil were paid in the year ended 31 January 2009 (2008: £Nil).

Charitable contributions

The contributions made by the company during the year for charitable purposes were £nil (2008: £nil). The company made no political donations (2008: £Nil).

Directors

The directors of the company at 31 January 2009 and for the whole of the year then ended, unless otherwise indicated, were:

D W Thomas
S Jones (appointed 5 November 2008)
R Price (resigned 29 April 2008)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information, i.e. information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Post-balance sheet events

The company acquired the trade and assets of two steel businesses for a consideration of £1 million subsequent to the year end.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

Authority for issue of financial statements

The directors gave authority for the financial statements to be issued on .
Neither entity's owners nor others have the power to amend the financial statements after issue.

By order of the board

Director

30 November 2009

Independent auditors' report to the members of Dyfed Steels Limited

We have audited the group and parent company financial statements (the "financial statements") of Dyfed Steels Limited for the year ended 31 January 2009, which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Standards) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 January 2009 and of the group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Cardiff,
30 November 2009

Consolidated profit and loss account for the year ended 31 January 2009

	Notes	2009 £000	2008 £000
Turnover	2	**50,042**	41,146
Cost of sales		**(33,857)**	(27,693)
Gross profit		**16,185**	13,453
Net operating expenses	3	**(12,331)**	(10,513)
Operating profit	4	**3,854**	2,940
Interest payable and similar charges	6	**(640)**	(594)
Profit on ordinary activities before taxation		**3,214**	2,346
Tax on profit on ordinary activities	7	**(937)**	(620)
Profit for the financial year		**2,277**	1,726
Dividends payable	8	**-**	-
Retained profit	21	**2,277**	1,726

The turnover and operating profit for the financial year are derived from the continuing operations of the group.

Statement of total recognised gains and losses for the year ended 31 January 2009

	2009 £000	2008 £000
Profit for the year	**2,277**	1,726
Revaluation of properties	**-**	1,369
Total gains recognised in the year	**2,277**	3,095

Note of historical cost profits and losses for the year ended 31 January 2009

	2009 £000	2008 £000
Reported profit on ordinary activities before tax	**2,277**	2,346
Difference between historical cost depreciation charge and actual charge	**13**	15
Historical cost profit on ordinary activities before taxation	**2,290**	2,361
Historical cost profits for the year retained after tax and dividends	**1,353**	1,741

Consolidated balance sheet
at 31 January 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Intangible assets	10	**34**	49
Tangible assets	11	**8,892**	8,504
Investments	12	**-**	-
		8,926	8,553
Current assets			
Stocks	13	**12,773**	11,902
Debtors	14	**9,444**	9,368
Cash at bank and in hand		**2**	1,065
		22,219	22,335
Creditors: amounts falling due within one year	15	**(15,248)**	(18,615)
Net current assets		**6,971**	3,720
Total assets less current liabilities		**15,897**	12,273
Creditors: amounts falling due after more than one year	16	**(3,914)**	(2,604)
Provisions for liabilities and charges	19	**(276)**	(239)
Net assets		**11,707**	9,430
Capital and reserves			
Called up share capital	20	**45**	45
Revaluation reserve	21	**2,601**	2,601
Profit and loss account	21	**9,061**	6,784
Total shareholders' funds	22	**11,707**	9,430

The financial statements on pages 5 to 19 were approved by the board of directors on 30 November 2009 and were signed on its behalf by:

Director

Company balance sheet
at 31 January 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Intangible assets	10	**18**	23
Tangible assets	11	**8,892**	8,504
Investments	12	**-**	-
		8,910	8,527
Current assets			
Stocks	13	**12,773**	11,902
Debtors	14	**9,444**	9,368
Cash at bank and in hand		**2**	1,065
		22,219	22,335
Creditors: amounts falling due within one year	15	**(15,248)**	(18,615)
Net current liabilities		**6,971**	3,720
Total assets less current liabilities		**15,881**	12,247
Creditors: amounts falling due after more than one year	16	**(3,914)**	(2,604)
Provisions for liabilities and charges	19	**(276)**	(239)
Net assets		**11,691**	9,404
Capital and reserves			
Called up share capital	20	**45**	45
Revaluation reserve	21	**2,251**	2,251
Profit and loss account	21	**9,395**	7,108
Total shareholders' funds	22	**11,691**	9,404

