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**BROWN & TAWSE STEELSTOCK LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 4 APRIL 2010**

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COMPANIES HOUSE

# BROWN & TAWSE STEELSTOCK LIMITED

## COMPANY INFORMATION

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**Directors**

I Harding  
D G Lawrie  
A Stewart  
T S Wilson

**Secretary**

A Stewart

**Company number**

SC167475

**Registered office**

Fowler Road  
West Pitkerro Industrial Estate  
Broughty Ferry  
Dundee  
DD5 3RU

**Auditors**

HW  
30 Camp Road  
Farnborough  
Hampshire  
GU14 6EW

**Business address**

The Mill House  
Anstey Mill Lane  
Alton  
Hampshire  
GU34 2YA

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# BROWN & TAWSE STEELSTOCK LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 4 APRIL 2010

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The directors present their report and financial statements for the period ended 4 April 2010.

#### Principal activities and review of the business

The principal activity of the company continued to be that of a stockholder of general steels, based in Dundee providing a full range of on site value added services including sawing, cutting, shotblasting and painting.

The principal activity of its main trading subsidiary was that of the processing and supply of steel.

Turnover for the year was £12.1m compared with £19.9m in 2008/09, a fall of 38.9%. Whilst this represents a large fall in revenues, it was less than the industry average of 45%. As stated in last years report, in the autumn of 2008 demand for steel dropped, and steel prices began to fall, reflecting the onset of the UK recession and de-stocking throughout the steel industry. This price deflation continued into 2009, although by the end of 2009 prices for most steel products had stopped falling. Most steel prices resumed their upward trend in the first half of 2010, following substantial increases from raw material producers, especially iron ore. However, by the summer of 2010 most steel prices had begun a period of consolidation.

Gross margins were 27.6% of sales, compared to 20.8% in 2008/09. This improvement reflects the difficult trading conditions in the second half of the previous financial year and the reduction in stock values in line with market prices at the previous year end.

Profit before tax was £335,320 (2.8% of sales), a reduction over the previous years £460,686 (2.3% of sales). The directors believe this to be a satisfactory performance given the unprecedented economic and market conditions. Indeed, the company has out-performed many of its peers in the stockholding industry by reason of its broad customer base and the lack of concentration in a narrow range of market sectors. The company increased its market share in its core product ranges.

Stocks reduced by over £1.4m during the year as the business adjusted to lower levels of steel consumption by customers. Net cash inflow from operating activities was highly positive at £1.8m. The company continues to have a solid balance sheet with Shareholders' Funds increasing to £4.5m.

The range of products and stock levels held in the business are both kept under regular review in order to maximise customer service and to pursue beneficial purchasing strategies.

As a stockholder, the company is exposed to fluctuating raw material prices; in order to minimise its exposure to price fluctuations it normally places purchase contracts on a quarterly basis and in any event does not enter into forward purchase contracts lasting more than six months.

The company has emerged in good shape from the economic downturn of the last two years. It is well-placed to take advantage of the recovery as and when it develops.

#### Results and dividends

The results for the period are set out on page 5.

During the period an interim ordinary dividend of £200,000 was paid.

#### Directors

The following directors have held office since 6 April 2009:

I Harding  
D G Lawrie  
A Stewart  
I B Rae  
T S Wilson

(Resigned 30 April 2009)  
(Appointed 19 October 2009)

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 4 APRIL 2010**

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### **Statement of directors' responsibilities**

The directors are responsible for preparing 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 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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



I HARDING  
DIRECTOR

Dated: 11/11/10

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF BROWN & TAWSE STEELSTOCK LIMITED**

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We have audited the financial statements of Brown & Tawse Steelstock Limited for the period ended 4 April 2010 set out on pages 5 to 21. 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).

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 auditors' 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.

#### **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 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.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 4 April 2010 and of its profit for the period 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 other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF BROWN & TAWSE STEELSTOCK LIMITED**

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

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.



