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Company Registration No. SC167475 (Scotland)

**BROWN & TAWSE STEELSTOCK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 APRIL 2018**



BROWN & TAWSE STEELSTOCK LIMITED

COMPANY INFORMATION

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

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BROWN & TAWSE STEELSTOCK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 1 APRIL 2018

The directors present the strategic report for the period ended 1 April 2018.

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.

The principal activity of the company was that of the processing and supply of steel.

Turnover for the period was £17.6m compared to £16.1m in 2017. The increase in turnover was primarily due to higher steel prices throughout the financial year compared with 2017.

Gross margins were 32.6% of sales, compared to 34.8% in the previous period, reflecting the ongoing success achieved in improving our sourcing of steel products, coupled with a general rise in the incoming steel prices.

Operating profit was £701K (£597K in 2017). 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 24% mainly due to the rise in steel prices. Average stock holding time has remained consistent. The company continues to have a strong balance sheet with shareholders funds of £5.1m (2017 - £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 has a policy of continued capital investment, with £252K having been expended in 2018 compared with £99K in 2017, 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 2018 financial year steel prices have generally held reasonably steady. 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 2018 there is considerable uncertainty regarding future steel price trends due to a number of factors: Brexit, the volatility of Sterling, global protectionism and the imposition of tariffs on steel products. UK demand for steel remains steady, and at a reasonably busy level. The directors continue to keep economic and political understanding under review and the company is well prepared for eventualities which the factors listed above may bring out.

BROWN & TAWSE STEELSTOCK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 APRIL 2018

Osborne Terrace Limited

This subsidiary sold its sole property in January 2018 for (net) £4.4m, as detailed in note 14. This cash inflow enabled Osborne Terrace to repay intercompany debt of £3.3m to Brown & Tawse Steelstock; consequently, this has resulted in a significant reduction in bank borrowings both for the company and for its steel trading subsidiaries, Brown & Wilson Steels Ltd and Royton Steelstock Limited.

On behalf of the board



I Harding

Director

Dated: 29th October 2018

BROWN & TAWSE STEELSTOCK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 1 APRIL 2018

The directors present their annual report and financial statements for the period ended 1 April 2018.

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 6.

An ordinary dividend was paid by the company of £128,000 (2017 - £64,000).

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 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

29th October 2018

BROWN & TAWSE STEELSTOCK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROWN & TAWSE STEELSTOCK LIMITED

Opinion

We have audited the financial statements of Brown & Tawse Steelstock Limited (the 'company') for the period ended 1 April 2018 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 1 April 2018 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

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.



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

9 November 2018

Chartered Accountants
Statutory Auditor

30 Camp Road
Farnborough
Hampshire
GU14 6EW

BROWN & TAWSE STEELSTOCK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 APRIL 2018

		Period ended 1 April 2018 £	Period ended 2 April 2017 £
	Notes		
Turnover	3	17,645,816	16,077,918
Cost of sales		(11,893,179)	(10,488,910)
Gross profit		5,752,637	5,589,008
Administrative and distribution expenses		(5,051,372)	(4,991,681)
Operating profit	5	701,265	597,327
Interest receivable and similar income	8	20,000	-
Interest payable and similar expenses	9	(91,657)	(128,908)
Exceptional item	4	-	179,500
Profit before taxation		629,608	647,919
Taxation	10	(132,086)	(101,164)
Profit for the financial period		497,522	546,755

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 1 APRIL 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12	1,734,164		1,898,400	
Investments	13	895,040		895,040	
		<u>2,629,204</u>		<u>2,793,440</u>	
Current assets					
Stocks	15	4,115,442		3,314,654	
Debtors falling due after more than one year	16	3,269,280		5,236,938	
Debtors falling due within one year	16	3,721,174		3,983,976	
		<u>11,105,896</u>		<u>12,535,568</u>	
Creditors: amounts falling due within one year	17	<u>(5,791,513)</u>		<u>(8,542,715)</u>	
Net current assets		<u>5,314,383</u>		<u>3,992,853</u>	
Total assets less current liabilities		<u>7,943,587</u>		<u>6,786,293</u>	
Creditors: amounts falling due after more than one year	18	<u>(2,930,754)</u>		<u>(2,142,982)</u>	
Net assets		<u><u>5,012,833</u></u>		<u><u>4,643,311</u></u>	
Capital and reserves					
Called up share capital	22	1,000,000		1,000,000	
Profit and loss reserves		4,012,833		3,643,311	
Total equity		<u><u>5,012,833</u></u>		<u><u>4,643,311</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 29th October 2018 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 1 APRIL 2018

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 4 April 2016		1,000,000	145,431	3,015,125	4,160,556
Period ended 2 April 2017:					
Profit and total comprehensive income for the period		-	-	546,755	546,755
Dividends	11	-	-	(64,000)	(64,000)
Transfers		-	-	145,431	145,431
Other movements		-	(145,431)	-	(145,431)
Balance at 2 April 2017		1,000,000	-	3,643,311	4,643,311
Period ended 1 April 2018:					
Profit and total comprehensive income for the period		-	-	497,522	497,522
Dividends	11	-	-	(128,000)	(128,000)
Balance at 1 April 2018		1,000,000	-	4,012,833	5,012,833

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 APRIL 2018

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 bases:

Plant and machinery	10% - 20% on cost
Fixtures, fittings & equipment	20% - 33% on cost
Motor vehicles	20% - 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 1 APRIL 2018

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 and bank short term borrowings. 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, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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.

