

Steel Supply Company (Western) Limited

**Directors' report and financial
statements**

Registered number 0486993

31 March 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

Principal activities

The company provides management services to its subsidiaries and associates and lets surplus property. The principal activities of the company's major subsidiaries are property investment, property dealer, developer and trader and the provision of distribution and delivery services.

Business review

The results of the company for the year are shown on page 4.

Future developments

These activities are expected to continue for the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend (2002: £Nil).

Directors and directors' interests

The directors who served during the year were:

I R Jones (deceased 4 October 2002)
R S R Jones
I A Jones

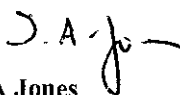
The interests of the directors in the share capital of the company were as follows:

	£1 ordinary shares	
	2003	2002
R S R Jones	111,213	111,213

Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

By order of the board


I A Jones
Secretary

10 St James Crescent
Uplands
Swansea

10 September 2003

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.



KPMG LLP

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

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

We have audited the financial statements on pages 4 to 16.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2 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 1985. 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.

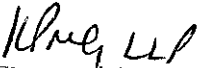
Basis of audit opinion

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditor

16 September 2003

Profit and loss account
for the year ended 31 March 2003

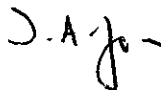
	<i>Note</i>	2003 £	2002 £
Turnover	<i>1</i>	102,855	174,369
Cost of sales		(104,062)	(179,573)
Gross loss		(1,207)	(5,204)
Administrative expenses		(348,424)	(329,504)
Other operating income		156,667	250,994
Operating loss		(192,964)	(83,714)
Interest receivable and similar income	<i>2</i>	8,623	9,860
Interest payable and similar charges	<i>3</i>	(14,189)	(6,639)
Loss on ordinary activities before taxation	<i>4-6</i>	(198,530)	(80,493)
Tax on loss on ordinary activities	<i>7</i>	9,411	5,337
Loss for the financial year	<i>17</i>	(189,119)	(75,156)

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

Balance sheet
at 31 March 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	8		279,416		362,953
Investments	9		15,695		15,695
			<u>295,111</u>		<u>378,648</u>
Current assets					
Debtors	10	905,821		906,014	
Cash at bank and in hand		505		817	
		<u>906,326</u>		<u>906,831</u>	
Creditors: amounts falling due within one year	12	(325,362)		(289,873)	
Net current assets					
Due within one year		24,274		(9,864)	
Debtors due after more than one year		556,690		626,822	
		<u>580,964</u>		<u>616,958</u>	
Total assets less current liabilities			876,075		995,606
Creditors: amounts falling due after more than one year	13		(143,256)		(68,523)
Provisions for liabilities and charges	14		-		(5,145)
Net assets			<u>732,819</u>		<u>921,938</u>
Capital and reserves					
Called up share capital	15		221,758		221,758
Capital redemption reserve	17		415,242		415,242
Profit and loss account	17		95,819		284,938
Shareholders' funds	16		<u>732,819</u>		<u>921,938</u>

These financial statements were approved by the board of directors on 10 September 2003 and were signed on its behalf by:


I A Jones
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
Computer equipment	-	4 years
Other assets	-	10 years

No depreciation is provided on freehold land.

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.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Finance leases and similar hire purchase contracts

Where the company enters into a lease or similar hire purchase contract 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. In the case of hire purchase contracts which have the characteristics of a finance lease, the asset is depreciated over its estimated useful life. 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

	2003 £	2002 £
Loan interest	8,623	9,860

3 Interest payable and similar charges

	2003 £	2002 £
Bank loan interest	5,532	-
Bank overdraft interest	8,639	5,655
Interest on hire purchase contracts	18	984
	<u>14,189</u>	<u>6,639</u>

Notes (continued)

4 Loss on ordinary activities before taxation

	2003	2002
	£	£
<i>Loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation – on owned assets	54,088	57,846
Depreciation on assets subject to hire purchase contracts	-	3,625
Loss on disposal of fixed assets	1,191	1,000
Auditors' remuneration – audit	5,500	5,500
Government grants released	-	(419)
	<u>54,088</u>	<u>57,846</u>

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	
	2003	2002
Management	2	3
Administrative	3	3
Handling and despatch	2	2
	<u>7</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	2003	2002
	£	£
Wages and salaries	247,629	201,980
Social security costs	19,934	17,621
Other pension costs	10,366	11,068
	<u>277,929</u>	<u>230,669</u>

6 Remuneration of directors

	2003	2002
	£	£
Directors' remuneration	188,757	163,194
Contributions to pension schemes	4,500	4,875
	<u>193,257</u>	<u>168,069</u>

Retirement benefits are accruing to 2 directors (2002: 2) under money purchase schemes.

Notes (continued)

7 Taxation

Analysis of credit in period

	2003 £	2002 £
Current tax	-	-
Deferred tax (see note 14)		
Origination/reversal of timing differences	(9,411)	(5,337)
Tax on profit on ordinary activities	(9,411)	(5,337)

The current tax charge for the period is higher (2002: higher) than the small companies rate of corporation tax in the UK of 19% (2002: 20%). The differences are explained below.