**Andrew Parsons (Senior Statutory Auditor)**

**for and on behalf of HW**

1 November 2010

**Chartered Accountants**

**Statutory Auditor**

30 Camp Road

Farnborough

Hampshire

GU14 6EW

# ● BROWN & TAWSE STEELSTOCK LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE PERIOD ENDED 4 APRIL 2010**

		Period ended 4 April 2010 £	Period ended 5 April 2009 £
	Notes		
Turnover	2	12,143,469	19,863,898
Cost of sales		(8,787,089)	(15,736,188)
<b>Gross profit</b>		3,356,380	4,127,710
Administrative expenses		(3,005,527)	(3,453,397)
<b>Operating profit</b>	3	350,853	674,313
Investment income	4	60,000	-
Other interest receivable and similar income	4	-	289
Interest payable and similar charges	5	(75,533)	(213,916)
<b>Profit on ordinary activities before taxation</b>		335,320	460,686
Tax on profit on ordinary activities	6	(71,419)	(168,978)
<b>Profit for the period</b>	17	263,901	291,708

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

# ● BROWN & TAWSE STEELSTOCK LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 4 APRIL 2010

	Period ended 4 April 2010 £	Period ended 5 April 2009 £
Notes		
Profit for the financial period	263,901	291,708
Unrealised (deficit)/surplus on revaluation of properties	-	145,431
Total recognised gains and losses relating to the period	<u>263,901</u>	<u>437,139</u>

# BROWN & TAWSE STEELSTOCK LIMITED

## BALANCE SHEET

AS AT 4 APRIL 2010

	Notes	2010 £	£	2009 £	£
<b>Fixed assets</b>					
Tangible assets	8	1,556,481		1,792,234	
Investments	9	895,040		794,540	
		<u>2,451,521</u>		<u>2,586,774</u>	
<b>Current assets</b>					
Stocks	10	2,451,054		3,876,646	
Debtors: amounts falling due within one year	11	2,395,928		2,938,576	
Debtors: amounts falling due after more than one year	11	<u>2,581,019</u>		<u>2,073,077</u>	
		7,428,001		8,888,299	
<b>Creditors: amounts falling due within one year</b>	12	<u>(4,231,557)</u>		<u>(5,854,413)</u>	
<b>Net current assets</b>		<u>3,196,444</u>		<u>3,033,886</u>	
<b>Total assets less current liabilities</b>		<u>5,647,965</u>		<u>5,620,660</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	(1,149,753)		(904,850)	
<b>Provisions for liabilities</b>	14	<u>(9,000)</u>		<u>(290,499)</u>	
		<u>4,489,212</u>		<u>4,425,311</u>	
<b>Capital and reserves</b>					
Called up share capital	16	1,000,000		1,000,000	
Revaluation reserve	17	145,431		145,431	
Profit and loss account	17	<u>3,343,781</u>		<u>3,279,880</u>	
<b>Shareholders' funds</b>	18	<u>4,489,212</u>		<u>4,425,311</u>	

Approved by the Board and authorised for issue on 11/11/10



I HARDING  
Director

Company Registration No. SC167475

# BROWN & TAWSE STEELSTOCK LIMITED

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 4 APRIL 2010

	£	Period ended 4 April 2010 £	£	Period ended 5 April 2009 £
<b>Net cash inflow from operating activities</b>		1,801,791		497,526
<b>Returns on investments and servicing of finance</b>				
Interest received	-		289	
Interest paid	(75,533)		(213,916)	
Dividends received	60,000		-	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(15,533)		(213,627)
<b>Taxation</b>		(155,629)		(435,400)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(40,559)		(34,390)	
Payments to acquire investments	(100,500)		(462,887)	
Receipts from sales of tangible assets	13,142		6,799	
<b>Net cash outflow for capital expenditure</b>		(127,917)		(490,478)
<b>Equity dividends paid</b>		(200,000)		(160,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		1,302,712		(801,979)
<b>Financing</b>				
Other new long term loans	333,077		636,782	
Capital element of hire purchase contracts	(85,783)		(97,190)	
<b>Net cash inflow from financing</b>		247,294		539,592
<b>Increase/(decrease) in cash in the period</b>		1,550,006		(262,387)

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED 4 APRIL 2010**

1	Reconciliation of operating profit to net cash inflow from operating activities	2010	2009
		£	£
	Operating profit	350,853	674,313
	Depreciation of tangible assets	266,589	319,590
	Profit on disposal of tangible assets	(3,419)	(5,994)
	Decrease in stocks	1,425,592	1,075,153
	Decrease in debtors	34,706	1,504,549
	Increase/(decrease) in creditors within one year	29,244	(3,360,584)
	Group relief	(20,275)	-
	Other reserve movement	(281,499)	290,499
	<b>Net cash inflow from operating activities</b>	<b>1,801,791</b>	<b>497,526</b>

  

2	Analysis of net debt	6 April 2009	Cash flow	Other non-cash changes	4 April 2010
		£	£	£	£
	Net cash:				
	Bank overdrafts	(2,913,047)	1,550,006	-	(1,363,041)
	Debt:				
	Finance leases	(332,152)	85,783	-	(246,369)
	Debts falling due after one year	(658,631)	(333,077)	-	(991,708)
		(990,783)	(247,294)	-	(1,238,077)
	<b>Net debt</b>	<b>(3,903,830)</b>	<b>1,302,712</b>	<b>-</b>	<b>(2,601,118)</b>

