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Company Registration No. SC167475 (Scotland)

**BROWN & TAWSE STEELSTOCK LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2019**

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# **BROWN & TAWSE STEELSTOCK LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	I Harding D G Lawrie T S Wilson P J Bailey M R Clarke
<b>Secretary</b>	I Harding
<b>Company number</b>	SC167475
<b>Registered office</b>	Fowler Road West Pitkerro Industrial Estate Broughty Ferry Dundee DD5 3RU
<b>Auditor</b>	Haines Watts Farnborough LLP 30 Camp Road Farnborough Hampshire GU14 6EW

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# BROWN & TAWSE STEELSTOCK LIMITED

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# BROWN & TAWSE STEELSTOCK LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 31 MARCH 2019**

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The directors present the strategic report for the period ended 31 March 2019.

### **Principal activities and review of the business (including KPIs)**

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

Turnover for the period was £18.8m compared to £17.6m in 2018. The increase in turnover was primarily due to higher steel prices throughout the financial year compared with 2018.

Gross margins were 31.2% of sales, compared to 32.6% in the previous period, reflecting a reduced level of stock profits compared with the previous year.

Operating profit was £451K (£701K in 2018). The directors believe this is a creditable outcome for the financial year. 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.

Stock balances have increased by 21% mainly due to a planned increase in preparation for the anticipated Brexit date at the end of March 2019. Average stock holding time has remained consistent. The company continues to have a strong balance sheet with shareholders funds of £6.1m (2018 - £5.1m).

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 has a policy of continued capital investment, with £297k having been expended in 2019 compared with £252k in 2018, both to maintain the fabric and operating capacity of the business and, more 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**

Since the end of the 2019 financial year steel prices have generally been declining. In the period since the end of the financial year competitive pricing has intensified, due mainly to a number of major UK stockholders being overstocked in key product areas. As at autumn 2019 there remains uncertainty regarding future steel price and demand trends due to a number of factors: Brexit, the volatility of Sterling, the future of the UK steel maker British Steel and the continuation of tariffs on steel products. The directors continue to keep economic and political factors under review and the company is well prepared for the eventualities which the factors listed above may bring out.

On behalf of the board



I Harding

Director

Dated: 12/12/19

# BROWN & TAWSE STEELSTOCK LIMITED

## DIRECTORS' REPORT

**FOR THE PERIOD ENDED 31 MARCH 2019**

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The directors present their annual report and financial statements for the period ended 31 March 2019.

### Directors

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

I Harding  
D G Lawrie  
T S Wilson  
P J Bailey  
M R Clarke

### Results and dividends

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

No ordinary dividends were paid by the company during the year (2018 - £128,000).

### Statement of directors' responsibilities

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

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

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

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

### Statement of disclosure to auditor

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

On behalf of the board



I Harding

Director

12/12/19



# BROWN & TAWSE STEELSTOCK LIMITED

## INDEPENDENT AUDITOR'S REPORT

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

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#### Opinion

We have audited the financial statements of Brown & Tawse Steelstock Limited (the 'company') for the period ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

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

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

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

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

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Roslyn McFarlane (Senior Statutory Auditor)**  
for and on behalf of Haines Watts Farnborough LLP

17 December 2019

**Chartered Accountants**  
**Statutory Auditor**

30 Camp Road  
Farnborough  
Hampshire  
GU14 6EW

# BROWN & TAWSE STEELSTOCK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

		Period ended 31 March 2019 £	Period ended 1 April 2018 £
	Notes		
Turnover	3	18,773,950	17,645,816
Cost of sales		(12,924,616)	(11,893,179)
Gross profit		5,849,334	5,752,637
Administrative and distribution expenses		(5,396,487)	(5,051,372)
Operating profit	4	452,847	701,265
Interest receivable and similar income	7	811,153	20,000
Interest payable and similar expenses	8	(41,252)	(91,657)
Profit before taxation		1,222,748	629,608
Taxation	9	(107,791)	(132,086)
Profit for the financial period		1,114,957	497,522

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

# BROWN & TAWSE STEELSTOCK LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	11	1,666,349		1,734,164	
Investments	12	495,040		895,040	
		<u>2,161,389</u>		<u>2,629,204</u>	
<b>Current assets</b>					
Stocks	14	4,977,409		4,115,442	
Debtors falling due after more than one year	15	4,147,629		3,269,280	
Debtors falling due within one year	15	4,363,348		3,721,174	
		<u>13,488,386</u>		<u>11,105,896</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(7,374,381)</u>		<u>(5,791,513)</u>	
<b>Net current assets</b>		<u>6,114,005</u>		<u>5,314,383</u>	
<b>Total assets less current liabilities</b>		<u>8,275,394</u>		<u>7,943,587</u>	
<b>Creditors: amounts falling due after more than one year</b>	17	(2,147,604)		(2,930,754)	
<b>Net assets</b>		<u><u>6,127,790</u></u>		<u><u>5,012,833</u></u>	
<b>Capital and reserves</b>					
Called up share capital	21	1,000,000		1,000,000	
Profit and loss reserves		5,127,790		4,012,833	
<b>Total equity</b>		<u><u>6,127,790</u></u>		<u><u>5,012,833</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 12/12/19 and are signed on its behalf by:



