

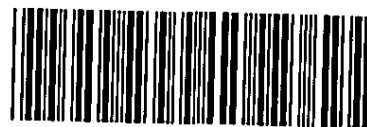
Steel Supply Company (Western) Limited

**Directors' report and financial
statements**

Registered number 0486993

31 March 2007

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Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2007

Principal activities

The company is engaged in property investment. In addition it provides management services to its subsidiaries. The principal activities of the company's major subsidiaries are property investment, property development, the provision of bulk handling services 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 payment of a dividend (2006 £nil).

Directors and directors' interests

The directors who served during the year were

R S R Jones
I A Jones
A R Jones

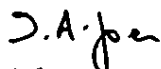
The interests of the directors in the share capital of the company were as follows

	£1 ordinary shares	
	2007	2006
R S R Jones	111,213	111,213
A R Jones	55,272	55,272

Charitable contributions

The company made charitable contributions during the year amounting to £735 (2006 £774).

By order of the board


I A Jones
Secretary

10 St James Crescent
Uplands
Swansea

12 October 2007

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 2007

	<i>Note</i>	2007 £	2006 £
Turnover	<i>1</i>	291,272	215,190
Cost of sales		(56,542)	(45,386)
Gross profit		234,730	169,804
Administrative expenses		(373,676)	(344,644)
Other operating income		1,079,140	230,000
Operating profit		940,194	55,160
Interest receivable and similar income	<i>2</i>	1,489	7,077
Interest payable and similar charges	<i>3</i>	(21,557)	(19,042)
Profit on ordinary activities before taxation	<i>4-6</i>	920,126	43,195
Tax on profit on ordinary activities	<i>7</i>	(23)	2,227
Retained profit for the financial year	<i>17</i>	920,103	45,422

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

Balance sheet
at 31 March 2007

	<i>Note</i>	2007	2006
		£	£
Fixed assets			
Tangible assets	8	1,594,724	1 060,965
Investments	9	15,695	15 695
		1,610,419	1 076 660
Current assets			
Debtors	10	467,531	246,940
Investments	12	4,423	4 423
Cash at bank and in hand		687	389
		472,641	251 752
Creditors* amounts falling due within one year	13	(405,524)	(606,180)
Net current assets/(liabilities)		67,117	(354 428)
Total assets less current liabilities		1,677,536	722,232
Creditors, amounts falling due after more than one year	14	(68,193)	(32,992)
Net assets		1,609,343	689 240
Capital and reserves			
Called up share capital	16	221,757	221 757
Capital redemption reserve	17	415,243	415,243
Profit and loss account	17	972,343	52,240
Shareholders' funds	18	1,609,343	689,240

Balance sheet (*continued*)

Statement by the directors under Section 249B Companies Act 1985 for the year ended 31 March 2007

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

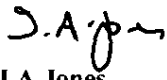
(a) that the company was entitled to exemption under Section 249A(1) of the Companies Act 1985 from the requirement to have its accounts for the year ended 31 March 2007 audited,

(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 2007,

(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 12 October 2007 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	-	5-20 years
Motor vehicles	-	4 years
Computer equipment	-	4 years
Other assets	-	10 years

No depreciation is provided on freehold land

Investment properties

In accordance with Statement of Standard Accounting Practice No 19 (as amended)

- investment properties are revalued annually at open market values. Surpluses and deficits arising are taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year,
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

This treatment as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Notes (continued)

1 Accounting policies (continued)

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

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

Notes (continued)

2 Interest receivable and similar income

	2007 £	2006 £
Interest on loan to subsidiary undertaking	-	3,605
Other interest	-	3,410
Bank interest	1,285	-
Income from listed investments	204	62
	<u>1,489</u>	<u>7,077</u>

3 Interest payable and similar charges

	2007 £	2006 £
Bank loan interest	14,694	12,073
Bank overdraft interest	3,957	4,402
Interest on hire purchase contracts	2,906	2,526
Other interest	-	41
	<u>21,557</u>	<u>19,042</u>

4 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation on owned assets	60,608	60,402
Depreciation on assets under hire purchase contracts	15,604	11,069
Profit on disposal of fixed assets	(2,500)	-
	<u></u>	<u></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	
	2007	2006
Management	3	3
Administrative	2	2
	<u>5</u>	<u>5</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	237,541	233,780
Social security costs	26,686	27,090
Other pension costs	4,950	4,949
	<u>269,177</u>	<u>265,819</u>

6 Remuneration of directors

	2007 £	2006 £
Directors' remuneration	264,162	260,019
Contributions to pension schemes	4,500	4,500
	<u>268,662</u>	<u>264,519</u>

Retirement benefits are accruing to 2 directors (2006: 2) under money purchase schemes. The remuneration of the highest paid director was £205,509 (2006: £199,870) and the contributions paid into his pension scheme amounted to £3,000 (2006: £3,000).

