

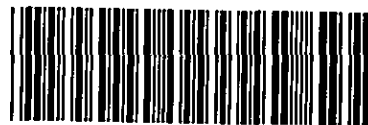
Abbreviated Audited Accounts

For The Year Ended 31 December 2010

for

Bright Steels Limited

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Bright Steels Limited

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For The Year Ended 31 December 2010

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Bright Steels Limited

Company Information

For The Year Ended 31 December 2010

DIRECTORS

Mr P N Chouler
Mr L P Chouler
Mrs A E Chouler

SECRETARY

Mr L P Chouler

REGISTERED OFFICE

Norton Works
Norton
Malton
North Yorkshire
YO17 9BD

REGISTERED NUMBER

00159061 (England and Wales)

AUDITORS

Farrar Smith Limited
Chartered Accountants & Registered Auditors
2 Woodside Mews
Clayton Wood Close
Leeds
West Yorkshire
LS16 6QE

Bright Steels Limited

Report of the Directors

For The Year Ended 31 December 2010

The directors present their report with the accounts of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and distribution of Bright Steel Bar

REVIEW OF BUSINESS

This review is intended to provide a balanced and comprehensive analysis of the development and performance of the company's business during the financial year and its position at the year-end. It is consistent with the size and non-complex nature of the business and the risks and uncertainties we face.

The company's business continues to be the production, stockholding and sale of bright drawn steel bar, including some re-selling of merchantable bright steel bar and hire-drawing of customer supplied material. However, the value of these two subsidiary activities is not considered sufficient to warrant any division within the company or its accounts.

We consider that the key performance indicators of the company are those that convey performance and strength in financial terms: turnover, operating profit and profit before tax, and net current assets and associated ratios.

Trading conditions in 2010 were not as poor as had been feared and activity levels improved gradually, although confidence remained fragile. Aided by substantial increases in steel prices generally, turnover increased by 46%, falling just short of the pre-downturn total achieved in 2008. We returned completely to normal working hours in May and, with the use of some overtime, were able to satisfy demand without any changes to the workforce until the final quarter of the year. Inevitably costs increased to match the increased workload, but there were also some non-trading benefits and the increase in total costs was managed effectively. Thus operating profits rose by £1.4 million to £829,000 covering last year's losses 1.4 times. Returns on cash and other investments increased after falling for the two previous years so that, after taxation and dividends, we were able to increase reserves by £268,000.

In view of the uncertainties surrounding trading, we kept stock volumes around the reduced levels we had achieved by the end of 2009, the increase in the balance sheet value mostly reflecting general inflation in steel prices. Debtors leapt by 50%, as sales were much stronger towards the end of the year, with payment performance hardly changing. Creditors increased to pre-downturn levels, keeping the net funding requirement down so that the increase in working capital resulted in cash balances falling by less than £330,000. The acid ratio (cash plus debtors divided by creditors) reduced to a more normal, but quite acceptable, 2.41.

2010 was a much-improved year after the tribulations of 2009, but it ended with continuing uncertainty about future trading conditions. We have therefore prepared a conservative budget for 2011, which gives us a strong base position and a springboard to take advantage of market opportunities. Once again this is underpinned by strong cash balances, which provide additional security.

DIVIDENDS

The Company declared a special interim dividend of £20 per share on 19 March 2010. Further interim dividends of £4.50 per share were paid on 19 April 2010 and 14 July 2010, and one of £3.00 per share was paid on 12 October 2010. A final dividend of £4.50 per share was paid on 21 December 2010.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report.

Mr P N Chouler
Mr L P Chouler
Mrs A E Chouler

Bright Steels Limited

Report of the Directors

For The Year Ended 31 December 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Farrar Smith Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Mr L P Chouler - Secretary



27 September 2011

Report of the Independent Auditors to
Bright Steels Limited
Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages five to fourteen, together with the full financial statements of Bright Steels Limited for the year ended 31 December 2010 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

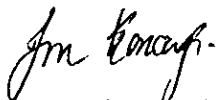
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



J M Konczyk ACA FCCA (Senior Statutory Auditor)
for and on behalf of Farrar Smith Limited
Chartered Accountants & Registered Auditors
2 Woodside Mews
Clayton Wood Close
Leeds
West Yorkshire
LS16 6QE

27 September 2011

Bright Steels Limited

Abbreviated Profit and Loss Account
For The Year Ended 31 December 2010

	Notes	31 12 10 £	£	31 12 09 £	£
TURNOVER	2		12,296,392		8,427,748
Cost of sales and other operating income			(8,645,323)		(6,933,266)
			<hr/>		<hr/>
			3,651,069		1,494,482
Distribution costs		967,517		713,199	
Administrative expenses		<u>1,854,703</u>		<u>1,369,869</u>	
			<hr/>		<hr/>
			2,822,220		2,083,068
OPERATING PROFIT/(LOSS)	5		828,849		(588,586)
Interest receivable and similar income			<hr/>		<hr/>
			54,063		44,335
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			<hr/>		<hr/>
			882,912		(544,251)
Tax on profit/(loss) on ordinary activities	6		<hr/>		<hr/>
			239,002		(160,834)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			<hr/>		<hr/>
			643,910		(383,417)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