  

3	Reconciliation of net cash flow to movement in net debt	2010	2009
		£	£
	Increase/(decrease) in cash in the period	1,550,006	(262,387)
	Cash inflow from increase in debt and lease financing	(247,294)	(539,592)
	<b>Movement in net debt in the period</b>	<b>1,302,712</b>	<b>(801,979)</b>
	Opening net debt	(3,903,830)	(3,101,851)
	<b>Closing net debt</b>	<b>(2,601,118)</b>	<b>(3,903,830)</b>

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 4 APRIL 2010**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of buildings.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Income from the sale of steel is recognised at the date of invoice net of VAT and trade discount.

#### **1.4 Tangible fixed assets and depreciation**

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

Buildings Freehold	2% on cost
Plant and machinery	7.5% - 25% on cost
Computer equipment	33% on cost
Fixtures, fittings & equipment	20% - 25% on cost
Motor vehicles	20% - 33% on cost

#### **1.5 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.7 Stock**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **1.8 Pensions**

The company operates a defined contribution scheme for the benefit of its employees and directors. Contributions payable are charged to the profit and loss account in the period they are payable.

#### **1.9 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# ● BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 4 APRIL 2010

#### 1 Accounting policies

(continued)

##### 1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Steelstock UK Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

##### 1.11 Dividends

Dividends are accounted for in accordance with FRS 21, Events after the Balance Sheet Date, and are recognised only when paid as a movement in the reserves within the accounts.

#### 2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

#### 3 Operating profit

	2010 £	2009 £
Operating profit is stated after charging:		
Depreciation of tangible assets	266,589	319,590
Operating lease rentals - Land and Buildings	322,758	287,380
Auditors' remuneration	15,582	13,998
and after crediting:		
Profit on disposal of tangible assets	(3,419)	(5,994)

Auditors' remuneration in relation to the supply of non-audit services is disclosed in the consolidated accounts of Steelstock UK Limited, the ultimate parent company.

#### 4 Investment income

	2010 £	2009 £
Income from shares in group undertakings	60,000	-
Other interest	-	289
	60,000	289

# ● BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 4 APRIL 2010

<b>5</b>	<b>Interest payable</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Loan and other interest payable	55,952	185,850
	Hire purchase interest	17,760	22,330
	On overdue tax	1,821	5,736
		<u>75,533</u>	<u>213,916</u>
<b>6</b>	<b>Taxation</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	59,905	160,274
	Adjustment for prior years	(8,761)	8,704
	Payment in respect of group relief	20,275	-
	<b>Current tax charge</b>	<u>71,419</u>	<u>168,978</u>
	<b>Factors affecting the tax charge for the period</b>		
	Profit on ordinary activities before taxation	<u>335,320</u>	<u>460,686</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>93,890</u>	<u>128,992</u>
	Effects of:		
	Non deductible expenses	437	1,044
	Depreciation add back	73,688	89,485
	Capital allowances	(49,921)	(57,959)
	Industrial buildings allowance	(8,208)	(12,363)
	Adjustments to previous periods	(8,761)	8,704
	Other tax adjustments	(29,706)	11,075
		<u>(22,471)</u>	<u>39,986</u>
	<b>Current tax charge</b>	<u>71,419</u>	<u>168,978</u>
<b>7</b>	<b>Dividends</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	<u>200,000</u>	<u>160,000</u>

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 4 APRIL 2010**

### **8 Tangible fixed assets**

	Buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 6 April 2009	600,000	2,397,230	44,649	733,723	3,775,602
Additions	-	-	3,088	37,471	40,559
Disposals	-	-	(4,264)	(57,330)	(61,594)
At 4 April 2010	600,000	2,397,230	43,473	713,864	3,754,567
<b>Depreciation</b>					
At 6 April 2009	-	1,404,135	41,687	537,546	1,983,368
On disposals	-	-	(4,264)	(47,607)	(51,871)
Charge for the period	11,675	178,726	2,569	73,619	266,589
At 4 April 2010	11,675	1,582,861	39,992	563,558	2,198,086
<b>Net book value</b>					
At 4 April 2010	588,325	814,369	3,481	150,306	1,556,481
At 5 April 2009	600,000	993,095	2,962	196,177	1,792,234

On 30 November 2009 the freehold building was revalued to £600,000 on an open market value basis. The valuation was carried out by an external qualified chartered surveyor on the assumption that the property remains in essentially the same condition as that found in the previous valuation in April 2007. The directors are not aware of any material change in value since the external valuation was made.

