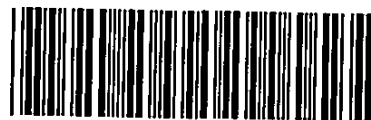


Dyfed Steels Limited

Report and financial statements for the year ended 31 January 2011

Registered Number: 1287461

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Dyfed Steels Limited

Report and financial statements for the year ended 31 January 2011

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Dyfed Steels Limited

1

Directors and advisers

Directors

D W Thomas
S Jones

Secretary and registered office

A J Morgan
Tube Works
Maescanner Road
Dafen
Llanelli
SA14 8NS

Auditors

PricewaterhouseCoopers LLP
Llys Tawe
Kings Road
SA1 Swansea Waterfront
Swansea
SA1 8PG

Bankers

HSBC Bank plc
97 Bute Street
Cardiff
CF10 5NA

Directors' report for the year ended 31 January 2011

The directors present their report and the audited financial statements for the year ended 31 January 2011

Business review and principal activities

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

The results of the group show a pre-tax profit of £1,503,000 (2010: loss of £896,000) for the year and sales of £56,612,000 (2010: £38,021,000)

Principal risks and uncertainties

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

Key performance indicators (KPIs)

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

Financial risk management

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

Price risk

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

Credit risk

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

Liquidity risk

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

Dividends and transfers to reserves

No dividends were paid or proposed in respect of the year.

The retained profit for the financial year is to be transferred to reserves.

**Directors' report
for the year ended 31 January 2011 (continued)****Directors**

The directors of the company at 31 January 2011 and for the whole of the year then ended, unless otherwise indicated, are listed on page 1

Employees

The company's policy is to consult and discuss with employees, through employee meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins, reports and team briefings which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance

The company's policy is to recruit disabled workers for those vacancies which they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate for their aptitude and abilities.

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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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

Dyfed Steels Limited

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Directors' report for the year ended 31 January 2011 (continued)

Statement of disclosure of information to auditors

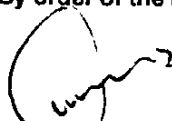
Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the board

A handwritten signature in black ink, appearing to read 'D W Thomas', is written over a circular stamp or seal.

**D W Thomas
Director**

We have audited the group and parent company financial statements (the "financial statements") of Dyfed Steels Limited for the year ended 31 January 2011 which comprise the Group Profit and Loss Account, the Note of Historical Cost Profits and losses, the Group and Parent Company Balance Sheets, the Group Cash Flow statement and the related notes. 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).

Respective responsibilities of directors and auditors

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. 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2011 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Ian Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea

28 July 2011

Dyfed Steels Limited

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Registered no: 1287461

Group profit and loss account for the year ended 31 January 2011

	Notes	2011 £000	2010 £000
Turnover	2	56,612	38,021
Cost of sales		(40,539)	(26,783)
Gross profit		16,073	11,238
Net operating expenses	3	(14,209)	(11,836)
Operating profit / (loss)	4	1,864	(598)
Interest payable and similar charges	6	(361)	(298)
Profit / (loss) on ordinary activities before taxation		1,503	(896)
Tax on profit / (loss) on ordinary activities	7	(476)	286
Profit / (loss) for the financial year	20	1,027	(610)

All operations are continuing

The group has no recognised gains and losses other than those included in the profits / (losses) above consequently no separate statement of total recognised gains and losses has been presented.

Dyfed Steels Limited

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Registered no: 1287461

Note of historical cost profits and losses for the year ended 31 January 2011

	2011 £000	2010 £000
Reported profit / (loss) on ordinary activities before tax	1,503	(896)
Difference between historical cost depreciation charge and actual charge	10	10
Historical cost profit / (loss) on ordinary activities before taxation	1,513	(886)
Historical cost profit / (loss) for the year retained after tax and dividends	1,037	(600)

Dyfed Steels Limited

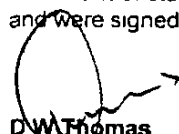
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Registered no: 1287461

Group balance sheet As at 31 January 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Intangible assets	9	405	259
Tangible assets	10	8,386	8,667
Investments	11	-	-
		8,791	8,926
Current assets			
Stocks	12	16,314	11,370
Debtors	13	13,574	8,993
Cash at bank and in hand		13	24
		29,901	20,387
Creditors: amounts falling due within one year	14	(23,587)	(14,604)
Net current assets		6,314	5,783
Total assets less current liabilities		15,105	14,709
Creditors: amounts falling due after more than one year	15	(2,708)	(3,343)
Provisions for liabilities and charges	18	(273)	(269)
Net assets		12,124	11,097
Capital and reserves			
Called up share capital	19	45	45
Revaluation reserve	20	2,601	2,601
Profit and loss account	20	9,478	8,451
Total shareholders' funds	21	12,124	11,097