I Harding  
Director

Company Registration No. SC167475

# BROWN & TAWSE STEELSTOCK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 3 April 2017</b>		1,000,000	3,643,311	4,643,311
<b>Period ended 1 April 2018:</b>				
Profit and total comprehensive income for the period		-	497,522	497,522
Dividends	10	-	(128,000)	(128,000)
<b>Balance at 1 April 2018</b>		1,000,000	4,012,833	5,012,833
<b>Period ended 31 March 2019:</b>				
Profit and total comprehensive income for the period		-	1,114,957	1,114,957
<b>Balance at 31 March 2019</b>		1,000,000	5,127,790	6,127,790

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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### 1 Accounting policies

#### Company information

Brown & Tawse Steelstock Limited is a private company limited by shares incorporated in Scotland. The registered office is Fowler Road, West Pitkerro Industrial Estate, Broughty Ferry, Dundee, DD5 3RU.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Brown & Tawse Steelstock Limited is a wholly owned subsidiary of Steelstock UK Limited and the results of Brown & Tawse Steelstock Limited are included in the consolidated financial statements of Steelstock UK Limited which are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Income from the sale of steel is recognised at the date of invoice net of VAT and trade discount, which usually coincides with the date of the despatch of the goods.

#### 1.4 Tangible fixed assets

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

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

Leasehold improvements	Remaining life of the lease
Plant and machinery	10% - 20% on cost
Fixtures, fittings & equipment	20% - 33% on cost
Motor vehicles	17% - 33% on cost

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

#### 1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

Stock consists of steel, which is a traded commodity and is valued at fair value, less its cost to resell, with any year end adjustment to fair value reflected through the profit and loss account.

This is facilitated by stock being recorded at the average direct cost by product line, with a subsequent annual impairment review and adjustment to the lower of fair value and net realisable value at the the year end. This assessment is made by the directors based on their knowledge of the business and with reference to current steel prices.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash at bank and in hand. Bank short term borrowings are shown within bank loans in current liabilities.

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

##### **Derecognition of financial assets**

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

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are recognised at transaction price.

#### **Derecognition of financial liabilities**

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

#### **1.10 Equity instruments**

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

#### **1.11 Taxation**

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

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **1.12 Employee benefits**

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

#### **1.13 Retirement benefits**

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.

#### **1.14 Leases**

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

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

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 1 Accounting policies

(Continued)

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

### 2 Judgements and key sources of estimation uncertainty

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

The estimates and assumptions that give rise to a significant risk of uncertainty to the carrying amount of assets and liabilities are outlined below.

The company's stock consists of steel, which is a traded commodity as detailed in note 1.7, and is valued at fair value less costs to sell. The directors have reviewed the year end stock fair value and consider that the adjustment that has been made to reflect the fair value at the year end is correct and that no further adjustment is deemed necessary.

The company provides a provision for the bad debt of any balances over 90 days old as at the period end. Additional specific provisions may also be made for any other debts if there are any indications that these amounts will not be received.

### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Sale of steel	18,773,950	17,645,816
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Dividends received	811,153	20,000
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	18,773,950	17,645,816
	<u>          </u>	<u>          </u>

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 4 Operating profit

	2019 £	2018 £
Operating profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	21,039	16,750
Depreciation of owned tangible fixed assets	146,430	155,768
Depreciation of tangible fixed assets held under finance leases	233,732	242,799
Profit on disposal of tangible fixed assets	(13,204)	-
Cost of stocks recognised as an expense	12,924,616	11,893,179
Operating lease charges	550,123	539,030
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2019 Number	2018 Number
Administration	7	7
Selling and distribution	75	75
	<u>      </u>	<u>      </u>
	82	82
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,210,031	2,094,664
Social security costs	205,044	189,393
Pension costs	105,530	100,351
	<u>          </u>	<u>          </u>
	2,520,605	2,384,408
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	234,930	233,504
Company pension contributions to defined contribution schemes	17,167	12,682
	<u>          </u>	<u>          </u>
	252,097	246,186
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 4).

