

**REGISTRAR'S
COPY**

Company Registration No. SC167475 (Scotland)

BROWN & TAWSE STEELSTOCK LIMITED
ANNUAL REPORT
FOR THE PERIOD ENDED 5 APRIL 2015



BROWN & TAWSE STEELSTOCK LIMITED

COMPANY INFORMATION

Directors

I Harding
D G Lawrie
T S Wilson

Secretary

I Harding

Company number

SC167475

Registered office

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

Auditors

Haines Watts
30 Camp Road
Farnborough
Hampshire
GU14 6EW

BROWN & TAWSE STEELSTOCK LIMITED

CONTENTS

| | Page |
|-----------------------------------|--------|
| Strategic report | 1 |
| Directors' report | 2 |
| Independent auditors' report | 3 - 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes to the cash flow statement | 8 |
| Notes to the financial statements | 9 - 20 |

BROWN & TAWSE STEELSTOCK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 5 APRIL 2015

The directors present their report and financial statements for the period ended 5 April 2015.

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 period was £15.8m compared with £15.4m in 2013/14. The increase in turnover was due to strengthening demand in Scotland and to new operations established in the prior period being operating for a full financial period.

Gross margins were 30.3% of sales, compared to 26.9% in the previous period.

Operating profit was £455,355, 43% higher than £318,737 in the previous period. The directors believe this to be a satisfactory performance given the macro-economic climate and competitive 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.

Stocks have increased by £1.2m due to large orders being placed around the year end, due to the demand in anticipated future sales. The company continues to have a strong balance sheet with shareholders funds of £4.6m.

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.

The board continues to approve capital investment, both to maintain the fabric and operating capacity of the business and, equally importantly, to develop into value-added processing.

Principal risks and uncertainties

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.

Future developments

Whilst the steel industry in the UK and Europe still has a long way to go to recover the volumes last seen in 2007/08, the company has continued to emerge in good shape from the recession. It is well placed to take advantage of the recovery as it continues to develop.

On behalf of the board



I Harding

Director

Dated: 23/12/15

BROWN & TAWSE STEELSTOCK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 5 APRIL 2015

The directors present their report and financial statements for the period ended 5 April 2015.

Results and dividends

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

An ordinary dividend was paid by the company amounting to £64,000 (2014 - £50,000).

Directors

The following directors have held office since 7 April 2014:

I Harding
D G Lawrie
T S Wilson
J A Wood

(Resigned 12 August 2014)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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: 23/12/15



BROWN & TAWSE STEELSTOCK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BROWN & TAWSE STEELSTOCK LIMITED

We have audited the financial statements of Brown & Tawse Steelstock Limited for the period ended 5 April 2015 set out on pages 5 to 20. 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 5 April 2015 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 Strategic Report and 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

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 Haines Watts

23 December 2015

Chartered Accountants
Statutory Auditor

30 Camp Road
Farnborough
Hampshire
GU14 6EW

BROWN & TAWSE STEELSTOCK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 5 APRIL 2015

| | Notes | Period ended 5 April 2015 £ | Period ended 6 April 2014 £ |
|--|-----------|---|---|
| Turnover | 2 | 15,779,898 | 15,418,027 |
| Cost of sales | | (10,991,297) | (11,269,563) |
| Gross profit | | 4,788,601 | 4,148,464 |
| Distribution costs | | (19,220) | (27,447) |
| Administrative expenses | | (4,314,026) | (3,802,280) |
| Operating profit | 3 | 455,355 | 318,737 |
| Amounts written off investments | 4 | (100,000) | (100,000) |
| Interest payable and similar charges | 5 | (95,102) | (83,832) |
| Profit on ordinary activities before taxation | | 260,253 | 134,905 |
| Tax on profit on ordinary activities | 6 | (2,928) | (1,567) |
| Profit for the period | 16 | 257,325 | 133,338 |

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

There are no recognised gains and losses other than those passing through the profit and loss account.


