

Steel Supply Company (Western) Limited

**Directors' report and financial
statements**

Registered number 0486993

31 March 2004



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Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2004.

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 3.

Future developments

These activities are expected to continue for the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend (2003: £Nil).

Directors and directors' interests

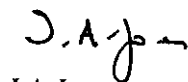
The directors who served during the year were:

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	
	2004	2003
R S R Jones	111,213	111,213

By order of the board



I A Jones
Secretary

10 St James Crescent
Uplands
Swansea

22 June 2004

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.

Profit and loss account
for the year ended 31 March 2004

	<i>Note</i>	2004 £	2003 £
Turnover	<i>1</i>	159,871	239,522
Cost of sales		(39,810)	(104,062)
Gross profit		120,061	135,460
Administrative expenses		(303,843)	(348,424)
Other operating income		144,000	20,000
Operating loss		(39,782)	(192,964)
Interest receivable and similar income	<i>2</i>	7,876	8,623
Interest payable and similar charges	<i>3</i>	(11,300)	(14,189)
Loss on ordinary activities before taxation	<i>4-6</i>	(43,206)	(198,530)
Tax on loss on ordinary activities	<i>7</i>	5,200	9,411
Loss for the financial year	<i>16</i>	(38,006)	(189,119)

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

Balance sheet
at 31 March 2004

	<i>Note</i>	2004	2003
		£	£
Fixed assets			
Tangible assets	8	324,409	279,416
Investments	9	15,695	15,695
		340,104	295,111
Current assets			
Debtors	10	791,393	905,821
Cash at bank and in hand		444	505
		791,837	906,326
Creditors: amounts falling due within one year	12	(297,733)	(325,362)
Net current assets			
Due within one year		33,061	24,274
Debtors due after more than one year		461,043	556,690
		494,104	580,964
Total assets less current liabilities		834,208	876,075
Creditors: amounts falling due after more than one year	13	(139,395)	(143,256)
Net assets		694,813	732,819
Capital and reserves			
Called up share capital	15	221,758	221,758
Capital redemption reserve	16	415,242	415,242
Profit and loss account	16	57,813	95,819
Shareholders' funds	17	694,813	732,819

Balance sheet *(continued)*

Statement by the directors under Section 249B Companies Act 1985 for the year ended 31 March 2004

In approving these financial statements as directors of the company we hereby confirm:

- (a) that the company was entitled to exemption under Section 249A(1) of the Companies Act 1985 from the requirement to have its accounts for the year ended 31 March 2004 audited;
- (b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) of the Companies Act 1985 requesting that an audit be conducted for the year ended 31 March 2004;
- (c) that we acknowledge our responsibilities for;
 - (1) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
 - (2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the provisions of that Act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the board of directors on 23 June 2004 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 rentals charged to the profit and loss account on a straight line basis over the lives 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

	2004 £	2003 £
Interest on loan to subsidiary undertaking	7,215	8,623
Bank interest	361	-
Other interest	300	-
	7,876	8,623

3 Interest payable and similar charges

	2004 £	2003 £
Bank loan interest	8,023	5,532
Bank overdraft interest	3,277	8,639
Interest on hire purchase contracts	-	18
	11,300	14,189

Notes (continued)

4 Loss on ordinary activities before taxation

	2004 £	2003 £
<i>Loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation – on owned assets	42,513	54,088
Loss on disposal of fixed assets	-	1,191
Auditors' remuneration – audit	-	5,500
	<u>42,513</u>	<u>60,779</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	
	2004	2003
Management	2	2
Administrative	2	3
Handling and despatch	-	2
	<u>4</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	195,355	247,629
Social security costs	18,221	19,934
Other pension costs	4,621	10,366
	<u>218,197</u>	<u>277,929</u>

6 Remuneration of directors

	2004 £	2003 £
Directors' remuneration	169,497	188,757
Contributions to pension schemes	4,500	4,500
	<u>173,997</u>	<u>193,257</u>

Retirement benefits are accruing to 2 directors (2003: 2) under money purchase schemes.