7 Taxation

Analysis of charge/(credit) in period

	2007 £	2006 £
Current tax	-	-
Deferred tax		
Origination/reversal of timing differences	23	(2,227)
	<u>23</u>	<u>(2,227)</u>
Tax on profit on ordinary activities		
	<u>23</u>	<u>(2,227)</u>

Notes (continued)

7 Taxation (continued)

The current tax charge for the period is lower (2006 lower) than the small companies rate of corporation tax in the UK of 19% (2006 19%). The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before tax	920,126	43,195
Current tax at 19% (2006 19%)	174,824	8,207
Effects of		
Expenses not deductible for tax purposes	842	598
Depreciation for period in excess of capital allowances	(325)	2,227
Non-taxable income	(202,225)	(38,012)
Surrender of group relief free of charge	2,346	23,192
Management expenses carried forward on which deferred tax not provided	24,538	3,788
Total current tax charge (see above)	-	-

8 Tangible fixed assets

	Freehold land	Investment properties	Freehold wharves, buildings and fixed plant	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£	£
Cost						
At beginning of year	65,550	748,782	1,152,889	113,944	26,869	2,108,034
Additions	-	558,737	24,376	26,858	-	609,971
Disposals	-	-	(21,594)	(20,300)	(3,156)	(45,050)
At end of year	65,550	1,307,519	1,155,671	120,502	23,713	2,672,955
Depreciation						
At beginning of year	-	-	938,529	85,347	23,193	1,047,069
Charge for the year	-	-	58,740	16,268	1,204	76,212
On disposals	-	-	(21,594)	(20,300)	(3,156)	(45,050)
At end of year	-	-	975,675	81,315	21,241	1,078,231
Net book value						
At 31 March 2007	65,550	1,307,519	179,996	39,187	2,472	1,594,724
At 31 March 2006	65,550	748,782	214,360	28,597	3,676	1,060,965

Notes (continued)

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 2007	2	15,693	15,695
At 31 March 2006	2	15 693	15 695

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	Dormant	Ordinary £1 shares 100
S J C Developments Limited	Dormant	Ordinary £1 shares 100
Neath Abbey Freight Services Limited	Bulk Handling	Ordinary £1 shares 100
Charterflow Limited	Dormant	Ordinary £1 shares 80
MC14 Limited	Dormant	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

	2007 Capital and reserves at the year end £	Profit/(loss) for the year after taxation £	2006 Capital and reserves at the year end £	Profit/(loss) for the year after taxation £
Subsidiary undertakings				
Steel Supply (Property) Limited	(331,058)	-	(331 058)	941
S J C Developments Limited	2	27,329	739 061	93,402
Neath Abbey Freight Services Limited	14,315	28,437	(14 122)	(7,584)
Charterflow Limited	(29,201)	-	(29 201)	-
MC14 Limited	2	273,385	24 369	69 524
Move It Transport Limited	5,259	(19,808)	25 067	495

Notes (continued)

10 Debtors

	2007 £	2006 £
Trade debtors	86,115	78,886
Amounts owed by subsidiary undertakings	161,128	114,274
Other debtors	194,152	35,228
Prepayments and accrued income	12,564	4,957
Deferred taxation (see note 15)	13,572	13,595
	<u>467,531</u>	<u>246,940</u>

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 £	A R Jones £
Balance at beginning of year	20,064	7,064
Loan advances during the year	159,627	-
	<u>179,691</u>	<u>7,064</u>

No interest was charged on the loans and the maximum amount outstanding during the year was £179,691 for R S R Jones and £7,064 for A R Jones

12 Investments (held as current assets)

These comprise investments in listed companies. The market value of these listed investments at the year end was £4,716 (2006 £5,074)

13 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans	164,004	184,601
Bank overdraft	70,027	31,344
Amounts owed to subsidiary undertakings	4	218,053
Trade creditors	23,137	41,104
Other taxes and social security	35,163	40,606
Accruals and deferred income	94,743	80,608
Obligations under hire purchase contracts	18,446	9,864
	<u>405,524</u>	<u>606,180</u>

Notes (continued)

13 Creditors: amounts falling due within one year (continued)

The bank overdraft is secured by a fixed charge over the freehold property at 10 St James Crescent, Uplands, Swansea. The bank loans are secured by a charge over one of the investment properties.