BROWN & TAWSE STEELSTOCK LIMITED

BALANCE SHEET

AS AT 5 APRIL 2015

| | Notes | 2015 £ | £ | 2014 £ | £ |
|--|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 8 | 2,198,608 | | 2,229,303 | |
| Investments | 9 | 695,040 | | 795,040 | |
| | | <u>2,893,648</u> | | <u>3,024,343</u> | |
| Current assets | | | | | |
| Stocks | 10 | 3,521,236 | | 2,306,990 | |
| Debtors: amounts falling due within one year | 11 | 3,287,981 | | 3,655,850 | |
| Debtors: amounts falling due after more than one year | 11 | 3,516,528 | | 3,298,690 | |
| Cash at bank and in hand | | - | | 4,824 | |
| | | <u>10,325,745</u> | | <u>9,266,354</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(7,300,912)</u> | | <u>(6,855,932)</u> | |
| Net current assets | | <u>3,024,833</u> | | <u>2,410,422</u> | |
| Total assets less current liabilities | | <u>5,918,481</u> | | <u>5,434,765</u> | |
| Creditors: amounts falling due after more than one year | 13 | <u>(1,405,911)</u> | | <u>(1,115,520)</u> | |
| | | <u>4,512,570</u> | | <u>4,319,245</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 15 | 1,000,000 | | 1,000,000 | |
| Revaluation reserve | 16 | 145,431 | | 145,431 | |
| Profit and loss account | 16 | 3,367,139 | | 3,173,814 | |
| Shareholders' funds | 17 | <u>4,512,570</u> | | <u>4,319,245</u> | |

Approved by the Board and authorised for issue on 23rd December 2015



I Harding
Director

Company Registration No. SC167475

BROWN & TAWSE STEELSTOCK LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 5 APRIL 2015

| | £ | Period ended 5 April 2015 £ | £ | Period ended 6 April 2014 £ |
|---|-----------|--------------------------------------|-------------|--------------------------------------|
| Net cash (outflow)/inflow from operating activities | | 307,351 | | 760,195 |
| Returns on investments and servicing of finance | | | | |
| Interest paid | (95,102) | | (83,832) | |
| Net cash outflow for returns on investments and servicing of finance | | (95,102) | | (83,832) |
| Taxation | | (1,567) | | - |
| Capital expenditure | | | | |
| Payments to acquire tangible assets | (318,270) | | (1,215,985) | |
| Receipts from sales of tangible assets | 43,375 | | 3,830 | |
| Net cash outflow for capital expenditure | | (274,895) | | (1,212,155) |
| Equity dividends paid | | (64,000) | | (50,000) |
| Net cash outflow before management of liquid resources and financing | | (128,213) | | (585,792) |
| Financing | | | | |
| Repayment of other long term loans | (60,000) | | (60,000) | |
| Capital element of hire purchase contracts | (86,759) | | 815,599 | |
| Net cash inflow from financing | | (146,759) | | 755,599 |
| (Decrease)/increase in cash in the period | | (274,972) | | 169,807 |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 5 APRIL 2015

| 1 Reconciliation of operating profit to net cash outflow from operating activities | 2015 | 2014 |
|--|----------------|----------------|
| | £ | £ |
| Operating profit | 455,355 | 318,737 |
| Depreciation of tangible assets | 314,840 | 268,526 |
| Profit on disposal of tangible assets | (9,250) | (2,330) |
| Increase in stocks | (1,214,246) | (168,793) |
| Decrease/(increase) in debtors | 150,031 | (1,158,909) |
| Increase in creditors within one year | 610,621 | 1,502,964 |
| Net cash inflow from operating activities | 307,351 | 760,195 |

| 2 Analysis of net debt | 7 April 2014 | Cash flow | Other non-cash changes | 5 April 2015 |
|----------------------------------|--------------------|------------------|------------------------|--------------------|
| | £ | £ | £ | £ |
| Net cash: | | | | |
| Cash at bank and in hand | 4,824 | (4,824) | - | - |
| Bank overdrafts | (2,228,622) | (270,148) | - | (2,498,770) |
| | (2,223,798) | (274,972) | - | (2,498,770) |
| Bank deposits | - | - | - | - |
| Debt: | | | | |
| Finance leases | (816,225) | 86,759 | - | (729,466) |
| Debts falling due after one year | (476,465) | (400,648) | - | (877,113) |
| | (1,292,690) | (313,889) | - | (1,606,579) |
| Net debt | (3,516,488) | (588,861) | - | (4,105,349) |

| 3 Reconciliation of net cash flow to movement in net debt | 2015 | 2014 |
|---|--------------------|--------------------|
| | £ | £ |
| (Decrease)/increase in cash in the period | (274,972) | 169,807 |
| Cash inflow from increase in debt and lease financing | (313,889) | (970,215) |
| Movement in net debt in the period | (588,861) | (800,408) |
| Opening net debt | (3,516,488) | (2,716,080) |
| Closing net debt | (4,105,349) | (3,516,488) |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 5 APRIL 2015

