

Steel Supply Company (Western) Limited

**Directors' report and financial
statements**

Registered number 0486993

31 March 2011

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Contents

Directors' report	1
Profit and loss account	3
Balance sheet	4
Notes	6

Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2011

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 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.

Post balance sheet event

On 27 May 2011 the company disposed of its 90% interest in the ordinary share capital of Move It Transport Limited to Mr C Matthews, a director of that company (see note 22).

Dividend

The directors recommend a dividend of £150,000 (2010: £100,000).

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	
	2011	2010
R S R Jones	111,213	111,213
A R Jones	55,272	55,272

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

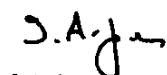
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 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.

By order of the board



I A Jones
Secretary

10 St James Crescent
Uplands
Swansea

17 November 2011

Profit and loss account
for the year ended 31 March 2011

	<i>Note</i>	2011 £	2010 £
Turnover	<i>1</i>	299,083	332,200
Cost of sales		(89,259)	(72,484)
Gross profit		209,824	259,716
Administrative expenses	<i>7</i>	(340,793)	(205,937)
Other operating income	<i>7</i>	331,287	101,393
Operating profit		200,318	155,172
Interest receivable and similar income	<i>2</i>	23,679	32
Interest payable and similar charges	<i>3</i>	(18,363)	(12,729)
Profit on ordinary activities before taxation	<i>4-7</i>	205,634	142,475
Tax on profit on ordinary activities	<i>8</i>	-	-
Profit on ordinary activities after taxation		205,634	142,475
Dividends		(150,000)	(100,000)
Retained profit for the financial year	<i>17</i>	55,634	42,475

Turnover and operating profit relate entirely to continuing operations

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

Balance sheet
at 31 March 2011

	<i>Note</i>	2011	2010
		£	£
Fixed assets			
Tangible assets	9	1,589,807	1,611,270
Investments	10	12,902	12,902
		<u>1,602,709</u>	<u>1,624,172</u>
Current assets			
Debtors	11	316,075	308,890
Cash at bank and in hand		103,220	729
		<u>419,295</u>	<u>309,619</u>
Creditors amounts falling due within one year	13	(303,408)	(224,404)
Net current assets		<u>115,887</u>	<u>85,215</u>
Total assets less current liabilities		<u>1,718,596</u>	<u>1,709,387</u>
Creditors: amounts falling due after more than one year	14	(189,337)	(235,762)
Net assets		<u>1,529,259</u>	<u>1,473,625</u>
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	892,259	836,625
Shareholders' funds	18	<u>1,529,259</u>	<u>1,473,625</u>

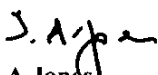
Balance sheet *(continued)*

STATEMENT BY THE DIRECTORS UNDER SECTION 475(2) AND (3) OF THE COMPANIES ACT 2006

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

- (a) that the company was entitled to exemption under section 477(1) of the Companies Act 2006 from the requirement to have its accounts for the year ended 31 March 2011 audited,
- (b) that members have not required the company to obtain an audit of its accounts for the financial year in accordance with subsection (3) of section 475 of that Act,
- (c) that we acknowledge our responsibilities for
 - 1) ensuring that the company keeps accounting records which comply with section 386 of the Companies Act 2006, and
 - 2) preparing accounts 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 394 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company

These financial statements were approved by the board of directors on 17 November 2011 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

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement on the grounds of its size

Consolidation

The company, being the parent of a small group, is exempt by virtue of section 383 of the Companies Act 2006 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

	2011 £	2010 £
Interest on loan to subsidiary undertaking	23,679	-
Income from investments	-	32
	<u>23,679</u>	<u>32</u>

3 Interest payable and similar charges

	2011 £	2010 £
Bank loan interest	5,394	2,480
Bank overdraft interest	2,106	4,610
Interest on hire purchase contracts	10,863	5,639
	<u>18,363</u>	<u>12,729</u>