The financial statements on pages 5 to 19 were approved by the board of directors on 30 November 2009 and were signed on its behalf by:

Director

Consolidated cash flow statement for the year ended 31 January 2009

	Notes	2009 £000	2008 £000
Net cash inflow/(outflow) from continuing operating activities	25	**2,887**	(391)
Returns on investments and servicing of finance			
Interest paid on bank loans and overdrafts		**(494)**	(489)
Interest paid on finance leases and hire purchase agreements		**(146)**	(105)
Net cash outflow from returns on investments and servicing of finance		**(640)**	(594)
Taxation			
UK corporation tax paid		**(738)**	(964)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(835)**	(384)
Net cash outflow from investing activities		**(835)**	(384)
Dividends paid		**-**	-
Net cash inflow/(outflow) before financing		**674**	(2,333)
Financing			
Invoice discounting		**(2,396)**	1,964
Additional/(repayment of) bank loans		**1,833**	(60)
Capital element of finance leases and hire purchase payments		**(532)**	(334)
Decrease in cash	26	**(421)**	(763)

Notes to the financial statements for the year ended 31 January 2009

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 January 2009. Intra-group sales, profits and balances are eliminated fully on consolidation.

Turnover

Turnover, which excludes value added tax, represents the value of goods and services arising from the principal activity of the group and supplied during the financial year. The company and the group recognise amounts as turnover on despatch of the goods to its customers.

Intangible assets

Goodwill arising on acquisition represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill arising on acquisition is eliminated by amortisation through the profit and loss account over its useful economic life, which the directors estimate to be 10 years.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price together with any incidental costs of acquisition less accumulated depreciation. Rates of depreciation are set out below.

	%
Freehold buildings	2 (reducing balance)
Plant and machinery	10 (straight line)
Fixtures and fittings	20- 33 (straight line)
Motor vehicles	12.5 (straight line)

The cost of the leasehold property is being depreciated over the period of the lease.

Freehold land is not depreciated.

Grants

Revenue grants are written off to the profit and loss account in the year in which the relevant expenditure is incurred. Capital grants are capitalised and released to the profit and loss account over the useful economic life of the asset to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be realised in the normal course of business, after allowing for the cost of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group and company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profits in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Deferred taxation

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

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted.

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

Pension scheme arrangements

The group operates defined contribution pension schemes for employees. The assets of the scheme are held separately from those of the company. Pension costs are accounted for on the basis of charging the contributions incurred each year against profits for the financial year.

Foreign currency

Foreign currency transactions are recorded in sterling at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to sterling at rates of exchange prevailing at the balance sheet date. Exchange gains or losses are included in the determination of operating profit.

Related party transaction disclosures

The company is exempt under FRS8 from disclosing related party transactions with its wholly owned subsidiary companies and has taken advantage of this exemption.

2 Turnover

The turnover of the group is wholly attributable to the principal activity of the group. The geographical analysis of turnover is as follows:

	2009 £000	2008 £000
Geographical analysis:		
United Kingdom	**49,992**	40,777
Rest of Europe	**50**	369
	50,042	41,146

3 Net operating expenses

	2009 £000	2008 £000
Administrative expenses	**12,331**	10,513
	12,331	10,513

4 Operating profit

Operating profit is stated after charging:

	2009 £000	2008 £000
Amortisation of goodwill	**15**	16
Depreciation charge on tangible owned fixed assets	**275**	313
Depreciation charge on tangible fixed assets held under hire purchase contracts	**387**	153
Auditors' remuneration		
Audit (company £32,000 (2008: £28,000))	**32**	28
Other services	**7**	7
Operating lease charges – motor vehicles	**123**	133

5 Directors and employees

	2009 £000	2008 £000
Staff costs:		
Wages and salaries	**6,039**	5,384
Social security costs	**552**	514
Pension costs (see note 18)	**72**	91
	6,663	5,989

	Number	*Number*
Average weekly numbers employed including directors:		
Production and distribution	**196**	192
Sales and administration	**54**	56
	250	248

	£000	£000
Directors' emoluments		
Remuneration	**198**	306

One director is accruing benefits under the pension schemes operated by the group.