The financial statements on pages 6 to 20 were approved by the board of directors on 25 July 2011 and were signed on its behalf by


D W Thomas
Director

Dyfed Steels Limited

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Registered no: 1287461

Parent company balance sheet As at 31 January 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Intangible assets	9	410	252
Tangible assets	10	8,386	8,667
Investments	11	-	-
		8,796	8,919
Current assets			
Stocks	12	16,314	11,370
Debtors	13	13,574	8,993
Cash at bank and in hand		13	24
		29,901	20,387
Creditors: amounts falling due within one year	14	(23,587)	(14,604)
Net current liabilities		6,314	5,783
Total assets less current liabilities		15,110	14,702
Creditors: amounts falling due after more than one year	15	(2,708)	(3,343)
Provisions for liabilities and charges	18	(273)	(269)
Net assets		12,129	11,090
Capital and reserves			
Called up share capital	19	45	45
Revaluation reserve	20	2,251	2,251
Profit and loss account	20	9,833	8,794
Total shareholders' funds	21	12,129	11,090

The financial statements on pages 6 to 20 were approved by the board of directors on 28 July 2011 and were signed on its behalf by


D W Thomas
Director

Dyfed Steels Limited

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Registered no: 1287461

Group cash flow statement for the year ended 31 January 2011

	Notes	2011 £000	2010 £000
Net cash (outflow) / inflow from continuing operating activities	24	(887)	1,223
Returns on investments and servicing of finance			
Interest paid on bank loans and overdrafts		(252)	(194)
Interest paid on finance leases and hire purchase agreements		(109)	(104)
Net cash outflow from returns on investments and servicing of finance		(361)	(298)
Taxation			
UK corporation tax paid		-	(116)
Capital expenditure and financial investment			
(Purchase) / sale of tangible fixed assets		(343)	16
Acquisitions			
Purchase of unincorporated business		-	(1,019)
Net cash outflow before financing		(1,591)	(110)
Financing			
Invoice discounting		2,395	1,561
Repayment of bank loans		(262)	(257)
Capital element of finance leases and hire purchase repayments		(749)	(629)
Net cash inflow from financing		1,384	675
(Decrease) / Increase in cash	25	(207)	481

**Notes to the financial statements
for the year ended 31 January 2011****1 Accounting policies**

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

Basis of accounting

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

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 January 2011. Intra-group sales, profits and balances are eliminated fully on consolidation.

Turnover

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

Intangible assets

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

Tangible fixed assets

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

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

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

Freehold land is not depreciated.

The directors undertake reviews of the carrying value of fixed assets when trigger events occur and make such provisions for impairment as they consider necessary.

Investments

Investments are stated at cost less, where appropriate, any provision for impairment.

Dyfed Steels Limited

Stocks

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

Finance and operating leases

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

Grants

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

Deferred taxation

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

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

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

Pension scheme arrangements

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

Foreign currency

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

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods delivered to customers during the year after deduction of trade discounts and credits.

Dyfed Steels Limited

2 Turnover

The turnover of the group is wholly attributable to the principal activity of the group. All turnover was generated in the United Kingdom

3 Net operating expenses

	2011 £000	2010 £000
Administrative expenses	14,209	11,836

4 Operating profit / (loss)

Operating profit / (loss) is stated after charging

	2011 £000	2010 £000
Amortisation of goodwill	60	15
Depreciation charge on tangible owned fixed assets	329	214
Depreciation charge on tangible fixed assets held under hire purchase contracts	461	545
Profit on disposal of tangible fixed assets	(2)	(16)
Operating lease charges – land and buildings	170	170
Operating lease charges – other	159	148
Services provided by the Company's auditor:		
Audit services (company £32,000 (2010 £32,000))	34	34
Other services – tax compliance	4	4

5 Directors and employees

	2011 £000	2010 £000
Staff costs:		
Wages and salaries	6,789	5,792
Social security costs	624	538
Pension costs (see note 17)	69	59
	7,482	6,389

	Number	Number
Average weekly numbers employed including directors:		
Production and distribution	243	205
Sales and administration	60	61
	303	266

	2011 £000	2010 £000
Directors' emoluments		
Aggregate emoluments	166	178

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

Dyfed Steels Limited

6 Interest payable and similar charges

	2011 £000	2010 £000
On bank overdrafts and other loans	252	194
On finance leases and hire purchase contracts	109	104
	361	298

7 Tax on profit / (loss) on ordinary activities

	2011 £000	2010 £000
Current tax		
UK corporation tax on profits for the year	460	(239)
Adjustments in respect of prior years	12	(40)
	472	(279)
Deferred tax		
Charge / (credit) for the year	4	(7)
	476	(286)

The effective current rate for the period is lower than the standard corporation tax rate applying in the UK of 28% (2010 28%) The differences are explained below