The historical cost less depreciation of the revalued property was £444,870 (2009 - £454,569).

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 4 April 2010	416,637	20,600	437,237
At 5 April 2009	469,087	41,200	510,287
<b>Depreciation charge for the period</b>			
At 4 April 2010	52,450	20,600	73,050
At 5 April 2009	52,450	20,600	73,050

# ● BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 4 APRIL 2010

### 9 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost or valuation</b>	
At 6 April 2009	825,596
Additions	100,500
	<hr/>
At 4 April 2010	926,096
	<hr/>
<b>Provisions for diminution in value</b>	
At 6 April 2009 & at 4 April 2010	31,056
	<hr/>
<b>Net book value</b>	
At 4 April 2010	895,040
	<hr/>
At 5 April 2009	794,540
	<hr/>

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
<b>Subsidiary undertakings</b>				
Harbour Engineering (Aberdeen) Limited	Scotland	Ordinary	100.00	
Brown & Wilson Steels Limited	Scotland	Ordinary	80.00	
Dutton Group Limited	England and Wales	Ordinary	100.00	
Sheron Limited	England and Wales	Ordinary	100.00	
Royton Steelstock Limited	England and Wales	Ordinary	100.00	
Leah and Rowbotham Limited	England and Wales	Ordinary	100.00	
Osborne Terrace Limited	Scotland	Ord. "B" & Pref. "C"	62.50	
Two Saints Property Company Limited	Scotland	Ordinary	75.00	

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 4 APRIL 2010

### 9 Fixed asset investments

(continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2010 £	Profit/(loss) for the year 2010 £
	Principal activity		
Harbour Engineering (Aberdeen) Limited	Non trading	21,849	-
Brown & Wilson Steels Limited	Steel Stockholder	1,609,440	145,373
Dutton Group Limited	Non trading	472,995	-
Sheron Limited	Non trading	195,018	-
Royton Steelstock Limited	Steel Stockholder	609,998	(53,628)
Leah and Rowbotham Limited	Non trading	10,900	-
Osborne Terrace Limited	Rental of commercial property	(2,104,029)	144,133
Two Saints Property Company Limited	Rental of commercial property	(3,222,020)	260,188

The company has an indirect interest in Sheron Limited, Leah & Rowbotham Limited and Royton Steelstock Limited.

### 10 Stocks

	2010 £	2009 £
Finished goods and goods for resale	2,451,054	3,876,646

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 4 APRIL 2010

11 Debtors	2010 £	2009 £
Trade debtors	2,269,847	2,704,069
Amounts owed by parent and fellow subsidiary undertakings	374,378	154,128
Amounts owed by subsidiary undertakings	2,206,641	2,090,188
Other debtors	3,350	3,350
Prepayments and accrued income	122,731	59,918
	<u>4,976,947</u>	<u>5,011,653</u>

Amounts falling due after more than one year and included in the debtors above are:

	2010 £	2009 £
Amounts owed by group undertakings	<u>2,581,019</u>	<u>2,073,077</u>

Please refer to note 25 for further information on the group intercompany balances.

12 Creditors: amounts falling due within one year	2010 £	2009 £
Bank loans and overdrafts	1,363,041	2,913,047
Net obligations under hire purchase contracts	88,324	85,933
Trade creditors	1,869,159	1,718,162
Corporation tax	55,843	160,328
Other taxes and social security costs	259,216	417,409
Other creditors	101,839	119,189
Accruals and deferred income	494,135	440,345
	<u>4,231,557</u>	<u>5,854,413</u>

The aggregate amount of creditors falling due within one year for which security has been given amounted to £1,451,085 (2009 - £2,998,980).

The bank overdraft includes £1,297,170 (2009 - £2,550,229) advanced against trade debtors. The bank overdraft is secured by a fixed and floating charge and a debenture over the assets of the company.

The hire purchase liability is secured against the assets concerned.

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 4 APRIL 2010**

<b>13 Creditors: amounts falling due after more than one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	991,708	658,631
Net obligations under hire purchase contracts	158,045	246,219
	<u>1,149,753</u>	<u>904,850</u>

The aggregate amount of creditors due after more than one year for which security has been given amounted to £158,045 (2009 - £246,219).

The hire purchase liability is secured against the assets concerned.