The highest paid director received emoluments of £139,000 (2008: £162,000).

6 Interest payable and similar charges

	2009 £000	2008 £000
On bank overdrafts and other loans	**494**	489
On finance leases and hire purchase contracts	**146**	105
	640	594

7 Tax on profit on ordinary activities

	2009 £000	2008 £000
Current		
UK corporation tax on profits for the year	**900**	627
Adjustments in respect of prior periods	**-**	(23)
	900	604
Deferred (see note 19)		
Current year	**37**	31
Changes in tax rates	**-**	(15)
	937	620

The effective current rate for the period is lower than the standard corporation tax rate applying in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	**3,214**	2,346
Profit on ordinary activities multiplied by the rate of 28% (2008: 30%) in the UK	**900**	704
Effects of:		
Expenses not deductible for tax purposes	**29**	20
Accelerated capital allowances and other timing differences	**(39)**	(97)
Adjustments in respect of prior years	**-**	(23)
Tax at marginal rates	**10**	-
Current tax charge for the year	**900**	604

8 Dividends

	2009 £000	2008 £000
Dividends paid of £Nil (2008: £Nil) per share	**-**	-

9 Profit for the financial year

Of the group profits for the year, £2,277,000 (2008: £1,739,000) arose in the parent company.

As permitted by section 230 of the Companies Act 1985 the parent company's profit and loss account has not been included in these financial statements.

10 Intangible assets

	Goodwill £000
Group	
Cost	
At 1 February 2008	152
At 31 January 2009	**152**
Amortisation	
At 1 February 2008	103
Charge for the year	15
At 31 January 2009	**118**
Net book value	
At 31 January 2009	**34**
At 31 January 2008	49

	Goodwill £000
Company	
Cost	
At 1 February 2008	31
At 31 January 2009	**31**
Amortisation	
At 1 February 2008	8
Charge for the year	5
At 31 January 2009	**13**
Net book value	
At 31 January 2009	**18**
At 31 January 2008	23

11 Tangible fixed assets

Group and company	**Freehold property £000**	**Plant and machinery £000**	**Fixtures and fittings £000**	**Motor vehicles £000**	**Construction in progress £'000**	**Total £000**
Cost or valuation						
At 1 February 2008	4,945	4,695	601	2,786	-	13,027
Additions	-	42	15	628	365	1,050
At 31 January 2009	**4,945**	**4,737**	**616**	**3,414**	**365**	**14,077**
Depreciation						
At 1 February 2008	48	2,198	453	1,824	-	4,523
Charge for the year	70	311	72	209	-	662
At 31 January 2009	**118**	**2,509**	**525**	**2,033**	**-**	**5,185**
Net book amount						
At 31 January 2009	**4,827**	**2,228**	**91**	**1,381**	**365**	**8,892**
At 31 January 2008	4,897	2,497	148	962	-	8,504

The net book amount of tangible fixed assets owned by the group includes an amount of £3,146,000 (2008: £1,875,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charged in respect of such assets amounted to £387,000 (2008: £193,000).

The principal freehold properties occupied by the group were valued by Sibbet Gregory, Rowland & Jones, Celf Rowlands & Co and King Sturge LLP, external valuers and chartered surveyors, on the basis of market value, in accordance with the Appraisal Manual of The Royal Institution of Chartered Surveyors, in January and February 2008.