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 6 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	76,149	75,559
Company pension contributions to defined contribution schemes	2,246	1,902
	<u>78,395</u>	<u>77,461</u>

### 7 Interest receivable and similar income

	2019 £	2018 £
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	811,153	20,000
	<u>811,153</u>	<u>20,000</u>

### 8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank loans	24,394	63,188
Interest on finance leases and hire purchase contracts	15,935	27,944
Other interest	923	525
	<u>41,252</u>	<u>91,657</u>

### 9 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	107,791	128,488
Adjustments in respect of prior periods	-	3,598
	<u>107,791</u>	<u>132,086</u>
Total current tax	107,791	132,086

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 9 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,222,748	629,608
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	232,322	119,626
Tax effect of expenses that are not deductible in determining taxable profit	(565)	480
Tax effect of income not taxable in determining taxable profit	(2,508)	-
Permanent capital allowances in excess of depreciation	30,537	8,730
Under/(over) provided in prior years	-	3,598
Dividend income	(154,119)	(3,800)
Adjustments for pensions	2,124	3,452
Taxation charge for the period	107,791	132,086

There is a potential unrecognised deferred tax liability of £126,671 (2018 - £154,316).

### 10 Dividends

	2019 £	2018 £
Final paid	-	128,000

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 2 April 2018	-	4,371,406	45,724	1,054,726	5,471,856
Additions	18,892	71,350	-	223,105	313,347
Disposals	-	-	-	(52,750)	(52,750)
At 31 March 2019	18,892	4,442,756	45,724	1,225,081	5,732,453
<b>Depreciation and impairment</b>					
At 2 April 2018	-	2,913,878	45,724	778,090	3,737,692
Depreciation charged in the period	-	245,580	-	134,582	380,162
Eliminated in respect of disposals	-	-	-	(51,750)	(51,750)
At 31 March 2019	-	3,159,458	45,724	860,922	4,066,104
<b>Carrying amount</b>					
At 31 March 2019	18,892	1,283,298	-	364,159	1,666,349
At 01 April 2018	-	1,457,528	-	276,636	1,734,164

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

	2019 £	2018 £
Plant and machinery	989,760	1,167,863
Motor vehicles	76,668	132,297
	<u>1,066,428</u>	<u>1,300,160</u>
Depreciation charge for the period in respect of leased assets	<u>233,732</u>	<u>242,799</u>

During the year a fellow group subsidiary financed assets on behalf of Brown & Tawse Steelstock Limited. The net book value of these assets were £20,867 (2018 - £42,667) and the depreciation charged was £21,800 (2018 - £16,350). The balance due at the end of the year is £12,506 (2018 - £33,260).

### 12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	<u>495,040</u>	<u>895,040</u>

#### Fixed asset investments not carried at market value

Investments in subsidiaries are measured at cost, with consideration given to any impairment.



# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 12 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 2 April 2018	926,096
Disposals	(400,000)
At 31 March 2019	526,096
<b>Impairment</b>	
At 2 April 2018 & 31 March 2019	31,056
<b>Carrying amount</b>	
At 31 March 2019	495,040
At 1 April 2018	895,040

On 5 November 2018, as part of a group reorganisation, the investment held by the company in Osborne Terrace Limited was purchased by BTS Pitkerro, an entity under common control. This investment was classified as a fixed asset investment and there was no gain or loss on the disposal.

### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Brown & Wilson Steels Limited	1	Steel stockholder	Ordinary	80.00	
Dutton Group Limited	2	Rental of commercial property	Ordinary	100.00	
Harbour Engineering (Aberdeen) Limited	1	Dormant	Ordinary	100.00	
Leah and Rowbotham Limited	2	Dormant	Ordinary		100.00
Lotus Steels Limited	3	Dormant	Ordinary	100.00	
Premier Lasertube Limited	2	Holding company	Ordinary	80.00	
Royton Steelstock Limited	2	Steel stock holder	Ordinary		100.00
Sheron Limited	2	Dormant	Ordinary		100.00
Redhall Engineering Services Limited	2	Steel fabricators	Ordinary		100.00

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 13 Subsidiaries

(Continued)

#### Registered Office addresses:

- 1 Fowler Road, West Pitkerro Industrial Estate, Broughty Ferry, Dundee, DD5 3RU
- 2 PO Box 2, The Mill House, Alton, Hampshire, GU34 2YA
- 3 Climpy Road, Forth, Lanark, ML11 8EW

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Brown & Wilson Steels Limited	101,448	2,133,705
Dutton Group Limited	56,750	625,520
Harbour Engineering (Aberdeen) Limited	-	21,849
Leah and Rowbotham Limited	-	10,900
Lotus Steels Limited	-	2
Premier Lasertube Limited	-	10
Royton Steelstock Limited	156,577	2,127,997
Sheron Limited	-	195,018
Redhall Engineering Services Limited	101,021	626,297

The figures shown above all relate to the period ended 31 March 2019, except those for Premier Lasertube Limited, which are for the year ended 31 March 2018 and are the latest figures available.

The company also had an investment in Two Saints Property Company Limited, the balance of which has been fully provided for. The final notice of dissolution was filed with Companies House on 11 July 2019.