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% - 33% 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 5 APRIL 2015

1 Accounting policies

(Continued)

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 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 wholly owned subsidiary undertaking of Steelstock UK Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

1.12 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.13 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 | 2015 £ | 2014 £ |
|---|--|-----------|-----------|
| | Operating profit is stated after charging: | | |
| | Depreciation of tangible assets | 314,840 | 268,526 |
| | Operating lease rentals - Land and Buildings | 56,675 | 56,675 |
| | Auditors' remuneration | 11,500 | 11,500 |
| | and after crediting: | | |
| | Profit on disposal of tangible assets | (9,250) | (2,330) |

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 | Amounts written off investments | 2015 £ | 2014 £ |
|---|--|-----------|-----------|
| | Amounts written off fixed asset investments: | | |
| | - permanent diminution in value | 100,000 | 100,000 |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

| | | | |
|----------|---|-----------------|-----------------|
| 5 | Interest payable | 2015 | 2014 |
| | | £ | £ |
| | On other loans wholly repayable within five years | 76,115 | 65,298 |
| | Hire purchase interest | 18,987 | 18,534 |
| | | <u>95,102</u> | <u>83,832</u> |
| 6 | Taxation | 2015 | 2014 |
| | | £ | £ |
| | Domestic current year tax | | |
| | U.K. corporation tax | 2,928 | 1,567 |
| | Total current tax | <u>2,928</u> | <u>1,567</u> |
| | Factors affecting the tax charge for the period | | |
| | Profit on ordinary activities before taxation | 260,253 | 134,905 |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 23.00%) | <u>52,051</u> | <u>31,028</u> |
| | Effects of: | | |
| | Non deductible expenses | 20,656 | 288 |
| | Depreciation add back | 62,968 | 61,761 |
| | Capital allowances | (102,333) | (115,205) |
| | Group relief | (29,878) | - |
| | Profit on sale of assets | (1,850) | (536) |
| | Other tax adjustments | 1,314 | 24,231 |
| | | <u>(49,123)</u> | <u>(29,461)</u> |
| | Current tax charge for the period | <u>2,928</u> | <u>1,567</u> |
| 7 | Dividends | 2015 | 2014 |
| | | £ | £ |
| | Ordinary final paid | <u>64,000</u> | <u>50,000</u> |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

8 Tangible fixed assets

| | Buildings Freehold | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total |
|--------------------------|-----------------------|------------------------|--------------------------------------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 7 April 2014 | 691,038 | 3,474,240 | 45,724 | 986,551 | 5,197,553 |
| Additions | - | 108,360 | - | 209,910 | 318,270 |
| Disposals | - | (4,000) | - | (171,025) | (175,025) |
| At 5 April 2015 | 691,038 | 3,578,600 | 45,724 | 1,025,436 | 5,340,798 |
| Depreciation | | | | | |
| At 7 April 2014 | 57,188 | 2,221,683 | 44,196 | 645,183 | 2,968,250 |
| On disposals | - | (3,500) | - | (137,400) | (140,900) |
| Charge for the period | 11,674 | 186,309 | 613 | 116,244 | 314,840 |
| At 5 April 2015 | 68,862 | 2,404,492 | 44,809 | 624,027 | 3,142,190 |
| Net book value | | | | | |
| At 5 April 2015 | 622,176 | 1,174,108 | 915 | 401,409 | 2,198,608 |
| At 6 April 2014 | 633,850 | 1,252,557 | 1,528 | 341,368 | 2,229,303 |

In November 2012 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 November 2009. 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 £480,693 (2014 - £490,393).

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

| | Plant and machinery | Motor vehicles | Total |
|---|------------------------|-------------------|---------|
| | £ | £ | £ |
| Net book values | | | |
| At 5 April 2015 | 724,038 | 272,647 | 996,685 |
| At 6 April 2014 | 772,095 | 222,483 | 994,578 |
| Depreciation charge for the period | | | |
| At 5 April 2015 | 84,006 | 50,971 | 134,977 |
| At 6 April 2014 | 55,985 | 15,517 | 71,502 |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 5 APRIL 2015

9 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|---|--|
| Cost or valuation | |
| At 7 April 2014 & at 5 April 2015 | 926,096 |
| Provisions for diminution in value | |
| At 7 April 2014 | 131,056 |
| Charge for the period | 100,000 |
| At 5 April 2015 | 231,056 |
| Net book value | |
| At 5 April 2015 | 695,040 |
| At 6 April 2014 | 795,040 |

