Dyfed Steels Limited

Report and financial statements for the year ended 31 January 2010

Registered Number: 1287461

Dyfed Steels Limited

Report and financial statements for the year ended 31 January 2010

Dyfed Steels Limited

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
One Kingsway
Cardiff
CF10 3PW

Bankers

HSBC Bank plc
97 Bute Street
Cardiff
CF10 5NA

Directors' report
for the year ended 31 January 2010

The directors present their report and the audited financial statements for the year ended 31 January 2010

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 loss of £896,000 (2009 profit of £3,214,000) for the year and sales of £38,021,000 (2009 £50,042,000)

The company acquired the trade and assets of two steel businesses for a consideration of £1,259,000 during the year

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

Dividends of £Nil were paid in the year ended 31 January 2010 (2009 £Nil)

Directors' report
for the year ended 31 January 2010 (continued)

Directors

The directors of the company at 31 January 2010 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 Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period 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,
- 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

Directors' report
for the year ended 31 January 2010 (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

D W Thomas
Director

Independent auditors' report to the members of Dyfed Steels Limited

We have audited the group and parent company financial statements (the "financial statements") of Dyfed Steels Limited for the year ended 31 January 2010 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 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 October 2009 and of the group's loss 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

Ian Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea, 7 October 2010

Dyfed Steels Limited

Registered no: 1287461

Group profit and loss account for the year ended 31 January 2010

	Notes	2010 £000	2009 £000
Turnover	2	**38,021**	50,042
Cost of sales		**(26,783)**	(33,857)
Gross profit		**11,238**	16,185
Net operating expenses	3	**(11,836)**	(12,331)
Operating (loss) / profit	4	**(598)**	3,854
Interest payable and similar charges	6	**(298)**	(640)
(Loss) / profit on ordinary activities before taxation		**(896)**	3,214
Tax on (loss) / profit on ordinary activities	7	**286**	(937)
(Loss) / profit for the financial year	20	**(610)**	2,277

All operations are continuing

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

Dyfed Steels Limited

Registered no: 1287461

Note of historical cost profits and losses for the year ended 31 January 2010

	2010 £000	2009 £000
Reported (loss) / profit on ordinary activities before tax	**(896)**	2,277
Difference between historical cost depreciation charge and actual charge	**10**	13
Historical cost (loss) / profit on ordinary activities before taxation	**(886)**	2,290
Historical cost (loss) / profit for the year retained after tax and dividends	**(600)**	1,353

Dyfed Steels Limited

Registered no: 1287461

Group balance sheet
As at 31 January 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Intangible assets	9	**259**	34
Tangible assets	10	**8,667**	8,892
Investments	11	**-**	-
		8,926	8,926
Current assets			
Stocks	12	**11,370**	12,773
Debtors	13	**8,993**	9,444
Cash at bank and in hand		**24**	2
		20,387	22,219
Creditors: amounts falling due within one year	14	**(14,604)**	(15,248)
Net current assets		**5,783**	6,971
Total assets less current liabilities		**14,709**	15,897
Creditors: amounts falling due after more than one year	15	**(3,343)**	(3,914)
Provisions for liabilities and charges	18	**(269)**	(276)
Net assets		**11,097**	11,707
Capital and reserves			
Called up share capital	19	**45**	45
Revaluation reserve	20	**2,601**	2,601
Profit and loss account	20	**8,451**	9,061
Total shareholders' funds	21	**11,097**	11,707

The financial statements on pages 6 to 21 were approved by the board of directors on 7 October 2010 and were signed on its behalf by

D W Thomas
Director

Dyfed Steels Limited

Registered no: 1287461

Parent company balance sheet
As at 31 January 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Intangible assets	9	**252**	18
Tangible assets	10	**8,667**	8,892
Investments	11	**-**	-
		8,919	8,910
Current assets			
Stocks	12	**11,370**	12,773
Debtors	13	**8,993**	9,444
Cash at bank and in hand		**24**	2
		20,387	22,219
Creditors: amounts falling due within one year	14	**(14,604)**	(15,248)
Net current liabilities		**5,783**	6,971
Total assets less current liabilities		**14,702**	15,881
Creditors: amounts falling due after more than one year	15	**(3,343)**	(3,914)
Provisions for liabilities and charges	18	**(269)**	(276)
Net assets		**11,090**	11,691
Capital and reserves			
Called up share capital	19	**45**	45
Revaluation reserve	20	**2,251**	2,251
Profit and loss account	20	**8,794**	9,395
Total shareholders' funds	21	**11,090**	11,691