### 14 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	4,977,409	4,115,442

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 15 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,768,849	3,524,955
Amounts owed by group undertakings	400,766	-
Other debtors	2,950	3,050
Prepayments and accrued income	190,783	193,169
	<u>4,363,348</u>	<u>3,721,174</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	2,692,563	3,269,280
Other debtors	1,455,066	-
	<u>4,147,629</u>	<u>3,269,280</u>
<b>Total debtors</b>	<u>8,510,977</u>	<u>6,990,454</u>

Please refer to note 23 for further information on the group intercompany balances.

### 16 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	18	2,303,039	1,030,319
Obligations under finance leases	19	201,481	276,456
Trade creditors		3,781,168	2,540,045
Corporation tax		108,921	128,488
Other taxation and social security		290,045	458,588
Other creditors		166,360	113,875
Accruals and deferred income		523,367	1,243,742
		<u>7,374,381</u>	<u>5,791,513</u>

Bank loans include £1,793,407 (2018 - £857,964) advanced against trade debtors. The advance is secured by a fixed and floating charge over the assets of the company.

Other creditors includes an amount of £18,256 (2018 - £11,616) which is not expected to be repaid within one year.

The finance lease or hire purchase liability is secured against the assets concerned.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 17 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	19	125,713	329,375
Amounts owed to group undertakings		2,021,891	2,601,379
		<u>2,147,604</u>	<u>2,930,754</u>

The finance lease or hire purchase liability is secured against the assets concerned.

### 18 Loans

	2019 £	2018 £
Bank loans	2,303,039	1,030,319
	<u>2,303,039</u>	<u>1,030,319</u>
Payable within one year	2,303,039	1,030,319
	<u>2,303,039</u>	<u>1,030,319</u>

### 19 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	209,490	293,201
In two to five years	126,902	336,393
	<u>336,392</u>	<u>629,594</u>
Less: future finance charges	(9,198)	(23,763)
	<u>327,194</u>	<u>605,831</u>

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

### 20 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	105,530	100,351
	<u>105,530</u>	<u>100,351</u>

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

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

### 21 Share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid 1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

### 22 Operating lease commitments

#### Lessee

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

	2019 £	2018 £
Within one year	260,000	260,000
Between two and five years	1,040,000	1,040,000
In over five years	710,000	280,000
	2,010,000	1,580,000

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

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### 23 Related party transactions

The company has taken advantage of the exemption 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 within one year is an amount of £400,766 due from a new fellow subsidiary in the year. The movement during the period relates to the sales invoices raised to the company of £1,121,052 (2018 - £nil) and payments received of £772,236 (2018 - £nil).

Included in debtors due after more than one year is an amount of £1,037,900 (2018 - £1,468,959) due from a fellow subsidiary. The movement during the period relates to net stock transfers to the fellow subsidiary from the company of £1,355,687 (2018 - £1,225,660), expenses recharged of £1,141,254 (2018 - £1,150,676) and other advances and repayments of £2,928,000 (2018 - £1,414,000).

Included in debtors due after more than one year is an amount of £522,931 (2018 - £nil) due from a fellow subsidiary. The movement during the period relates to amounts advanced to the company of £1,322,931 (2018 - £nil) and amounts repaid of £800,000 (2018 - £nil).

Included in debtors due after more than one year is an amount of £1,455,066 (2018 - £745,464) due from an entity under common control. The movement during the period relates to amounts advanced to the company of £1,278,910 (2018 - £340,374) and amounts repaid of £569,309 (2018 - £294,000).

During the year rental expenses of £100,000 (2018 - £100,000) were incurred from a retirement benefit scheme, of which one of the trustees is a director. At the period end no amounts were due from the company (2018 - £nil).

Included in creditors falling due after more than one year is an amount of £nil owed to an entity under common control (2018 - £1,024,229). The movement in the period is represented by repayment of the loan, facilitated by proceeds from their property sale.

Included in creditors due in less than one year is an amount owed to a director, of £18,256 (2018 - £11,616). The movement during the period represents amounts advanced to the company of £104,632 (2018 - £55,782) and amounts withdrawn from the company of £97,992 (2018 - £81,886).

# **BROWN & TAWSE STEELSTOCK LIMITED**

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

***FOR THE PERIOD ENDED 31 MARCH 2019***

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### **24 Controlling party**

At the period end, the ultimate parent company, which is also the parent for the largest and smallest group of undertakings for which the group financial statements are drawn up for and of which the company is a member, is Steelstock UK Limited, a company whose registered office is The Mill House, Anstey Mill Lane, Alton, Hampshire, GU34 2YA.

The ultimate controlling party is I Harding, by virtue of his majority shareholding in that company.

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

### **25 Comparatives**

The comparative figures are for the period from 3 April 2017 to 1 April 2018.