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 % |
|--|--|-------------------|---------------|
| Subsidiary undertakings | | | |
| 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 | A, B & C Ordinary | 87.50 |
| Two Saints Property Company Limited | Scotland | Ordinary | 75.00 |
| Lotus Steels Limited | Scotland | Ordinary | 100.00 |
| Premier Laser Tube Limited | England and Wales | Ordinary | 80.00 |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

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 2015 £ | Profit/(loss) for the year 2015 £ |
|--|-------------------------------|--------------------------------------|--|
| | Principal activity | | |
| Harbour Engineering (Aberdeen) Limited | Non trading | 21,849 | - |
| Brown & Wilson Steels Limited | Steel Stockholder | 1,461,803 | (62,978) |
| Dutton Group Limited | Non trading | 472,995 | - |
| Sheron Limited | Non trading | 195,018 | - |
| Royton Steelstock Limited | Steel Stockholder | 998,328 | 217,992 |
| Leah and Rowbotham Limited | Non trading | 10,900 | - |
| Osborne Terrace Limited | Rental of commercial property | (6,171,719) | (60,481) |
| Two Saints Property Company Limited | Rental of commercial property | (2,801,949) | (324,528) |
| Lotus Steels Limited | Non trading | 2 | - |
| Premier Laser Tube Limited | Non trading | 2 | - |
| | | | |

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

10 Stocks

| | 2015 £ | 2014 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 3,521,236 | 2,306,990 |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

| 11 Debtors | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Trade debtors | 3,174,330 | 3,498,119 |
| Amounts owed by parent and fellow subsidiary undertakings | 1,275,686 | 1,194,232 |
| Amounts owed by subsidiary undertakings | 2,224,624 | 2,104,458 |
| Other debtors | 3,000 | 3,000 |
| Prepayments and accrued income | 126,869 | 154,731 |
| | <u>6,804,509</u> | <u>6,954,540</u> |

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

| | 2015 £ | 2014 £ |
|------------------------------------|------------------|------------------|
| Amounts owed by group undertakings | <u>3,516,528</u> | <u>3,298,690</u> |

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

| 12 Creditors: amounts falling due within one year | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 2,498,770 | 2,228,622 |
| Net obligations under hire purchase contracts | 200,668 | 177,170 |
| Trade creditors | 2,656,844 | 3,495,177 |
| Corporation tax | 2,928 | 1,567 |
| Other taxes and social security costs | 642,845 | 439,630 |
| Directors' current accounts | 667 | - |
| Other creditors | 137,981 | 118,945 |
| Accruals and deferred income | 1,160,209 | 394,821 |
| | <u>7,300,912</u> | <u>6,855,932</u> |

The aggregate amount of creditors falling due within one year for which security has been given amounted to £2,699,438 (2014 - £2,405,792).

The bank overdraft includes £2,498,770 (2014 - £2,228,622) 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 5 APRIL 2015

| 13 Creditors: amounts falling due after more than one year | 2015 £ | 2014 £ |
|--|------------------|------------------|
| Amounts owed to group undertakings | 697,113 | 236,465 |
| Other loans | 180,000 | 240,000 |
| Net obligations under hire purchase contracts | 528,798 | 639,055 |
| | <u>1,405,911</u> | <u>1,115,520</u> |

The aggregate amount of creditors for which security has been given amounted to £708,798 (2014 - £879,055).

The other loan of £180,000 (2014 - £240,000) is secured by a floating charge over the assets of the company.

The hire purchase liability is secured against the assets concerned.

Net obligations under hire purchase contracts

| | | |
|---|----------------|----------------|
| Repayable within one year | 223,486 | 202,802 |
| Repayable between one and five years | 554,070 | 676,934 |
| | <u>777,556</u> | <u>879,736</u> |
| Finance charges and interest allocated to future accounting periods | (48,090) | (63,511) |
| | <u>729,466</u> | <u>816,225</u> |
| Included in liabilities falling due within one year | (200,668) | (177,170) |
| | <u>528,798</u> | <u>639,055</u> |

14 Retirement Benefits

Defined contribution scheme

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 £29,697 (2014 - £21,180) were payable to the fund at the year end and are included in creditors.