The analysis of the freehold properties at historical cost is as follows:

	2009 £000	2008 £000
Cost	**3,041**	3,041
Depreciation	**(752)**	(695)
	2,289	2,346

12 Investments

Group	**Other investments £000**
Cost	
At 1 February 2008 and 31 January 2009	30
Amounts written off	
At 1 February 2008 and 31 January 2009	30
Net book value	
At 1 February 2008 and 31 January 2009	**-**

Company	Group companies £000	Other investments £000	Total £000
Cost			
At 1 February 2008 and 31 January 2009	234	30	264
Amounts written off			
At 1 February 2008	234	30	264
Charge for the year	-	-	-
At 31 January 2009	234	30	264
Net book value			
At 31 January 2009	-	-	-
At 31 January 2008	-	-	-

Group subsidiary companies comprise the following:

Company	Nature of business	Country of incorporation	Proportion of voting rights held	Holding
D S Southern Limited	Steel stockholders	England	100%	Ordinary shares
Ex Stock Steel Limited	Steel stockholders	England	100%	Ordinary shares
Excel Stock Steel Limited	Steel stockholders	England	100%	Ordinary shares
Dyfed Steel Midwales Limited	Steel stockholders	England	100%	Ordinary shares
Dyfed Steel Southwest Limited	Steel stockholders	England	100%	Ordinary shares

13 Stocks

	Group		**Company**	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Raw materials	**12,773**	11,902	**12,773**	11,902

14 Debtors

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Amounts falling due within one year				
Trade debtors	**9,429**	9,331	**9,429**	9,331
Prepayments and accrued income	**15**	37	**15**	37
	9,444	9,368	**9,444**	9,368

15 Creditors: amounts falling due within one year

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Bank loans and overdraft (see (a) below)	**1,046**	1,530	**1,046**	1,530
Trade creditors	**7,263**	8,047	**7,263**	8,047
Corporation tax	**415**	253	**415**	253
Other taxation and social security	**621**	836	**621**	836
Accruals and deferred income	**1,016**	701	**1,016**	701
Other creditors (see (b) below)	**4,328**	6,724	**4,328**	6,724
Amounts due under finance leases and hire purchase agreements	**559**	524	**559**	524
	15,248	18,615	**15,248**	18,615

(a) The bank loans and overdraft are secured by a fixed and floating charge against the assets of the group.

(b) The group has entered into a contract that provides invoice discounting facilities in respect of its trade debts. An amount of £4,328,000 (2008: £6,724,000 factoring facility) is included in other creditors. The invoice discounting company holds a floating charge over the trade debtors of the group.

16 Creditors: amounts falling due after more than one year

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Bank loans	**2,461**	786	**2,461**	786
Accruals and deferred income	**89**	102	**89**	102
Amounts due under finance leases and hire purchase agreements	**1,364**	1,716	**1,364**	1,716
	3,914	2,604	**3,914**	2,604

Bank loans

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Within one year	**282**	124	**282**	124
Between one and two years	**282**	124	**282**	786
Between two and five years	**1,128**	372	**1,128**	-
More than five years	**1,051**	290	**1,051**	-
	2,461	786	**2,461**	786
	2,743	910	**2,743**	910

17 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Amounts payable within one year	**559**	524	**559**	538
Amounts payable between one to two years	**504**	485	**504**	471
Amounts payable between three and five years	**722**	955	**722**	955
Amounts payable after five years	**138**	276	**138**	276
	1,923	2,240	**1,923**	**2,240**

18 Pensions

The group operates defined contribution pension schemes for directors and senior employees, the assets of which are separately administered from the company and the group. The pension costs, which represent contributions payable by the group, amounted to £72,000 (2008: £91,000).

19 Deferred tax

The movements in the deferred tax can be analysed as follows:

	Group		Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
At 1 February 2008	**239**	223	**239**	223
Transfer to profit and loss account	**37**	16	**37**	16
At 31 January 2009	**276**	239	**276**	239

Deferred taxation provided in the financial statements is as follows:

Group	**Amount provided**		**Amount unprovided**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Tax effect of timing differences due to:				
Accelerated capital allowances	**303**	279	-	-
Other timing differences	**(27)**	(40)	-	-
Capital gains and revaluations	-	-	**177**	177
	276	239	**177**	177

Company	**Amount provided**		**Amount unprovided**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Tax effect of timing differences due to:				
Accelerated capital allowances	**303**	279	-	-
Other timing differences	**(27)**	(40)	-	-
Capital gains and revaluations	-	-	**177**	177
	276	239	**177**	177

Revaluations of freehold property assets have resulted in a potential deferred tax liability of £177,000 (2008: £177,000) which has not been provided for on the basis that the group has not entered into any binding agreements to sell the revalued assets.