<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	100,508	103,543
Repayable between one and five years	167,463	267,971
	<u>267,971</u>	<u>371,514</u>
Finance charges and interest allocated to future accounting periods	(21,602)	(39,362)
	<u>246,369</u>	<u>332,152</u>
Included in liabilities falling due within one year	(88,324)	(85,933)
	<u>158,045</u>	<u>246,219</u>

### **14 Provisions for liabilities**

	<b>Other</b>
	<b>£</b>
Balance at 6 April 2009	290,499
Profit and loss account	(281,499)
	<u>9,000</u>
Balance at 4 April 2010	<u>9,000</u>

The period end balance represents a general provision. The comparative balance relates to onerous purchase contracts.

# ● **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 4 APRIL 2010**

### **15 Pension costs**

#### **Defined contribution**

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. Contributions totalling £8,403 (2009 - £9,433) were payable to the fund at the year end and are included in creditors.

	2010 £	2009 £
Contributions payable by the company for the period	67,399	107,245

### **16 Share capital**

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

### **17 Statement of movements on reserves**

	Revaluation reserve £	Profit and loss account £
Balance at 6 April 2009	145,431	3,279,880
Profit for the period	-	263,901
Dividends paid	-	(200,000)
Balance at 4 April 2010	145,431	3,343,781

### **18 Reconciliation of movements in shareholders' funds**

	2010 £	2009 £
Profit for the financial period	263,901	291,708
Dividends	(200,000)	(160,000)
	63,901	131,708
Other recognised gains and losses	-	145,431
Net addition to shareholders' funds	63,901	277,139
Opening shareholders' funds	4,425,311	4,148,172
Closing shareholders' funds	4,489,212	4,425,311

# ● BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 4 APRIL 2010

### 19 Contingent liabilities

The company has granted a guarantee to the bank on behalf of Osborne Terrace Limited for £650,000.

### 20 Financial commitments

At 4 April 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 4 April 2011:

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire:		
In over five years	283,603	244,638

### 21 Directors' remuneration

	2010	2009
	£	£
Remuneration for qualifying services	167,133	194,076
Company pension contributions to money purchase schemes	14,161	57,390
	181,294	251,466

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2009 - 4).

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

Remuneration for qualifying services	57,111	36,999
Company pension contributions to money purchase schemes	6,000	43,229

# ● BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 4 APRIL 2010

### 22 Employees

#### Number of employees

The average monthly number of employees (including directors) during the period was:

	2010 Number	2009 Number
Selling and distribution	58	66
Administration	5	5
	<u>63</u>	<u>71</u>

#### Employment costs

	2010 £	2009 £
Wages and salaries	1,263,618	1,465,746
Social security costs	120,042	142,897
Other pension costs	67,399	107,245
	<u>1,451,059</u>	<u>1,715,888</u>

### 23 Control

The company is a 100% owned subsidiary of Steelstock UK Limited, a company incorporated in England and Wales. The ultimate controlling party is I Harding, by virtue of his majority shareholding in that company.

The consolidated financial statements for Steelstock UK Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 4 APRIL 2010**

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### **24 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with wholly owned group companies on the grounds that it is a wholly owned subsidiary of Steelstock UK Limited.

Included in creditors due in more than one year at the period end was an amount of £969,859 (2009 - £636,782) due to Brown & Wilson Steels Limited, a subsidiary. The movement during the period is represented by stock transfers from Brown & Wilson Steels Limited of £1,318,974 (2009 - £1,918,399), stock transfers to Brown & Wilson Steels Limited of £1,180,702 (2009 - £1,502,981), expenses of £884,146 (2009 - £639,418) paid on behalf of Brown & Wilson Steels Limited and cash transfers of £1,078,951 (2009 - £2,321,000) received by the company.

Included in debtors at the period end was an amount of £1,383,488 (2009 - £1,278,077) due from Osborne Terrace Limited, a subsidiary. The movement relates to amounts repaid of £21,000 (2009 - amounts loaned of £21,000) and expenses paid on behalf of Osborne Terrace Limited of £126,411 (2009 - £29,301).

Included in debtors at the period end was an amount of £676,589 (2009 - £795,000) due from Two Saints Property Company Limited, a subsidiary. The movement relates to amounts loaned of £nil (2009 - £60,000), expenses paid on behalf of Two Saints Property Company Limited of £nil (2009 - £57,094) and repayments of £118,411 (2009 - £22,094).

During the period, the company purchased 10,300 £1 Ordinary shares in Dutton Group Limited, a subsidiary, from Steel Supplies Limited, for £100,000.

### **25 Post balance sheet events**

On 22 October 2010 the company received £200,000 from Osborne Terrace Limited, a subsidiary, as part repayment of their intercompany loan.

### **26 Comparatives**

The comparative figures are for the period from the 7 April 2008 to the 5 April 2009.