	2003 £	2002 £
Current tax reconciliation		
Loss on ordinary activities before tax	(198,530)	(80,493)
Current tax at 19% (2002: 20%)	(37,721)	(16,099)
Effects of:		
Expenses not deductible for tax purposes	807	4,066
Depreciation for period in excess of capital allowances	9,155	7,393
Dividend receivable	-	(22,565)
Surrender of group relief	21,329	25,890
Unutilised management expenses	-	1,315
Other timing differences	6,430	-
Total current tax charge (see above)	-	-

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	1,078,276	342,646	51,043	1,537,515
Additions	-	1,190	-	1,841	3,031
Disposals	-	-	(259,379)	(23,731)	(283,110)
At end of year	65,550	1,079,466	83,267	29,153	1,257,436
Depreciation					
At beginning of year	-	859,034	274,263	41,265	1,174,562
Charge for the year	-	30,235	19,583	4,270	54,088
On disposals	-	-	(226,899)	(23,731)	(250,630)
At end of year	-	889,269	66,947	21,804	978,020
Net book value					
At 31 March 2003	65,550	190,197	16,320	7,349	279,416
At 31 March 2002	65,550	219,242	68,383	9,778	362,953

The net book value of assets subject to hire purchase contracts was £nil (2002: £9,969) and the depreciation charged on such assets was £nil (2002: £3,625).

Notes (continued)

9 Investments (held as fixed assets)

	Shares in group undertakings £	Participating interests £	Other investments £	Total £
Cost				
At beginning of year	10,351	50	15,693	26,094
Acquisitions	-	-	-	-
Disposals	(10,075)	(50)	-	(10,125)
At end of year	276	-	15,693	15,969
Provisions				
At beginning of year	10,349	50	-	10,399
Charge	-	-	-	-
Disposals	(10,075)	(50)	-	(10,125)
At end of year	274	-	-	274
Net book value				
At 31 March 2003	2	-	15,693	15,695
At 31 March 2002	2	-	15,693	15,695

During the year Stevedoring Services Limited was struck off; accordingly the investment held as a participating interest in this company has been written off.

During the year Neath Abbey Wharf Limited was struck off; accordingly the investment held in this company has been written off.

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
Neath Abbey Freight Services Limited (formerly Rhossili Hotel Limited)	Bulk Handling	Ordinary £1 shares	100
Charterflow Limited	Dormant	Ordinary £1 shares	80
MC14 Limited	Property Holding	Ordinary £1 shares	100
Move It Transport Limited	Distribution and delivery	Ordinary £1 shares	90

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)

9 Investments (held as fixed assets) (continued)

	Capital and reserves at the year end £	2003 Profit/(loss) for the year after taxation £	Capital and reserves at the year end £	2002 Profit/(loss) for the year after taxation £
Subsidiary undertakings				
Steel Supply (Property) Limited	(330,785)	7,784	(338,569)	(307)
SJC Developments Limited	690,031	108,896	581,135	58,239
Neath Abbey Freight Services Limited	13,862	13,860	2	4,724
Charterflow Limited	(29,201)	-	(29,201)	-
MC14 Limited	116,851	33,865	82,986	33,916
Move It Transport Limited	(27,389)	(14,374)	(13,015)	26,907

10 Debtors

	2003 £	2002 £
Trade debtors	39,528	47,344
Amounts owed by subsidiary undertakings	841,546	831,028
Other debtors	530	14,063
Prepayments and accrued income	19,951	13,579
Deferred taxation (see note 14)	4,266	-
	905,821	906,014

Of the amounts owed by subsidiary undertakings, £556,690 (2002: £626,822) is receivable after more than one year.

11 Transactions with directors

During the course of the year, there were the following transactions with the directors:

	Amounts due from company I R Jones £
Balance at beginning of year	89,663
Repayments	(30,837)
Balance at end of year	58,826

The amounts owed are interest free and unsecured. The balance at the end of the year is due to the estate of Mr IR Jones (deceased).

Notes (continued)

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan	27,530	-
Bank overdraft	17,919	77,738
Trade creditors	51,150	61,932
Amounts owed to subsidiary undertakings	96,650	51,052
Other taxes and social security	38,637	17,000
Accruals and deferred income	55,405	39,539
Obligations under hire purchase contracts	8,071	5,785
Loan from I R Jones (note 11)	30,000	30,000
Other creditors	-	6,827
	<u>325,362</u>	<u>289,873</u>

The bank overdraft is secured by a fixed charge over the freehold property at 10 St James Crescent, Uplands, Swansea. The bank loan is secured by a charge over an investment property owned by SJC Developments Limited, a subsidiary company.