| | 2015 £ | 2014 £ |
|---|----------------|---------------|
| Contributions payable by the company for the period | <u>176,744</u> | <u>58,755</u> |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

| | | | |
|-----------|---|--------------------|-------------------|
| 15 | Share capital | 2015 | 2014 |
| | | £ | £ |
| | Allotted, called up and fully paid | | |
| | 1,000,000 Ordinary shares of £1 each | 1,000,000 | 1,000,000 |
| | | <u> </u> | <u> </u> |
| 16 | Statement of movements on reserves | | |
| | | Revaluation | Profit |
| | | reserve | and loss |
| | | £ | account |
| | | | £ |
| | Balance at 7 April 2014 | 145,431 | 3,173,814 |
| | Profit for the period | - | 257,325 |
| | Dividends paid | - | (64,000) |
| | | <u> </u> | <u> </u> |
| | Balance at 5 April 2015 | 145,431 | 3,367,139 |
| | | <u> </u> | <u> </u> |
| 17 | Reconciliation of movements in Shareholders' funds | 2015 | 2014 |
| | | £ | £ |
| | Profit for the financial period | 257,325 | 133,338 |
| | Dividends | (64,000) | (50,000) |
| | | <u> </u> | <u> </u> |
| | Net addition to shareholders' funds | 193,325 | 83,338 |
| | Opening Shareholders' funds | 4,319,245 | 4,235,907 |
| | | <u> </u> | <u> </u> |
| | Closing Shareholders' funds | 4,512,570 | 4,319,245 |
| | | <u> </u> | <u> </u> |

18 Contingent liabilities

The company has granted an interest shortfall guarantee of a maximum of £125,000 to the bank on behalf of Osborne Terrace Limited.

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

19 Financial commitments

At 5 April 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 5 April 2016:

| | Land and buildings | |
|--------------------------------|--------------------|--------|
| | 2015 | 2014 |
| | £ | £ |
| Operating leases which expire: | | |
| Between two and five years | 56,675 | 56,675 |

20 Capital commitments

At 5 April 2015 the company had capital commitments as follows:

| | 2015 | 2014 |
|---|---------|-------|
| | £ | £ |
| Contracted for but not provided in the financial statements | 717,900 | 6,365 |

21 Directors' remuneration

| | 2015 | 2014 |
|---|---------|---------|
| | £ | £ |
| Remuneration for qualifying services | 133,980 | 162,765 |
| Company pension contributions to defined contribution schemes | 112,525 | 12,525 |
| | 246,505 | 175,290 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2014 - 3).

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

| | | |
|---|---------|---|
| Remuneration for qualifying services | 57,249 | - |
| Company pension contributions to defined contribution schemes | 106,000 | - |

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

22 Employees

Number of employees

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

| | 2015 Number | 2014 Number |
|--------------------------|----------------|----------------|
| Selling and distribution | 66 | 60 |
| Administration | 6 | 5 |
| | <u>72</u> | <u>65</u> |

Employment costs

| | 2015 £ | 2014 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,701,540 | 1,511,358 |
| Social security costs | 155,923 | 137,514 |
| Other pension costs | 176,744 | 58,755 |
| | <u>2,034,207</u> | <u>1,707,627</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.

24 Comparatives

The comparative figures are for the period from 29 March 2013 to 6 April 2014.

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 APRIL 2015

25 Related party relationships and 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 debtors due in more than one year at the period end was an amount of £598,138 (2014 - £519,309) due from Brown & Wilson Steels Limited, a subsidiary. The movement during the period is represented by stock transfers from Brown & Wilson Steels Limited of £1,013,468 (2014 - £956,215), stock transfers to Brown & Wilson Steels Limited of £2,462,433 (2014 - £2,143,473), expenses recharged of £296,194 (2014 - £207,292), other movements in the year total £1,745,159 (2014 - £1,394,550).

Included in debtors due in more than one year at the period end was an amount of £596,757 (2014 - £575,470) due from Two Saints Property Company Limited, a subsidiary. The movement relates to expenses paid on behalf of Two Saints Property Company Limited of £nil (2014 - £385) and repayments of £nil (2014 - £17,764).

Included in creditors falling due after more than one year is a loan of £180,000 (2014 - £240,000) due to the Brown & Tawse Steelstock Retirement Benefit Scheme within which the managing trustee is I Harding, director. The movement during the year represents amounts repaid of £60,000 (2014 - £60,000).

Included in debtors due in over one year is an amount owed from Osborne Terrace Limited, a subsidiary, of £1,029,729 (2014 - £1,009,679). The movement in the period is represented by amounts paid on behalf of Osborne Terrace Limited of £nil (2014 - £21,995) and amounts received of £nil (2014 - £21,612).

During the period the investment in Osborne Terrace Limited was written down by £100,000 (2014 - £100,000).