	2011 £000	2010 £000
Profit / (loss) on ordinary activities before tax	1,503	(896)
Profit / (loss) on ordinary activities multiplied by the rate of 28% (2010: 28%) in the UK	421	(251)
Effects of		
Expenses not deductible for tax purposes	59	49
Accelerated capital allowances and other timing differences	(20)	(34)
Adjustments in respect of prior years	12	(40)
Tax at marginal rates	-	(3)
Current tax charge / (credit) for the year	472	(279)

8 Profit for the financial year

Of the group profit for the year, £1,039,000 (2010 loss of £601,000) arose in the parent company

As permitted by Section 408 of the Companies Act 2006 the parent company's profit and loss account has not been included in these financial statements

Dyfed Steels Limited

9 Intangible assets

Group	Goodwill £000
Cost	
At 1 February 2010	392
Additions	206
At 31 January 2011	598
Accumulated Amortisation	
At 1 February 2010	133
Charge for the year	60
At 31 January 2011	193
Net book value	
At 31 January 2011	405
At 31 January 2010	259
Company	Goodwill £000
Cost	
At 1 February 2010	271
Additions	206
At 31 January 2011	477
Accumulated Amortisation	
At 1 February 2010	19
Charge for the year	48
At 31 January 2011	67
Net book value	
At 31 January 2011	410
At 31 January 2010	252

10 Tangible fixed assets

Group and company	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 February 2010	4,945	5,267	653	3,390	14,255
Additions	14	223	11	261	509
Disposals	-	-	-	(638)	(638)
At 31 January 2011	4,959	5,490	664	3,013	14,126
Depreciation					
At 1 February 2010	189	2,859	603	1,937	5,588
Charge for the year	95	375	34	286	790
Eliminated on disposals	-	-	-	(638)	(638)
At 31 January 2011	284	3,234	637	1,585	5,740
Net book amount					
At 31 January 2011	4,675	2,256	27	1,428	8,386
At 31 January 2010	4,756	2,408	50	1,453	8,667

The net book amount of tangible fixed assets owned by the group includes an amount of £2,831,015 (2010 £2,760,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charged in respect of such assets amounted to £460,622 (2010 £545,000).

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

Dyfed Steels Limited

If freehold properties had not been re-valued they would be included at the following amounts:

	2011 £000	2010 £000
Cost	3,041	3,041
Depreciation	(874)	(813)
Carrying value	2,167	2,228

11 Investments

Group	Other Investments £000
Cost	
At 1 February 2010 and 31 January 2011	30
Amounts written off	
At 1 February 2010 and 31 January 2011	30
Net book value	
At 1 February 2010 and 31 January 2011	-

Company	Group companies £000	Other investments £000	Total £000
Cost			
At 1 February 2010 and 31 January 2011	234	30	264
Amounts written off			
At 1 February 2010 and 31 January 2011	234	30	264
Net book value			
At 1 February 2010 and 31 January 2011	-	-	-

Group subsidiary companies comprise the following

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

12 Stocks

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Raw materials	16,314	11,370	16,314	11,370

13 Debtors

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Amounts falling due within one year				
Trade debtors	13,397	8,907	13,397	8,907
Prepayments and accrued income	177	86	177	86
	13,574	8,993	13,574	8,993

Dyfed Steels Limited

14 Creditors: amounts falling due within one year

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans and overdraft (see (a) below)	805	609	805	609
Trade creditors	10,563	6,230	10,563	6,230
Corporation tax	492	20	492	20
Other taxation and social security	973	691	973	691
Accruals and deferred income	1,824	472	1,824	472
Other creditors (see (b) below)	8,284	5,889	8,284	5,889
Amounts due under finance leases and hire purchase agreements	646	693	646	693
	23,587	14,604	23,587	14,604

- (a) The bank loans and overdraft are secured by a fixed and floating charge against the assets of the group
- (b) The group has entered into a contract that provides invoice discounting facilities in respect of its trade debts. An amount of £8,284,000 (2010 £5,889,000) is included in other creditors. The invoice discounting company holds a floating charge over the trade debtors of the group.

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans (see 14 (a) above)	1,920	2,182	1,920	2,182
Accruals and deferred income	69	110	69	110
Amounts due under finance leases and hire purchase agreements	719	1,051	719	1,051
	2,708	3,343	2,708	3,343

16 Borrowings

The bank loan is repayable in instalments as shown below

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Within one year	304	304	304	304
Between one and two years	304	304	304	304
Between two and five years	912	912	912	912
More than five years	704	966	704	966
	2,224	2,486	2,224	2,486

Dyfed Steels Limited

16 Borrowings (continued)

Commitments under finance leases and hire purchase agreements

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

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Amounts repayable within one year	646	693	646	693
Amounts repayable between one to two years	397	527	397	527
Amounts repayable between three and five years	322	524	322	524
Amounts repayable after five years	-	-	-	-
	1,365	1,744	1,365	1,744