13 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loan	108,762	-
Obligations under hire purchase agreements	5,668	-
Loan from IR Jones (note 11)	28,826	68,523
	<u>143,256</u>	<u>68,523</u>

The bank loan is repayable as follows:

	2003 £	2002 £
Within one year	27,530	-
Between one and two years	29,367	-
Between two and five years	79,395	-
	<u>136,292</u>	<u>-</u>

Obligations under hire purchase contracts are repayable as follows:

	2003 £	2002 £
Within one year	8,071	5,785
Between one and two years	5,668	-
	<u>13,739</u>	<u>5,785</u>

Notes *(continued)*

14 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	5,145
Released to the profit and loss account in the year	(9,411)
At end of year	(4,266)

The potential deferred taxation (asset)/liability comprises tax at 19% (2002: 20%) as follows:

	2003		2002	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	(4,266)	-	5,145	-
Tax losses carried forward	-	(87,507)	-	(85,453)
	(4,266)	(87,507)	5,145	(85,453)

The deferred tax asset relating to tax losses carried forward is unprovided because of uncertainty as to the extent of suitable taxable profits in the next few years.

15 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<i>Allotted called up and fully paid</i>		
Ordinary shares of £1 each	221,758	221,758

16 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Loss for the financial year	(189,119)	(75,156)
Movement in shareholders' funds	(189,119)	(75,156)
Opening shareholders' funds	921,938	997,094
Closing shareholders' funds	732,819	921,938

Notes (continued)

17 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At beginning of year	415,242	284,938	700,180
Loss for financial year	-	(189,119)	(189,119)
At end of year	415,242	95,819	511,061

18 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 £5,366 (2002: £11,068).

19 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 2003 £	Year to 31 March 2002 £
SJC Developments Limited	Subsidiary undertaking	Management time recharge	15,000	15,000
SJC Developments Limited	Subsidiary undertaking	Net cash receipts from related party	(85,132)	(125,939)
MC14 Limited	Subsidiary undertaking	Management time recharge	5,000	5,000
MC14 Limited	Subsidiary undertaking	Net receipts on behalf of related party	(50,600)	(27,550)
Move It Transport Limited	Subsidiary undertaking	Loan granted	62,015	201,146
Move It Transport Limited	Subsidiary undertaking	Interest charged on loan	8,623	9,860
Move It Transport Limited	Subsidiary undertaking	Net cash receipts from related party	-	(358)

Notes (continued)

19 Related party transactions (continued)

Neath Abbey Freight Services Limited (formerly Rhossili Hotel Limited)	Subsidiary undertaking	Payment on behalf of the related party	62,973	5,164
Neath Abbey Freight Services Limited	Subsidiary undertaking	Dividend receivable	-	112,828
Neath Abbey Freight Services Limited	Subsidiary undertaking	Net cash receipts from related party	(41,380)	(370,463)

In addition, the company provides certain assets and finance, management, administration and payroll services to its subsidiaries 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:

Name of party	Relationship	Amount due (to)/from related party at 31 March 2003		Amount due (to)/from related party at 31 March 2002	
		Gross balance £	Provision £	Gross balance £	Provision £
Steel Supply (Property) Limited	Subsidiary undertaking	332,754	(330,685)	349,442	(335,794)
SJC Developments Limited	Subsidiary undertaking	556,690	-	626,822	-
Neath Abbey Freight Services Limited (formerly Rhossili Hotel Limited)	Subsidiary undertaking	21,591	-	(2)	-
Charterflow Limited	Subsidiary undertaking	29,201	(29,201)	29,201	(29,201)
MC14 Limited	Subsidiary undertaking	(96,650)	-	(51,050)	-
Move It Transport Limited	Subsidiary undertaking	261,196	-	190,558	-

Details of transactions and balances with directors are shown in note 11. In addition, during the year to 31 March 2003, an investment property, which cost £115,736, and the associated equipment owned by SJC Developments Limited were rented to certain directors for no charge.

Other than those shown above, there were no provisions at 31 March 2003 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 those disclosed above.

20 Immediate and ultimate controlling party

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

Notes (continued)

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan	27,530	-
Bank overdraft	17,919	77,738
Trade creditors	51,150	61,932
Amounts owed to subsidiary undertakings	96,650	51,052
Other taxes and social security	38,637	17,000
Accruals and deferred income	55,405	39,539
Obligations under hire purchase contracts	8,071	5,785
Loan from I R Jones (note 11)	30,000	30,000
Other creditors	-	6,827
	<u>325,362</u>	<u>289,873</u>

The bank overdraft is secured by a fixed charge over the freehold property at 10 St James Crescent, Uplands, Swansea. The bank loan is secured by a charge over an investment property owned by SJC Developments Limited, a subsidiary company.

13 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loan	108,762	-
Obligations under hire purchase agreements	5,668	-
Loan from I R Jones (note 11)	33,849 28,826	68,523
	<u>148,279</u> 143,256	<u>68,523</u>

The bank loan is repayable as follows:

	2003 £	2002 £
Within one year	27,530	-
Between one and two years	29,367	-
Between two and five years	79,395	-
	<u>136,292</u>	<u>-</u>

Obligations under hire purchase contracts are repayable as follows:

	2003 £	2002 £
Within one year	8,071	5,785
Between one and two years	5,668	-
	<u>13,739</u>	<u>5,785</u>