The notes form part of these abbreviated accounts

Bright Steels Limited

Abbreviated Balance Sheet

31 December 2010

	Notes	31 12 10 £	£	31 12 09 £	£
FIXED ASSETS					
Tangible assets	8		1,650,797		1,687,824
Investments	9		3,080		3,080
			<u>1,653,877</u>		<u>1,690,904</u>
CURRENT ASSETS					
Stocks	10	3,959,696		3,240,536	
Debtors	11	3,475,836		2,301,272	
Cash at bank		2,328,190		2,655,094	
		<u>9,763,722</u>		<u>8,196,902</u>	
CREDITORS					
Amounts falling due within one year	12	<u>2,410,800</u>		<u>1,221,039</u>	
NET CURRENT ASSETS			<u>7,352,922</u>		<u>6,975,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,006,799		8,666,767
PROVISIONS FOR LIABILITIES	14		<u>436,591</u>		<u>365,055</u>
NET ASSETS			<u>8,570,208</u>		<u>8,301,712</u>
CAPITAL AND RESERVES					
Called up share capital	15		20,025		20,025
Capital redemption reserve	16		3,975		3,975
Profit and loss account	16		<u>8,546,208</u>		<u>8,277,712</u>
SHAREHOLDERS' FUNDS	18		<u>8,570,208</u>		<u>8,301,712</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies

The financial statements were approved by the Board of Directors on 27 September 2011 and were signed on its behalf by



Mr L P Chouler - Director

The notes form part of these abbreviated accounts

Bright Steels Limited

Cash Flow Statement

For The Year Ended 31 December 2010

	Notes	31 12 10 £	31 12 09 £
Net cash inflow			
from operating activities	1	61,776	1,449,673
Returns on investments and servicing of finance	2	45,228	53,095
Taxation		70,401	(212,120)
Capital expenditure	2	(128,895)	-
Equity dividends paid		<u>(375,414)</u>	<u>(165,150)</u>
(Decrease)/Increase in cash in the period		<u>(326,904)</u>	<u>1,125,498</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(326,904)</u>	<u>1,125,498</u>
Change in net funds resulting from cash flows		<u>(326,904)</u>	<u>1,125,498</u>
Movement in net funds in the period		(326,904)	1,125,498
Net funds at 1 January		<u>2,655,094</u>	<u>1,529,596</u>
Net funds at 31 December		<u>2,328,190</u>	<u>2,655,094</u>

The notes form part of these abbreviated accounts

Bright Steels Limited

Notes to the Cash Flow Statement

For The Year Ended 31 December 2010

1 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 10 £	31 12 09 £
Operating profit/(loss)	828,849	(588,586)
Depreciation charges	115,422	271,133
Loss on disposal of fixed assets	-	14,749
(Increase)/Decrease in stocks	(719,160)	2,089,336
(Increase)/Decrease in debtors	(1,236,130)	323,335
Increase/(Decrease) in creditors	1,072,795	(660,294)
Net cash inflow from operating activities	61,776	1,449,673

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 10 £	31 12 09 £
Returns on investments and servicing of finance		
Interest received	45,228	53,095
Net cash inflow for returns on investments and servicing of finance	45,228	53,095
Capital expenditure		
Purchase of tangible fixed assets	(128,895)	-
Net cash outflow for capital expenditure	(128,895)	-

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 10 £	Cash flow £	At 31 12 10 £
Net cash			
Cash at bank	2,655,094	(326,904)	2,328,190
	2,655,094	(326,904)	2,328,190
Total	2,655,094	(326,904)	2,328,190

The notes form part of these abbreviated accounts

Bright Steels Limited

Notes to the Abbreviated Accounts For The Year Ended 31 December 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	- 2% on cost
Plant & machinery	- 10% on cost
Fixtures & equipment	- 10% - 25% on cost
Commercial & motor vehicles	- 20% - 25% on cost

Stocks

Raw materials are valued at the lower of cost or net realisable value. Finished goods are valued at raw material cost plus manufacturing overheads. Bought-in finished goods are valued at cost. In all cases provision is made for obsolete and slow moving stock.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at forward contract rates, where applicable. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Investments

Investments held as fixed assets are stated at cost, less provision for impairment.

2 TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company. The directors have determined not to present an analysis of turnover by geographical market.