The financial statements on pages 6 to 21 were approved by the board of directors on 7 October 2010 and were signed on its behalf by

D W Thomas
Director

Dyfed Steels Limited

Registered no: 1287461

Group cash flow statement
for the year ended 31 January 2010

	Notes	2010 £000	2009 £000
Net cash inflow from continuing operating activities	24	1,223	2,887
Returns on investments and servicing of finance			
Interest paid on bank loans and overdrafts		(194)	(494)
Interest paid on finance leases and hire purchase agreements		(104)	(146)
Net cash outflow from returns on investments and servicing of finance		(298)	(640)
Taxation			
UK corporation tax paid		(116)	(738)
Capital expenditure and financial investment			
Sale / (purchase) of tangible fixed assets		16	(835)
Net cash inflow / (outflow) from capital expenditure and financial investment		16	(835)
Acquisitions			
Purchase of unincorporated businesses	27	(1,019)	-
Net cash (outflow) for acquisitions		(1,019)	-
Net cash (outflow) / inflow before financing		(194)	674
Financing			
Invoice discounting		1,561	(2,396)
Net (repayment) / receipt of bank loans		(257)	1,833
Capital element of finance leases and hire purchase payments		(629)	(532)
Increase / (decrease) in cash	25	481	(421)

Dyfed Steels Limited

Notes to the financial statements for the year ended 31 January 2010

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 2010 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

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

2 Turnover

The turnover of the group is wholly attributable to the principal activity of the group The geographical analysis of turnover is as follows

	2010 £000	2009 £000
Geographical analysis:		
United Kingdom	38,021	49,992
Rest of Europe	-	50
	38,021	50,042

3 Net operating expenses

	2010 £000	2009 £000
Administrative expenses	11,836	12,331

4 Operating (loss) / profit

Operating (loss) / profit is stated after charging

	2010 £000	2009 £000
Amortisation of goodwill	15	15
Depreciation charge on tangible owned fixed assets	214	275
Depreciation charge on tangible fixed assets held under hire purchase contracts	545	387
Profit on disposal of tangible fixed assets	(16)	-
Operating lease charges – land and buildings	170	170
Operating lease charges – other	148	123
Services provided by the Company's auditor:		
Audit services (company £32,000 (2008 £32,000))	34	34
Other services – tax compliance	4	4

5 Directors and employees

	2010 £000	2009 £000
Staff costs:		
Wages and salaries	5,792	6,039
Social security costs	538	552
Pension costs (see note 17)	59	72
	6,389	6,663

	Number	Number
Average weekly numbers employed including directors		
Production and distribution	205	196
Sales and administration	61	54
	266	250

	2010 £000	2009 £000
Directors' emoluments		
Aggregate emoluments	174	198

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

6 Interest payable and similar charges

	2010 £000	2009 £000
On bank overdrafts and other loans	**194**	494
On finance leases and hire purchase contracts	**104**	146
	298	640

7 Tax on (loss) / profit on ordinary activities

	2010 £000	2009 £000
Current tax		
UK corporation tax on profits for the year	**(239)**	900
Adjustments in respect of prior years	**(40)**	-
	(279)	900
Deferred tax		
(Credit) / charge for year	**(7)**	37
	(286)	937

The effective current rate for the period is lower than the standard corporation tax rate applying in the UK of 28% (2009 28%) The differences are explained below

	2010 £000	2009 £000
(Loss) / profit on ordinary activities before tax	**(896)**	3,214
(Loss) / profit on ordinary activities multiplied by the rate of 28% (2009: 28%) in the UK	**(251)**	900
Effects of		
Expenses not deductible for tax purposes	**49**	29
Accelerated capital allowances and other timing differences	**(34)**	(39)
Adjustments in respect of prior years	**(40)**	-
Tax at marginal rates	**(3)**	10
Current tax (credit) / charge for the year	**(279)**	900

8 Loss for the financial year

Of the group loss for the year, £601,000 (2009 £2,287,000) 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

9 Intangible assets

Group	Goodwill £000
Cost	
At 1 February 2009	152
Additions (Note 27)	240
At 31 January 2010	**392**
Accumulated Amortisation	
At 1 February 2009	118
Charge for the year	15
At 31 January 2010	**133**
Net book value	
At 31 January 2010	**259**
At 31 January 2009	34

