

Steel Supply Company (Western) Limited

**Directors' report and financial
statements**

Registered number 0486993

31 March 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activities

The company provides management services to its subsidiaries and associates, lets surplus property and operates a bulk handling facility. The principal activities of the company's major subsidiaries are property investment, operation of a hotel and property dealer, developer and trader.

Business review

The results of the company for the year are shown on page 5.

Future developments

These activities are expected to continue for the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend (1999: £Nil).

Directors and directors' interest

The directors who served during the year were:

I R Jones - Chairman and Managing Director
R S R Jones
R M Robbins

The interests of the directors in the share capital of the company were as follows:

	£1 ordinary shares	
	2000	1999
I R Jones	110,150	205,300
R S R Jones	87,214	72,214

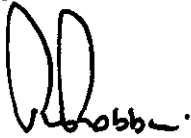
R M Robbins had no interest in the share capital of the company.

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



R M Robbins
Secretary

10 St James Crescent
Uplands
Swansea

19 December 2000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Auditors' report to the members of Steel Supply Company (Western) Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

21/12 2000

Profit and loss account
for the year ended 31 March 2000

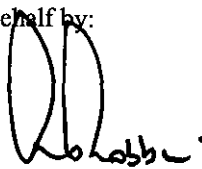
	<i>Note</i>	2000 £	1999 £
Turnover	<i>1</i>	91,226	55,570
Cost of sales		(98,299)	(99,758)
Gross (loss)/profit		(7,073)	(44,188)
Administrative expenses		(376,376)	(329,672)
Other operating income		154,638	127,472
Operating loss		(228,811)	(246,388)
Profit on disposal of tangible fixed assets		-	846
Loss on ordinary activities before interest and taxation		(228,811)	(245,542)
Interest receivable and similar income	<i>2</i>	251	880
Interest payable and similar charges	<i>3</i>	(65)	(39)
Loss on ordinary activities before taxation	<i>4-6</i>	(228,625)	(244,701)
Tax on loss on ordinary activities	<i>7</i>	8,022	3,061
Loss for the financial year	<i>18,19</i>	(220,603)	(241,640)

The above results represent the company's total recognised gains and losses in both financial years.

Balance sheet
at 31 March 2000

	Note	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	8		428,131		490,403
Investments	9		5,695		2,793
			433,826		493,196
Current assets					
Stocks	10	11,730		11,730	
Debtors	11	1,189,633		1,380,610	
Cash at bank and in hand		1,077		1,346	
		1,202,440		1,393,686	
Creditors: amounts falling due within one year	13	(247,183)		(268,631)	
Net current assets					
Due within one year		(68,760)		(16,695)	
Debtors due after more than one year		1,024,017		1,141,750	
		955,257		1,125,055	
Total assets less current liabilities		1,389,083		1,618,251	
Creditors: amounts falling due after more than one year	14	(965)		(1,508)	
Provisions for liabilities and charges	15	(12,609)		(20,631)	
Net assets		1,375,509		1,596,112	
Capital and reserves					
Called up share capital	16	442,058		442,058	
Capital redemption reserve	18	194,942		194,942	
Profit and loss account	18	738,509		959,112	
Shareholders' funds	17	1,375,509		1,596,112	

These financial statements were approved by the board of directors on **19 Dec.** 2000 and were signed on its behalf by:


R M Robbins
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement as it is entitled to the filing exemptions available to small companies under Sections 246 to 249 Companies Act 1985.

Consolidation

The company, being the parent of a small group, is exempt by virtue of section 248 Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold wharves, buildings and fixed plant	-	20 years
Motor vehicles	-	4 years
Other assets	-	10 years

No depreciation is provided on freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Grants

Capital based government grants are included within deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Finance leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charged to the profit and loss account on a straight line basis over the life of the leases.

Pension costs

The company makes payments to defined contribution schemes for eligible staff, all of which are money purchase plans, which are charged to the profit and loss account as they become due.

2 Interest receivable and similar income

	2000	1999
	£	£
Bank interest	251	19
Corporation tax repayment supplement	-	861
	251	880

Notes (continued)

3 Interest payable and similar charges

	2000	1999
	£	£
Bank overdraft interest	65	39

4 Loss on ordinary activities before taxation

	2000	1999
	£	£
<i>Loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation	62,272	68,235
Auditor's remuneration - audit	5,500	5,000
Auditor's remuneration - other services	12,450	10,000
Government grants released	(543)	(543)

5 Staff numbers and costs

The average number of persons (including directors) employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
	£	£
Management	3	3
Administrative	3	2
Handling and despatch	1	1
	7	6

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	210,431	186,157
Social security costs	20,428	27,757
Other pension costs	17,120	16,560
	247,979	230,474

Notes (continued)

6 Remuneration of directors

	2000 £	1999 £
Directors' remuneration	184,819	188,449
Contributions to pension schemes	15,912	15,472
	<u>200,731</u>	<u>203,921</u>

The aggregate emoluments of the highest paid director were £94,252 (1999: £99,194). There were no payments made to pension schemes on his behalf (1999: £Nil).