14 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Bank loans	58,509	14,639
Obligations under hire purchase contracts	9,684	18,353
	<u>68,193</u>	<u>32,992</u>

The bank loans are repayable as follows

	2007 £	2006 £
Within one year	164,004	184,601
Between one and two years	13,558	14,639
Between two and five years	44,951	-
	<u>222,513</u>	<u>199,240</u>

Obligations under hire purchase contracts are repayable as follows

	2007 £	2006 £
Within one year	18,446	9,864
Between one and two years	9,684	10,725
Between two and five years	-	7,628
	<u>28,130</u>	<u>28,217</u>

15 Deferred taxation

	£
At beginning of year	(13,595)
Charged to the profit and loss account in the year	23
	<u>(13,572)</u>
At end of year	<u>(13,572)</u>

Notes (continued)

15 Deferred taxation (continued)

The potential deferred taxation asset comprises tax at 20% (2006 19%) as follows

	2007		2006	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	(13,572)	-	(13,595)	-
Tax losses carried forward	-	(121,609)	-	(90,546)
	<u>(13,572)</u>	<u>(121,609)</u>	<u>(13,595)</u>	<u>(90,546)</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. A number of changes to the UK Corporation Tax system were announced in the March 2007 Budget Statement including the abolition of balancing adjustments in relation to industrial buildings. Had these been substantively enacted in the Finance Act 2007 at the balance sheet date, then the company's deferred tax assets would have decreased by approximately £10,000 and there would have been a corresponding increase to the company's deferred tax charge.

16 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>221,757</u>	<u>221,757</u>

17 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At beginning of year	415,243	52,240	467,483
Profit for the financial year	-	920,103	920,103
At end of year	<u>415,243</u>	<u>972,343</u>	<u>1,387,586</u>

18 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	<u>920,103</u>	<u>45,422</u>
Movement in shareholders' funds	920,103	45,422
Opening shareholders' funds	<u>689,240</u>	<u>643,818</u>
Closing shareholders' funds	<u>1,609,343</u>	<u>689,240</u>

Notes (continued)

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 £4,949 (2006 £4,500)

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 2007 £	Year to 31 March 2006 £
S J C Developments Limited	Subsidiary undertaking	Management time recharge	7,500	15,000
S J C Developments Limited	Subsidiary undertaking	Net cash transfers	78,506	(73,506)
S J C Developments Limited	Subsidiary undertaking	Dividend receivable	766,388	150,000
S J C Developments Limited	Subsidiary undertaking	Property transfers	(636,262)	(748,782)
MC14 Limited	Subsidiary undertaking	Management time and other charges	-	30,000
MC14 Limited	Subsidiary undertaking	Dividend receivable	297,752	50,000
MC14 Limited	Subsidiary undertaking	Net cash receipts from related party	(295,835)	(99,670)
Move It Transport Limited	Subsidiary undertaking	Loan granted/(repaid)	57,459	(63,771)
Move It Transport Limited	Subsidiary undertaking	Interest charged on loan	-	3,605
Neath Abbey Freight Services Limited	Subsidiary undertaking	Payments on behalf of the related party	56,145	67,027
Neath Abbey Freight Services Limited	Subsidiary undertaking	Net cash receipts from related party	(71,750)	(76,098)
Neath Abbey Freight Services Limited	Subsidiary undertaking	Management time recharge	5,000	5,000

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)

20 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 2007		Amount due (to)/from related party at 31 March 2006	
		Gross balance £	Provision £	Gross balance £	Provision £
Steel Supply (Property) Limited	Subsidiary undertaking	331,058	(331,058)	331 058	(331,058)
S J C Developments Limited	Subsidiary undertaking	(2)	-	(216 134)	-
Neath Abbey Freight Services Limited	Subsidiary undertaking	24,769	-	35 374	-
Charterflow Limited	Subsidiary undertaking	29,201	(29,201)	29,201	(29 201)
MC14 Limited	Subsidiary undertaking	(2)	-	(1 919)	-
Move It Transport Limited	Subsidiary undertaking	136,359	-	78 900	-

Details of transactions and balances with directors are shown in note 11. In addition, during the year to 31 March 2007 an investment property, which cost £115,736, was available for use by one director for no charge.

Other than those shown above, there were no provisions at 31 March 2007 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.

21 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.