17 Pensions

The group operates defined contribution pension schemes for directors and senior employees, the assets of which are separately administered from the company and the group. The pension costs, which represent contributions payable by the group, amounted to £69,000 (2010: £59,000)

18 Provisions for liabilities and charges

Deferred taxation

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

	Group	Company
	2011	2011
	£000	£000
At 1 February 2010	269	269
Charged to the profit and loss account	4	4
At 31 January 2011	273	273

Deferred taxation provided in the financial statements is as follows

Group	Amount provided		Amount un provided	
	2011	2010	2011	2010
	£000	£000	£000	£000
Tax effect of timing differences due to				
Accelerated capital allowances	293	286	-	-
Other timing differences	(20)	(17)	-	-
Capital gains and revaluations	-	-	170	177
	273	269	170	177

Company	Amount provided		Amount un provided	
	2011	2010	2011	2010
	£000	£000	£000	£000
Tax effect of timing differences due to				
Accelerated capital allowances	293	286	-	-
Other timing differences	(20)	(17)	-	-
Capital gains and revaluations	-	-	170	177
	273	269	170	177

Revaluations of freehold property assets have resulted in a potential deferred tax liability of £170,000 (2010: £177,000) which has not been provided for on the basis that the group has not entered into any binding agreements to sell the revalued assets

Dyfed Steels Limited

19 Called-up share capital

	2011 £'000	2010 £'000
Allotted, called up and fully paid		
45,000 ordinary shares of £1 each	45	45

20 Reserves

	Group revaluation reserve £000	Company revaluation reserve £000	Group profit and loss account £000	Company profit and loss account £000
At 1 February 2010	2,601	2,251	8,451	8,794
Retained profit for the financial year	-	-	1,027	1,039
At 31 January 2011	2,601	2,251	9,478	9,833

21 Reconciliation of movements in shareholder's funds

	Group 2011 £000	2010 £000	Company 2011 £000	2010 £000
Profit / (loss) for the financial year	1,027	(610)	1,039	(601)
Opening shareholders' funds	11,097	11,707	11,090	11,691
Closing shareholders' funds	12,124	11,097	12,129	11,090

22 Capital commitments

The amount of capital expenditure contracted for but not provided for amounted to £Nil (2010: £215,000).

23 Financial commitments

At 31 January 2011 the group and company had annual commitments under non-cancellable operating leases as follows

	Group 2011 £000	2010 £000	Company 2011 £000	2010 £000
Other				
Expiring within one year	-	25	-	25
Expiring within one to two years	30	28	30	28
Expiring between two to five years	55	30	55	30
	85	83	85	83
Land and buildings				
Expiring within one year	30	-	30	-
Expiring within one to two years	-	30	-	30
Expiring between two and five years	-	-	-	-
Expiring in over five years	140	140	140	140
	170	170	170	170

Dyfed Steels Limited

24 Reconciliation of operating profit / (loss) to net cash (outflow) / inflow from continuing operating activities

	2011 £000	2010 £000
Operating profit / (loss)	1,864	(598)
Profit on disposal of tangible fixed assets	(2)	(16)
Amortisation of goodwill	60	15
Depreciation on tangible fixed assets	790	759
(Increase) / decrease in stocks	(4,944)	2,338
(Increase) / decrease in debtors	(4,581)	451
Increase / (decrease) in creditors	5,926	(1,726)
Net cash (outflow) / inflow from continuing operating activities	(887)	1,223

25 Reconciliation of movement in net debt

	2011 £000	2010 £000
(Decrease) / increase in cash in the year	(207)	481
Cash outflow from decrease in debt and hire purchase and finance leases	(1,384)	(675)
New hire purchase and finance leases in the year	(370)	(450)
Movement in net debt during the year	(1,961)	(644)
Net debt at 1 February	(10,400)	(9,756)
Net debt at 31 January	(12,361)	(10,400)

26 Movement in net debt

	At 31 January 2010 £000	Cash flow £000	Non-cash changes £000	At 31 January 2011 £000
Cash				
Cash at bank and in hand	24	(11)	-	13
Bank overdraft	(305)	(183)	-	(488)
	(281)	(194)	-	(475)
Debt				
Debt due within one year (bank and other loans)	(304)	-	-	(304)
Debt due after one year (bank loan)	(2,182)	249	-	(1,933)
Invoice discounting	(5,889)	(2,395)	-	(8,284)
Hire purchase and finance leases	(1,744)	749	(370)	(1,365)
	(10,119)	(1,397)	(370)	(11,886)
Net debt	(10,400)	(1,591)	(370)	(12,361)

27 Related party transactions

The company is exempt under FRS 8 from disclosing related party transactions with its wholly owned subsidiary companies and has taken advantage of this exemption

28 Ultimate controlling party

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