4 Profit on ordinary activities before taxation

	2011 £	2010 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation on owned assets	14,771	24,182
Depreciation on assets under hire purchase contracts	24,400	16,663
Profit on disposal of tangible fixed assets	(4,807)	(10,000)
	<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	
	2011	2010
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

	2011 £	2010 £
Wages and salaries	114,017	85,031
Social security costs	8,478	8,589
Other pension costs	4,500	4,500
	<u>126,995</u>	<u>98,120</u>

6 Remuneration of directors

	2011 £	2010 £
Directors' remuneration	122,833	91,017
Contributions to pension schemes	4,500	4,500
	<u>127,333</u>	<u>95,517</u>

Retirement benefits are accruing to 2 directors (2010: 2) under money purchase schemes. The remuneration of the highest paid director was £68,708 (2010: £60,516) and the contributions paid into his pension scheme amounted to £1,500 (2010: £1,500).

7 Exceptional items

	2011 £	2010 £
Management charges to subsidiary undertaking for management and administration services provided during current and previous years (included in other operating income)	216,574	-
Waiver of loan to subsidiary undertaking (included in administrative expenses)	(72,250)	-
	<u></u>	<u></u>

8 Taxation

Analysis of tax charge in the period

	2011 £	2010 £
Current tax	-	-
Deferred tax		
Origination/reversal of timing differences	-	-
	<u></u>	<u></u>
Tax on profit on ordinary activities	-	-
	<u></u>	<u></u>

Notes (continued)

8 Taxation (continued)

The current tax charge for the period is lower (2010 lower) than the small companies rate of corporation tax in the UK of 21% (2010 21%). The differences are explained below

	2011 £	2010 £
Current tax reconciliation		
Profit on ordinary activities before tax	205,634	142,475
Current tax at 21% (2010 21%)	43,183	29,920
Effects of:		
Expenses not deductible for tax purposes	17,666	2,452
Depreciation for period in excess of capital allowances	(2,031)	(10,940)
Non-taxable income	-	(10,500)
Surrender of group relief free of charge	-	7,116
Unutilised charges on income	145	86
Utilisation of management expenses brought forward on which deferred tax not provided	(61,207)	(20,898)
Other timing differences	2,244	2,764
Total current tax charge (see above)	-	-

9 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	1,307,519	1,155,671	352,337	24,420	2,905,497
Additions	-	-	9,250	7,995	2,206	19,451
Disposals	-	-	-	(19,354)	(2,398)	(21,752)
At end of year	65,550	1,307,519	1,164,921	340,978	24,228	2,903,196
Depreciation						
At beginning of year	-	-	1,130,837	139,662	23,728	1,294,227
Charge for the year	-	-	6,790	32,102	279	39,171
On disposals	-	-	-	(17,611)	(2,398)	(20,009)
At end of year	-	-	1,137,627	154,153	21,609	1,313,389
Net book value						
At 31 March 2011	65,550	1,307,519	27,294	186,825	2,619	1,589,807
At 31 March 2010	65,550	1,307,519	24,834	212,675	692	1,611,270

Notes (continued)

10 Investments (held as fixed assets)

	Shares in group undertakings £	Other investments £	Total £
Cost			
At beginning and end of year	276	12,900	13,176
Provisions			
At beginning and end of year	274	-	274
Net book value			
At 31 March 2011	2	12,900	12,902
At 31 March 2010	2	12 900	12 902

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

	2011		2010	
	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	(331,058)	-	(331,058)	-
S J C Developments Limited	2	-	2	-
Neath Abbey Freight Services Limited	35,889	45	35,844	58,962
Charterflow Limited	(29,201)	-	(29 201)	-
MC14 Limited	2	-	2	-
Move It Transport Limited	147	4,228	(4 081)	(5,690)

Notes (continued)

11 Debtors

	2011 £	2010 £
Trade debtors	38,863	65,041
Amounts owed by subsidiary undertakings	214,855	166,133
Other debtors	53,258	69,865
Prepayments and accrued income	9,099	7,851
	<u>316,075</u>	<u>308,890</u>