Company	Goodwill £000
Cost	
At 1 February 2009	31
Additions (Note 27)	240
At 31 January 2010	**271**
Accumulated Amortisation	
At 1 February 2009	13
Charge for the year	6
At 31 January 2010	**19**
Net book value	
At 31 January 2010	**252**
At 31 January 2009	18

10 Tangible fixed assets

Group and company	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Construction in progress £'000	Total £000
Cost or valuation						
At 1 February 2009	4,945	4,737	616	3,414	365	14,077
Additions	-	165	37	332	-	534
Disposals	-	-	-	(356)		(356)
Transfer	-	365	-	-	(365)	-
At 31 January 2010	**4,945**	**5,267**	**653**	**3,390**	**-**	**14,255**
Depreciation						
At 1 February 2009	118	2,509	525	2,033	-	5,185
Charge for the year	71	350	78	260	-	759
Eliminated on disposals	-	-	-	(356)	-	(356)
At 31 January 2010	**189**	**2,859**	**603**	**1,937**	**-**	**5,588**
Net book amount						
At 31 January 2010	**4,756**	**2,408**	**50**	**1,453**	**-**	**8,667**
At 31 January 2009	4,827	2,228	91	1,381	365	8,892

The net book amount of tangible fixed assets owned by the group includes an amount of £2,760,000 (2009 £3,146,000) in respect of assets held under finance leases and hire purchase contracts The depreciation charged in respect of such assets amounted to £545,000 (2009 £387,000)

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

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

	2010 £000	2009 £000
Cost	**3,041**	3,041
Depreciation	**(813)**	(752)
Carrying value	**2,228**	2,289

11 Investments

Group	Other investments £000
Cost	
At 1 February 2009 and 31 January 2010	30
Amounts written off	
At 1 February 2009 and 31 January 2010	30
Net book value	
At 1 February 2009 and 31 January 2010	-

Company	Group companies £000	Other investments £000	Total £000
Cost			
At 1 February 2009 and 31 January 2010	234	30	264
Amounts written off			
At 1 February 2009 and 31 January 2010	234	30	264
Net book value			
At 1 February 2009 and 31 January 2010	-	-	-

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	
	2010 £000	2009 £000	2010 £000	2009 £000
Raw materials	**11,370**	12,773	**11,370**	12,773

13 Debtors

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Amounts falling due within one year				
Trade debtors	**8,907**	9,429	**8,907**	9,429
Prepayments and accrued income	**86**	15	**86**	15
	8,993	9,444	**8,993**	9,444

14 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Bank loans and overdraft (see (a) below)	**609**	1,046	**609**	1,046
Trade creditors	**6,230**	7,263	**6,230**	7,263
Corporation tax	**20**	415	**20**	415
Other taxation and social security	**691**	621	**691**	621
Accruals and deferred income	**472**	1,016	**472**	1,016
Other creditors (see (b) below)	**5,889**	4,328	**5,889**	4,328
Amounts due under finance leases and hire purchase agreements	**693**	559	**693**	559
	14,604	15,248	**14,604**	15,248

(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 £5,889,000 (2009 £4,328,000 factoring facility) 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	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Bank loans (see 14 (a) above)	**2,182**	2,461	**2,182**	2,461
Accruals and deferred income	**110**	89	**110**	89
Amounts due under finance leases and hire purchase agreements	**1,051**	1,364	**1,051**	1,364
	3,343	3,914	**3,343**	3,914

16 Borrowings

The bank loan is repayable in instalments as shown below

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Within one year	**304**	282	**304**	282
Between one and two years	**304**	282	**304**	282
Between two and five years	**912**	1,128	**912**	1,128
More than five years	**966**	1,051	**966**	1,051
	2,486	2,743	**2,486**	2,743

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	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Amounts repayable within one year	**693**	559	**693**	559
Amounts repayable between one to two years	**527**	504	**527**	504
Amounts repayable between three and five years	**524**	722	**524**	722
Amounts repayable after five years	**-**	138	**-**	138
	1,744	1,923	**1,744**	1,923

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 £59,000 (2009 £72,000)

18 Provisions for liabilities and charges

Deferred taxation

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

	Group	Company
	2010	**2010**
	£000	**£000**
At 1 February 2009	276	276
Credited to profit and loss account	(7)	(7)
At 31 January 2010	**269**	**269**