Notes (continued)

7 Taxation

Analysis of credit in period

	2004	2003
	£	£
Current tax	-	-
Deferred tax (see note 14)		
Origination/reversal of timing differences	(4,592)	(9,411)
Adjustments in relation to prior year	(608)	-
	<u>(5,200)</u>	<u>(9,411)</u>
Tax on loss on ordinary activities	<u>(5,200)</u>	<u>(9,411)</u>

The current tax charge for the period is higher (2003: higher) than the small companies rate of corporation tax in the UK of 19% (2003: 19%). The differences are explained below.

	2004	2003
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	(43,206)	(198,530)
Current tax at 19% (2003: 19%)	(8,209)	(37,721)
Effects of:		
Expenses not deductible for tax purposes	840	807
Depreciation for period in excess of capital allowances	3,736	9,155
Non-deductible provisions	855	-
Non-taxable dividend income	(23,560)	-
Surrender of group relief	21,298	21,329
Unutilised management expenses	5,040	-
Other timing differences	-	6,430
Total current tax charge (see above)	<u>-</u>	<u>-</u>

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	1,079,466	83,267	29,153	1,257,436
Additions	-	87,506	-	-	87,506
Disposals	-	-	-	-	-
At end of year	65,550	1,166,972	83,267	29,153	1,344,942
Depreciation					
At beginning of year	-	889,269	66,947	21,804	978,020
Charge for the year	-	30,170	7,825	4,518	42,513
On disposals	-	-	-	-	-
At end of year	-	919,439	74,772	26,322	1,020,533
Net book value					
At 31 March 2004	65,550	247,533	8,495	2,831	324,409
At 31 March 2003	65,550	190,197	16,320	7,349	279,416

9 Investments (held as fixed assets)

	Shares in group undertakings	Other investments	Total
	£	£	£
Cost			
At beginning and end of year	276	15,693	15,969
Provisions			
At beginning and end of year	274	-	274
Net book value			
At 31 March 2004	2	15,693	15,695
At 31 March 2003	2	15,693	15,695

Notes (continued)

9 Investments (held as fixed assets) (continued)

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
S J C Developments Limited	Property Dealing	Ordinary £1 shares	100
Neath Abbey Freight Services 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.

	2004		2003	
	Capital and reserves at the year end	Profit/(loss) for the year after taxation	Capital and reserves at the year end	Profit/(loss) for the year after taxation
	£	£	£	£
Subsidiary undertakings				
Steel Supply (Property) Limited	(331,407)	(622)	(330,785)	7,784
S J C Developments Limited	775,437	85,406	690,031	108,896
Neath Abbey Freight Services Limited	(4,502)	(18,364)	13,862	13,860
Charterflow Limited	(29,201)	-	(29,201)	-
MC14 Limited	286	7,435	116,851	33,865
Move It Transport Limited	1,590	28,979	(27,389)	(14,374)

10 Debtors

	2004	2003
	£	£
Trade debtors	70,491	39,528
Amounts owed by subsidiary undertakings	652,046	841,546
Other debtors	51,502	530
Prepayments and accrued income	7,888	19,951
Deferred taxation (see note 14)	9,466	4,266
	791,393	905,821

Of the amounts owed by subsidiary undertakings, £461,043 (2003: £556,690) is receivable after more than one year.

Notes (continued)

11 Transactions with directors

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

	Amounts due to company R S R Jones £
Balance at beginning of year	-
Loan granted	44,581
Balance at end of year	44,581

No interest was charged on the loan and the maximum amount outstanding during the year was £ 44,581.

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan	29,367	27,530
Bank overdraft	29,154	17,919
Trade creditors	79,186	51,150
Amounts owed to subsidiary undertakings	-	96,650
Other taxes and social security	5,791	38,637
Accruals and deferred income	120,474	55,405
Obligations under hire purchase contracts	5,668	8,071
Other creditors	28,093	30,000
	297,733	325,362

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 S J C Developments Limited, a subsidiary company.