12 Transactions with directors

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

	R S R Jones £
Balance at beginning of year due to company	51,403
Loan advances during the year	155,992
Repayments during the year	(150,682)
Written off during the year	(19,253)
Balance at end of year due to company	<u>37,460</u>

No interest was charged on the loans and the maximum amount outstanding during the year was £75,135

13 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank loan	5,663	5,472
Bank overdraft	-	34,580
Amounts owed to subsidiary undertakings	4	4
Trade creditors	13,258	20,412
Other taxes and social security	34,652	2,192
Accruals and deferred income	209,026	117,855
Other creditors	-	2,683
Obligations under hire purchase contracts	40,805	41,206
	<u>303,408</u>	<u>224,404</u>

Notes (continued)

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

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company

14 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loan	102,156	107,776
Obligations under hire purchase contracts	87,181	127,986
	<u>189,337</u>	<u>235 762</u>

The bank loan is repayable as follows

	2011 £	2010 £
Within one year	5,663	5,472
Between one and two years	5,951	5,738
Between two and five years	19,738	18,942
Over five years	76,467	83,096
	<u>107,819</u>	<u>113 248</u>

Obligations under hire purchase contracts are repayable as follows

	2011 £	2010 £
Within one year	40,805	41,206
Between one and two years	42,003	40,805
Between two and five years	45,178	87 181
	<u>127,986</u>	<u>169 192</u>

15 Deferred taxation

	£
At beginning of year	-
Charged to the profit and loss account in the year	-
	<u>-</u>
At end of year	<u>-</u>

Notes (continued)

15 Deferred taxation (continued)

The potential deferred taxation asset comprises tax at 20% (2010 21%) as follows

	2011		2010	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	11,167	-	10,105	-
Other timing differences	(4,769)	-	(2,764)	-
Tax losses	(6,398)	(64,017)	(7,341)	(127,801)
	<u>-</u>	<u>(64,017)</u>	<u>-</u>	<u>(127,801)</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

16 Called up share capital

	2011 £	2010 £
<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	836,625	1,251,868
Profit for the financial year	-	55,634	55,634
At end of year	<u>415,243</u>	<u>892,259</u>	<u>1,307,502</u>

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	55,634	42 475
Movement in shareholders' funds	55,634	42 475
Opening shareholders' funds	1,473,625	1,431 150
Closing shareholders' funds	1,529,259	1,473,625

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 £4,500 (2010 £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 2011 £	Year to 31 March 2010 £
Move It Transport Limited	Subsidiary undertaking	Loan granted/(repaid)	(162,036)	51,162
Move It Transport Limited	Subsidiary undertaking	Loan waived	(72,250)	-
Move It Transport Limited	Subsidiary undertaking	Management and other charges	283,568	-
Neath Abbey Freight Services Limited	Subsidiary undertaking	Payments on behalf of the related party	96,540	69,258
Neath Abbey Freight Services Limited	Subsidiary undertaking	Net cash receipts from related party	(177,100)	(111 948)
Neath Abbey Freight Services Limited	Subsidiary undertaking	Management time recharge	80,000	29,375
Neath Abbey Freight Services Limited	Subsidiary undertaking	Dividend receivable	-	50,000

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 2011		Amount due (to)/from related party at 31 March 2010	
		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)	-	(2)	-
Neath Abbey Freight Services Limited	Subsidiary undertaking	47,721	-	48,281	-
Charterflow Limited	Subsidiary undertaking	29,201	(29,201)	29,201	(29,201)
MC14 Limited	Subsidiary undertaking	(2)	-	(2)	-
Move It Transport Limited	Subsidiary undertaking	167,134	-	117,852	-

Details of transactions and balances with directors are shown in note 12

Other than those shown above, there were no provisions at 31 March 2011 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

22 Post balance sheet event

On 27 May 2011 the company disposed of its 90% interest in the ordinary share capital of Move It Transport Limited to Mr C Matthews, a director of that company. The shares were sold at their nominal value and consequently no profit or loss arose on the transaction.