Retirement benefits are accruing to two directors (1999: 2) under defined contribution schemes.

Included within directors emoluments is £58,191 (1999: £48,005) relating to benefits accruing to directors from the provision of cars by the company and from the use of assets owned by the company and its subsidiary undertakings for no charge.

7 Taxation credit/(charge)

	2000 £	1999 £
Current year:		
UK corporation tax credit on the loss for the year at 20% (1999: 21%)	-	-
Deferred taxation	8,022	7,742
	<u>8,022</u>	<u>7,742</u>
Adjustments relating to earlier years:		
UK corporation tax	-	(5,291)
Deferred taxation	-	610
	<u>8,022</u>	<u>3,061</u>

The tax credit/(charge) for the current and prior years differs from that which would be expected by applying the basic rate of tax to the loss for the year. This is due to the effect of tax losses carried forward, on which no deferred tax asset has been recognised, and by group losses relieved to subsidiaries for which no charge has been made.

Notes (continued)

8 Tangible fixed assets

	Freehold land	Freehold wharves, buildings and fixed plant	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£
Cost					
At beginning of year	65,550	1,063,260	412,911	40,509	1,582,230
Disposals	-	-	(7,800)	-	(7,800)
At end of year	65,550	1,063,260	405,111	40,509	1,574,430
Depreciation					
At beginning of year	-	754,334	304,097	33,396	1,091,827
Charge for the year	-	38,249	22,148	1,875	62,272
On disposals	-	-	(7,800)	-	(7,800)
At end of year	-	792,583	318,445	35,271	1,146,299
Net book value					
At 31 March 2000	65,550	270,677	86,666	5,238	428,131
At 31 March 1999	65,550	308,926	108,814	7,113	490,403

There were no outstanding capital commitments at the year end (1999: £Nil).

Notes (continued)

9 Investments (held as fixed assets)

	Shares in group undertakings £	Participating interests £	Other investments £	Total £
Cost				
At beginning of year	10,349	50	2,793	13,192
Acquisitions	2	-	2,900	2,902
	10,351	50	5,693	16,094
Provisions				
At beginning and end of year	10,349	50	-	10,399
Net book value				
At 31 March 2000	2	-	5,693	5,695
At 31 March 1999	-	-	2,793	2,793

The undertakings in which the company's interest is equal to or more than 20% are as follows:

	Principal activity	Class and percentage of shares held	
		Class	% held
Subsidiary undertakings			
Steel Supply (Property) Limited	Property Dealing	Ordinary £1 shares	100
SJC Developments Limited	Property Dealing	Ordinary £1 shares	100
Rhossili Hotel Limited	Hotelier	Ordinary £1 shares	100
Charterflow Limited	Dormant	Ordinary £1 shares	80
Neath Abbey Wharf Limited	Non-trading	Ordinary £1 shares	100
MC14 Limited	Property Holding	Ordinary £1 shares	100
Associated undertakings			
Stevedoring Services (Swansea) Limited	Stevedoring Services	Ordinary £1 shares	50

The following information is relevant to the material undertakings in which the company's interest was more than 20% in either the current or preceding financial year.

Notes (continued)

	Capital and reserves at the year end £	2000 Profit/(loss) for the year after taxation £	Capital and reserves at the year end £	1999 Profit/(loss) for the year after taxation £
<i>Subsidiary undertakings</i>				
Steel Supply (Property) Limited	(339,216)	(2,571)	(336,645)	15,974
SJC Developments Limited	476,324	84,326	391,998	83,854
Rhossili Hotel Limited	64,662	25,445	39,217	22,745
Charterflow Limited	(29,201)	-	(29,201)	-
Neath Abbey Wharf Limited	-	(3,216)	3,216	26
<i>Associated undertakings</i>				
Stevedoring Services (Swansea) Limited	-	-	(60,876)	-
MC14 Limited	24,929	24,927	29,990	-

10 Stocks

	2000 £	1999 £
Stock for resale	11,730	11,730

11 Debtors

	2000 £	1999 £
Trade debtors	90,878	33,334
Amounts owed by subsidiary undertakings	1,051,412	1,295,650
Amounts owed by associated undertakings	-	334
Other debtors	42,166	34,570
Prepayments and accrued income (see note 12)	5,177	16,722
	1,189,633	1,380,610

Of the amounts owed by subsidiary undertakings, £1,024,017 (1999: £1,141,750) is receivable after more than one year.