13 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loan	79,395	108,762
Obligations under hire purchase contracts	-	5,668
Accruals and deferred income	60,000	-
Other creditors	-	28,826
	139,395	143,256

Notes (continued)

13 Creditors: amounts falling due after more than one year (continued)

The bank loan is repayable as follows:

	2004 £	2003 £
Within one year	29,367	27,530
Between one and two years	79,395	29,367
Between two and five years	-	79,395
	<u>108,762</u>	<u>136,292</u>

Obligations under hire purchase contracts are repayable as follows:

	2004 £	2003 £
Within one year	5,668	8,071
Between one and two years	-	5,668
	<u>5,668</u>	<u>13,739</u>

14 Deferred taxation

	£
At beginning of year	(4,266)
Released to the profit and loss account in the year	(5,200)
	<u>(9,466)</u>
At end of year	<u>(9,466)</u>

The potential deferred taxation (asset)/liability comprises tax at 19% (2003: 19%) as follows:

	2004		2003	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	(9,466)	-	(4,266)	-
Tax losses carried forward	-	(90,305)	-	(87,507)
	<u>(9,466)</u>	<u>(90,305)</u>	<u>(4,266)</u>	<u>(87,507)</u>

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.

Notes *(continued)*

15 Called up share capital

	2004 £	2003 £
<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 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At beginning of year	415,242	95,819	511,061
Loss for the financial year	-	(38,006)	(38,006)
At end of year	415,242	57,813	473,055

17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Loss for the financial year	(38,006)	(189,119)
Movement in shareholders' funds	(38,006)	(189,119)
Opening shareholders' funds	732,819	921,938
Closing shareholders' funds	694,813	732,819

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 £ 4,621 (2003: £5,366).

Notes (continued)

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 2004 £	Year to 31 March 2003 £
S J C Developments Limited	Subsidiary undertaking	Management time recharge	15,000	15,000
S J C Developments Limited	Subsidiary undertaking	Net cash receipts from related party	(110,647)	(85,132)
MC14 Limited	Subsidiary undertaking	Management time recharge	5,000	5,000
MC14 Limited	Subsidiary undertaking	Dividend receivable	124,000	-
MC14 Limited	Subsidiary undertaking	Net cash receipts from related party	(12,895)	(50,600)
Move It Transport Limited	Subsidiary undertaking	Loan granted/(repaid)	(153,017)	62,015
Move It Transport Limited	Subsidiary undertaking	Interest charged on loan	7,215	8,623
Neath Abbey Freight Services Limited	Subsidiary undertaking	Payments on behalf of the related party	69,223	62,973
Neath Abbey Freight Services Limited	Subsidiary undertaking	Net cash receipts from related party	(37,794)	(41,380)

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

Notes (continued)

19 Related party transactions (continued)

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 2004		Amount due (to)/from related party at 31 March 2003	
		Gross balance £	Provision £	Gross balance £	Provision £
Steel Supply (Property) Limited	Subsidiary undertaking	333,819	(330,685)	332,754	(330,685)
S J C Developments Limited	Subsidiary undertaking	461,043	-	556,690	-
Neath Abbey Freight Services Limited	Subsidiary undertaking	53,020	-	21,591	-
Charterflow Limited	Subsidiary undertaking	29,201	(29,201)	29,201	(29,201)
MC14 Limited	Subsidiary undertaking	19,455	-	(96,650)	-
Move It Transport Limited	Subsidiary undertaking	115,394	-	261,196	-

Details of transactions and balances with directors are shown in note 11. In addition, during the year to 31 March 2004, an investment property, which cost £115,736, and the associated equipment owned by S J C Developments Limited were rented to certain directors for no charge.

Other than those shown above, there were no provisions at 31 March 2004 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.