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 APRIL 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, 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.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 APRIL 2018

2 Judgements and key sources of estimation uncertainty

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

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

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:

	2018 £	2017 £
Turnover analysed by class of business		
Sale of steel	17,645,816	16,077,918
	<u> </u>	<u> </u>
	2018 £	2017 £
Other significant revenue		
Dividends received	20,000	-
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	17,645,816	16,077,918
	<u> </u>	<u> </u>

4 Exceptional item

Comparative note:

In the period ended 2 April 2017, an exceptional gain of £179,500 arose on the disposal of the freehold building. The directors consider this transaction to be unusual and unlikely to re-occur. For this reason, the amount has been disclosed below operating profit.

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 APRIL 2018

5 Operating profit

	2018 £	2017 £
Operating profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	16,750	16,750
Depreciation of owned tangible fixed assets	155,768	131,542
Depreciation of tangible fixed assets held under finance leases	242,799	245,930
(Profit)/loss on disposal of tangible fixed assets	-	650
Cost of stocks recognised as an expense	11,893,179	10,488,910
Operating lease charges	539,030	548,075
	<u> </u>	<u> </u>

6 Employees

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

	2018 Number	2017 Number
Administration	7	6
Selling and distribution	75	74
	<u> </u>	<u> </u>
	82	80
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,094,664	2,063,063
Social security costs	189,393	189,320
Pension costs	100,351	99,840
	<u> </u>	<u> </u>
	2,384,408	2,352,223
	<u> </u>	<u> </u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	233,504	150,219
Company pension contributions to defined contribution schemes	12,682	12,639
	<u> </u>	<u> </u>
	246,186	162,858
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 4).

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 APRIL 2018

7 Directors' remuneration

(Continued)

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

	2018 £	2017 £
Remuneration for qualifying services	75,559	56,847
Company pension contributions to defined contribution schemes	1,522	3,300
	<u>77,081</u>	<u>60,147</u>

8 Interest receivable and similar income

	2018 £	2017 £
Income from fixed asset investments		
Income from shares in group undertakings	20,000	-
	<u>20,000</u>	<u>-</u>

9 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank loans	63,188	66,452
Interest on finance leases and hire purchase contracts	27,944	44,456
Other interest on financial liabilities	-	18,000
Other interest	525	-
	<u>91,657</u>	<u>128,908</u>

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	128,488	101,164
Adjustments in respect of prior periods	3,598	-
	<u>132,086</u>	<u>101,164</u>

There is a potential unrecognised deferred tax liability of £154,316 (2017 - £163,006).

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 APRIL 2018

10 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:

	2018 £	2017 £
Profit before taxation	629,608	647,919
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	119,626	129,584
Tax effect of expenses that are not deductible in determining taxable profit	480	(35,425)
Effect of change in corporation tax rate	-	(42)
Permanent capital allowances in excess of depreciation	8,730	9,948
Under/(over) provided in prior years	3,598	-
Dividend income	(3,800)	-
Adjustments for pensions	3,452	(2,901)
Taxation charge for the period	132,086	101,164

11 Dividends

	2018 £	2017 £
Final paid	128,000	64,000

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 APRIL 2018

12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 3 April 2017	4,326,152	45,724	986,904	5,358,780
Additions	45,254	-	207,327	252,581
Disposals	-	-	(139,505)	(139,505)
At 1 April 2018	4,371,406	45,724	1,054,726	5,471,856
Depreciation and impairment				
At 3 April 2017	2,617,942	45,617	796,821	3,460,380
Depreciation charged in the period	295,936	107	102,524	398,567
Eliminated in respect of disposals	-	-	(121,255)	(121,255)
At 1 April 2018	2,913,878	45,724	778,090	3,737,692
Carrying amount				
At 01 April 2018	1,457,528	-	276,636	1,734,164
At 02 April 2017	1,708,210	107	190,083	1,898,400

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

	2018 £	2017 £
Plant and machinery	1,167,863	1,345,966
Motor vehicles	132,297	136,993
	<u>1,300,160</u>	<u>1,482,959</u>
Depreciation charge for the period in respect of leased assets	<u>242,799</u>	<u>245,930</u>

13 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	14	<u>895,040</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 1 APRIL 2018

13 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 3 April 2017 & 1 April 2018	926,096
Impairment	
At 3 April 2017 & 1 April 2018	31,056
Carrying amount	
At 1 April 2018	895,040
At 2 April 2017	895,040

14 Subsidiaries

Details of the company's subsidiaries at 1 April 2018 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	Non trading	Ordinary	100.00	
Leah and Rowbotham Limited	2	Non trading	Ordinary		100.00
Lotus Steels Limited	3	Non trading	Ordinary	100.00	
Osborne Terrace Limited	1	Rental of commercial property	Ordinary A, B & C	70.56	
Premier Lasertube Limited	2	Non trading	Ordinary	80.00	
Royton Steelstock Limited	2	Steel stock holder	Ordinary		100.00
Sheron Limited	2	Non trading	Ordinary		100.00

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

Up until 5 January 2018 the principal activity of Osborne Terrace was that of rental of commercial property. On this date the property was sold. The proceeds have been used to repay amounts owed to the company as detailed note 24.