Deferred taxation provided in the financial statements is as follows

Group	Amount provided		Amount un provided	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Tax effect of timing differences due to				
Accelerated capital allowances	**286**	303	**-**	-
Other timing differences	**(17)**	(27)	**-**	-
Capital gains and revaluations	**-**	-	**177**	177
	269	276	**177**	177

Company	Amount provided		Amount un provided	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Tax effect of timing differences due to				
Accelerated capital allowances	**286**	303	**-**	-
Other timing differences	**(17)**	(27)	**-**	-
Capital gains and revaluations	**-**	-	**177**	177
	269	276	**177**	177

Revaluations of freehold property assets have resulted in a potential deferred tax liability of £177,000 (2009 £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

19 Called-up share capital

	2010 £'000	2009 £'000
Authorised		
45,000 ordinary shares of £1 each	**45**	45
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 2009	2,601	2,251	9,061	9,395
Retained loss for the year	-	-	(610)	(601)
At 31 January 2010	**2,601**	**2,251**	**8,451**	**8,794**

21 Reconciliation of movements in shareholder's funds

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
(Loss) / profit for the financial year	**(610)**	2,277	**(601)**	2,287
Opening shareholders' funds	**11,707**	9,430	**11,691**	9,404
Closing shareholders' funds	**11,097**	11,707	**11,090**	11,691

22 Capital commitments

The amount of capital expenditure contracted for but not provided for amounted to £215,000 (2009 £Nil)

23 Financial commitments

At 31 January 2010 the group and company had annual commitments under non-cancellable operating leases as follows

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Other				
Expiring within one year	**25**	17	**25**	17
Expiring within one to two years	**28**	-	**28**	-
Expiring between two to five years	**30**	106	**30**	106
	83	123	**83**	123
Land and buildings				
Expiring within one year	-	-	-	-
Expiring within one to two years	**30**	-	**30**	-
Expiring between two and five years	-	30	-	17
Expiring in over five years	**140**	140	**140**	140
	170	170	**170**	170

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

	2010 £000	2009 £000
Operating (loss) / profit	**(598)**	3,854
Profit on disposal of tangible fixed assets	**(16)**	-
Amortisation of goodwill	**15**	15
Depreciation on tangible fixed assets	**759**	662
Decrease / (increase) in stocks	**2,338**	(871)
Decrease / (increase) in debtors	**451**	(76)
Decrease in creditors	**(1,726)**	(697)
Net cash inflow from continuing operating activities	1,223	2,887

25 Reconciliation of movement in net debt

	2010 £000	2009 £000
Increase / (decrease) in cash in the year	**481**	(421)
Cash (outflow) / inflow from decrease in debt and hire purchase and finance leases	**(675)**	1,095
New hire purchase and finance leases in the year	**(450)**	(215)
Movement in net debt during the year	**(644)**	459
Net debt at 1 February	**(9,756)**	(10,215)
Net debt at 31 January	**(10,400)**	(9,756)

26 Movement in net debt

	At 31 January 2009 £000	Cash flow £000	Non-cash changes £000	**At 31 January 2010 £000**
Cash				
Cash at bank and in hand	2	22	-	**24**
Bank overdraft	(764)	459	-	**(305)**
	(762)	481	-	**(281)**
Debt				
Debt due within one year (bank and other loans)	(282)	(22)	-	**(304)**
Debt due after one year (bank loan)	(2,461)	279	-	**(2,182)**
Invoice discounting	(4,328)	(1,561)	-	**(5,889)**
Hire purchase and finance leases	(1,923)	629	(450)	**(1,744)**
	(8,994)	(675)	(450)	**(10,119)**
	(9,756)	(194)	(450)	**(10,400)**

27 Acquisitions

During the year, the company acquired the trade, goodwill and assets of two unincorporated businesses for a consideration of £1,259,000

A table showing the book value, fair value adjustments and fair value of each class of asset acquired, on an aggregated basis, is set out below The table also analyses the fair value of the consideration payable and sets out the goodwill arising

	Book value	Fair value	Provisional fair value
	£	£	£
Plant and equipment	84,000	-	**84,000**
Stock	935,000	-	**935,000**
	1,019,000	-	**1,019,000**
Goodwill arising			**240,000**
			1,259,000
Satisfied by:			
Cash consideration			**1,019,000**
Deferred consideration			**240,000**
			1,259,000

28 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

29 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

30 Contingent liabilities

Letters of credit amounting to £3,032,817 were outstanding at 31 January 2010 (2009 £885,700)