Notes (continued)

12 Transactions with directors

During the course of the year, the directors owed the following amounts to the company in respect of cash advances.

	IR Jones £
Balance at beginning of year	30,592
Repayments	(30,592)
Cash advances to directors	36,910
Balance at end of year	36,910

The amount is interest free and unsecured. The maximum amount outstanding during the year was £36,910. The balance at the year end was repaid in full on 23 April 2000.

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft	113,982	92,659
Trade creditors	56,720	56,749
Amounts owed to subsidiary undertakings	3,912	3,105
Other taxes and social security	17,022	42,482
Accruals and deferred income	55,547	73,636
	247,183	268,631

The bank overdraft is secured by a fixed charge over the freehold property at 10 St James Crescent, Uplands, Swansea.

14 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Deferred income	965	1,508

Deferred income represents a rail facility grant received from the Welsh Office.

Notes (continued)

15 Provisions for liabilities and charges

	Deferred taxation
	£
At beginning of year	20,631
Released to the profit and loss account in the year	(8,022)
At end of year	12,609

The potential deferred taxation provision comprises tax at 20% (1999: 21%) as follows:

	2000		1999	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Accelerated capital allowances	12,802	-	20,948	-
Tax losses carried forward	-	(79,974)	-	(73,835)
Deferred grant income	(193)	-	(317)	-
	12,609	(79,974)	20,631	(73,835)

16 Called up share capital

	2000	1999
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted called up and fully paid		
Ordinary shares of £1 each	442,058	442,058

Notes (continued)

17 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss for the financial year	(220,603)	(241,640)
Movement in shareholders' funds	(220,603)	(241,640)
Opening shareholders' funds	1,596,112	1,837,752
Closing shareholders' funds	1,375,509	1,596,112

18 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At beginning of year	194,942	959,112	1,154,054
Loss for financial year	-	(220,603)	(220,603)
At end of year	194,942	738,509	933,451

19 Pensions

The company operates defined contribution pension schemes which are administered by trustees and are independent of the company's finances. The pension costs charged in the year amounted to £17,120 (1999: £16,560).

Notes (continued)

20 Related party transactions

The directors consider the material transactions undertaken by the company during the year with parties related to the company were as follows:

Name of party	Relationship	Type of transaction	Transaction amount	
			Year to 31 March 2000 £	Year to 31 March 1999 £
SJC Developments Limited	Subsidiary undertaking	Salary cost recharge receivable	15,000	15,000
Neath Abbey Wharf Limited	Subsidiary undertaking	Purchase of investments from the related party at book value	-	1,545
Neath Abbey Wharf Limited	Subsidiary undertaking	Administrative cost recharge	3,216	-
MC14 Limited	Subsidiary undertaking	Sale of land to the related party	-	22,950
MC14 Limited	Subsidiary undertaking	Management time recharge	5,000	-

During the two years to 31 March 2000, an investment property, which cost £115,736, and the associated equipment owned by SJC Developments Limited were rented to the directors for no charge.

During the year to 31 March 1999, a leasehold property held for resale by Steel Supply (Property) Limited, which cost £84,000, was rented to Andrew Jones, son of I R Jones, a director, for no charge. During the year, to 31 March 1999 this leasehold property was sold by Steel Supply (Property) Limited to Andrew Jones for £100,000. The balance due at 31 March 1999 to the company in respect of the sale was £99,758.

In addition, the company provides certain assets and finance, management, administration and payroll services to its subsidiary for which no charges are levied.

The amounts due to and from the company's related parties at the year end and the related provisions are:

Notes (continued)

Name of party	Relationship	Amount due (to)/from related party at 31 March 2000		Amount due (to)/from related party at 31 March 1999	
		Gross balance	Provision	Gross balance	Provision
		£	£	£	£
Steel Supply (Property) Limited	Subsidiary undertaking	350,190	(335,794)	449,190	(333,281)
SJC Developments Limited	Subsidiary undertaking	817,186	-	920,436	-
Rhossili Hotel Limited	Subsidiary undertaking	219,830	-	236,314	-
Charterflow Limited	Subsidiary undertaking	29,201	(29,201)	29,201	(29,201)
Neath Abbey Wharf Limited	Subsidiary undertaking	-	-	(3,105)	-
MC14 Limited	Subsidiary undertaking	(3,912)	-	-	-
Stevedoring Services (Swansea) Limited	Associated undertaking	-	-	31,285	(30,951)
Ian Jones	Director	(36,910)	-	30,592	-

Other than those shown above, there were no provisions at 31 March 2000 in respect of amounts due to or from related parties and no amounts were written off in the year in respect of amounts due to or from related parties, other than that disclosed above.

21 Immediate and ultimate controlling party

The company's immediate and ultimate controlling party is IR Jones, a director and a shareholder of the company.