20 Called-up share capital

	2009 £	2008 £
Authorised		
45,000 ordinary shares of £1 each	**45,000**	45,000
Allotted, called up and fully paid		
45,000 ordinary shares of £1 each	**45,000**	45,000

21 Reserves

	Group revaluation reserve £000	Company revaluation reserve £000	Group profit and loss account £000	Company profit and loss account £000
At 1 February 2008	2,601	2,251	6,784	7,108
Revaluations	-	-	-	-
Retained profit	-	-	2,277	2,287
At 31 January 2009	**2,601**	**2,251**	**9,061**	**9,395**

22 Reconciliation of movements in shareholder's funds

	Group		Company	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Profit for the financial year	**2,277**	1,726	**2,287**	1,739
Dividends	-	-	-	-
Retained profit	**2,277**	1,726	**2,287**	1,739
Revaluation of properties	-	1,369	-	1,369
Opening shareholders' funds	**9,430**	6,335	**9,404**	6,296
Closing shareholders' funds	**11,707**	9,430	**11,691**	9,404

23 Capital commitments

The amount of capital expenditure contracted for but not provided for amounted to £Nil (2008: £35,000).

24 Financial commitments

At 31 January 2009 the group and company had annual commitments under non-cancellable operating leases as follows:

	Group		Company	
	2009 £000	2008 £000	**2009 £000**	2008 £000
Other				
Expiring within one year	**17**	40	**17**	40
Expiring between two to five years	**106**	83	**106**	83
Expiring in over five years	-	-	-	-
	123	123	**123**	123
Land and buildings				
Expiring within one year	-	-	-	-
Expiring between two and five years	**30**	-	**17**	-
Expiring in over five years	**140**	170	**140**	170
	170	170	**170**	170
Total	**293**	293	**293**	293

25 Reconciliation of operating profit to net cash inflow from continuing operating activities

	2009 £000	2008 £000
Operating profit	**3,854**	2,940
Amortisation	**15**	16
Depreciation on tangible fixed assets	**662**	466
Increase in stocks	**(871)**	(3,406)
Increase in debtors	**(76)**	(1,352)
(Decrease)/increase in creditors	**(697)**	945
Net cash inflow from continuing operating activities	**2,887**	(391)

26 Reconciliation of net debt

	2009 £000	2008 £000
Decrease in cash in the year	**(421)**	(763)
Cash inflow/(outflow) from decrease in debt and hire purchase and finance leases	**1,095**	(1,570)
New hire purchase and finance leases in the year	**(215)**	(1,693)
Movement in net debt during the year	**459**	(4,026)
Net debt at 1 February 2008	**(10,215)**	(6,189)
Net debt at 31 January 2009	**(9,756)**	(10,215)

27 Movement in net debt

	At 31 January 2008 £000	Cash flow £000	Non-cash changes £000	**At 31 January 2009 £000**
Net cash				
Cash at bank and in hand	1,065	(1,063)	-	**2**
Bank overdraft	(1,406)	642	-	**(764)**
	(341)	(421)	-	**(762)**
Debt				
Debt due within one year (bank and other loans)	(124)	(158)	-	**(282)**
Debt due after one year (bank loan)	(786)	(1,675)	-	**(2,461)**
Invoice discounting	(6,724)	2,396	-	**(4,328)**
Hire purchase and finance leases	(2,240)	532	(215)	**(1,923)**
	(9,874)	1,095	(215)	**(8,994)**
	(10,215)	674	(215)	**(9,756)**

28 Ultimate controlling party

The directors regard D W Thomas as the ultimate controlling party by virtue of his 100% interest in the equity share capital of Dyfed Steels Limited.

29 Contingent liabilities

Letters of credit amounting to £885,700 were outstanding at 31 January 2009 (2008: £Nil).

30 Post-balance sheet events

The company acquired the trade and assets of two steel businesses for a consideration of £1 million subsequent to the year end.