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 APRIL 2018

14 Subsidiaries

(Continued)

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	295,246	2,057,257
Dutton Group Limited	52,625	568,770
Harbour Engineering (Aberdeen) Limited	-	21,849
Leah and Rowbotham Limited	-	10,900
Lotus Steels Limited	-	2
Osborne Terrace Limited	1,199,977	1,521,325
Premier Lasertube Limited	-	2
Royton Steelstock Limited	291,903	1,971,420
Sheron Limited	-	195,018

The figures shown above all relate to the period ended 1 April 2018, except those for Lotus Steels Limited and Premier Lasertube Limited which relate to the period ended 31 March 2017 and are the latest figures available. The figures for Harbour Engineering (Aberdeen) Limited are prepared to 31 March 2018.

The company also had an investment in Two Saints Property Company Limited, which is now in administration; the balance of which has been fully provided for.

15 Stocks

	2018 £	2017 £
Finished goods and goods for resale	4,115,442	3,314,654

16 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	3,524,955	3,804,247
Other debtors	3,050	2,600
Prepayments and accrued income	193,169	177,129
	3,721,174	3,983,976
Amounts falling due after more than one year:		
Amounts owed by group undertakings	3,269,280	5,236,938
Total debtors	6,990,454	9,220,914

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 APRIL 2018

16 Debtors

(Continued)

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

17 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans	19	1,030,319	2,424,294
Obligations under finance leases	20	276,456	382,581
Trade creditors		2,540,045	3,294,137
Corporation tax		128,488	101,165
Other taxation and social security		458,588	638,767
Other creditors		113,875	618,572
Accruals and deferred income		1,243,742	1,083,199
		<u>5,791,513</u>	<u>8,542,715</u>

Bank loans include £857,964 (2017 - £2,213,497) 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 £11,616 (2017 - £542,104) which is not expected to be repaid within one year.

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

18 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	20	329,375	545,788
Amounts due to group undertakings		2,601,379	1,597,194
		<u>2,930,754</u>	<u>2,142,982</u>

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

19 Loans

	2018 £	2017 £
Bank loans	<u>1,030,319</u>	<u>2,424,294</u>
Payable within one year	<u>1,030,319</u>	<u>2,424,294</u>

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 APRIL 2018

20 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	293,201	409,793
In two to five years	336,393	563,822
	<u>629,594</u>	<u>973,615</u>
Less: future finance charges	(23,763)	(45,246)
	<u>605,831</u>	<u>928,369</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.

21 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>100,351</u>	<u>99,840</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.

22 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 1 APRIL 2018

23 Operating lease commitments

Lessee

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

	2018 £	2017 £
Within one year	260,000	260,000
Between two and five years	470,000	660,000
In over five years	210,000	280,000
	<u>940,000</u>	<u>1,200,000</u>

24 Events after the reporting date

On 1 November 2018, the company received a dividend distribution from a subsidiary undertaking, Osborne Terrace Limited, of £791,153.

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, a fellow wholly owned subsidiary. This investment is classified as a fixed asset investment as at 1 April 2018 however, there is no gain or loss on the disposal.

25 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 after more than one year is an amount of £1,468,959 (2017 - £506,623) due from a fellow subsidiary. The movement during the period relates to net stock transfers to the fellow subsidiary from the company of £1,227,504 (2017 - £1,104,184), expenses recharged of £265,168 (2017 - £424,736) and other advances and repayments of £1,414,000 (2017 - £1,919,852).

Included in creditors falling due after more than one year is a loan of £nil (2017 - £nil) due to a retirement benefit scheme, in which the managing trustee is a director. The movement during the year represents loan interest charged of £nil (2017 - £5,469) and the loan and interest repayments of £nil (2017 - £185,469). Rent payable to the entity for the period was £100,000 (2017 - £100,000).

Included in creditors falling due after more than one year is an amount of £1,024,229, owed to Osborne Terrace Limited (2017 - £2,981,430 owed from). The movement in the period is represented by repayment of the loan and advance to the company of £4,005,695 (2017 - £1,644,481), facilitated by proceeds from the property sale as detailed in note 14.

Included in creditors due in less than one year is an amount owed to a director, of £11,616 (2017 - £542,104). The movement during the period represents amounts advanced to the company of £55,782 (2017 - £578,769) and amounts withdrawn from the company of £81,886 (2017 - £15,158). Interest amounting to £17,500 (2017 - £18,000) was charged on the loan in the year at a rate of 3% per annum on the initial £500,000 loan. The loan was repaid on 14th March 2018.

BROWN & TAWSE STEELSTOCK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 1 APRIL 2018**

26 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.

27 Comparatives

The comparative figures are for the period from 4 April 2016 to 2 April 2017.