3 OTHER OPERATING INCOME

	31 12 10	31 12 09
	£	£
Rents received	40,609	36,983
Sundry income	2,467	2,315
Profit on sale of fixed assets	-	(14,749)
	<u>43,076</u>	<u>24,549</u>

Bright Steels Limited

Notes to the Abbreviated Accounts – continued

For The Year Ended 31 December 2010

4 STAFF COSTS

	31 12 10 £	31 12 09 £
Wages and salaries	2,090,947	1,564,578
Social security costs	214,451	165,183
Other pension costs	213,996	169,991
	<u>2,519,394</u>	<u>1,899,752</u>

The average monthly number of employees during the year was as follows

	31 12 10	31 12 09
Production	46	47
Selling & distribution	6	6
Administration	19	19
	<u>71</u>	<u>72</u>

5 OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging/(crediting)

	31 12 10 £	31 12 09 £
Depreciation - owned assets	115,422	271,132
Loss on disposal of fixed assets	-	14,749
Auditors' remuneration	16,000	15,500
Foreign exchange differences	<u>(172,550)</u>	<u>(135,010)</u>

Directors' remuneration	<u>428,748</u>	<u>289,302</u>
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Information regarding the highest paid director is as follows

	31 12 10 £	31 12 09 £
Emoluments etc	<u>259,921</u>	<u>196,357</u>

6 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	31 12 10 £	31 12 09 £
Current tax		
UK corporation tax	249,466	(121,401)
Deferred tax		
See further at note 14	<u>(10,464)</u>	<u>(39,433)</u>
Tax on profit/(loss) on ordinary activities	<u>239,002</u>	<u>(160,834)</u>

Bright Steels Limited

Notes to the Abbreviated Accounts – continued

For The Year Ended 31 December 2010

6 TAXATION – continued

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 10 £	31 12 09 £
Profit/(loss) on ordinary activities before tax	<u>882,912</u>	<u>(544,251)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	247,215	(152,390)
Effects of		
Expenses not deductible for tax purposes	1,819	1,264
Reversal of capital allowance timing differences	10,464	39,433
Corporation tax marginal rate relief	<u>(10,032)</u>	<u>(9,708)</u>
Current tax charge/(credit)	<u>249,466</u>	<u>(121,401)</u>

7 DIVIDENDS

	31 12 10 £	31 12 09 £
Ordinary shares of £1 each		
Final	90,113	30,037
Interim	<u>285,301</u>	<u>135,113</u>
	<u>375,414</u>	<u>165,150</u>

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & equipment £	Commercial & motor vehicles £	Totals £
COST					
At 1 January 2010	2,625,034	4,812,666	494,280	182,921	8,114,901
Additions	-	18,500	5,149	54,746	78,395
Disposals	-	-	(4,790)	-	(4,790)
At 31 December 2010	<u>2,625,034</u>	<u>4,831,166</u>	<u>494,639</u>	<u>237,667</u>	<u>8,188,506</u>
DEPRECIATION					
At 1 January 2010	1,150,549	4,678,684	435,769	162,075	6,427,077
Charge for year	52,501	21,255	21,212	20,454	115,422
Eliminated on disposal	-	-	(4,790)	-	(4,790)
At 31 December 2010	<u>1,203,050</u>	<u>4,699,939</u>	<u>452,191</u>	<u>182,529</u>	<u>6,537,709</u>
NET BOOK VALUE					
At 31 December 2010	<u>1,421,984</u>	<u>131,227</u>	<u>42,448</u>	<u>55,138</u>	<u>1,650,797</u>
At 31 December 2009	<u>1,474,485</u>	<u>133,982</u>	<u>58,511</u>	<u>20,846</u>	<u>1,687,824</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued

For The Year Ended 31 December 2010

9 FIXED ASSET INVESTMENTS

Unlisted
investments
£

COST

At 1 January 2010
and 31 December 2010

3,080

NET BOOK VALUE

At 31 December 2010

3,080

At 31 December 2009

3,080

10 STOCKS

Raw materials
Finished goods

31 12 10
£

1,850,706
2,108,990

31 12 09
£

1,504,911
1,735,625

3,959,696

3,240,536

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade debtors
Other debtors
Corporation tax repayable
Prepayments

31 12 10
£

3,016,938
335,785
51,000
72,113

31 12 09
£

1,801,549
315,492
121,401
62,830

3,475,836

2,301,272

12 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors
Corporation tax
Social security and other taxes
Accruals

31 12 10
£

1,600,493
249,466
115,881
444,960

31 12 09
£

873,312
-
97,272
250,455

2,410,800

1,221,039

13 SECURED DEBTS

The company has banking facilities, not including an overdraft arrangement secured by legal charges on certain of its freehold properties. There is a legal right of set-off incorporated in the bank's mortgage documents

Bright Steels Limited

Notes to the Abbreviated Accounts – continued

For The Year Ended 31 December 2010

14 PROVISIONS FOR LIABILITIES

	31 12 10 £	31 12 09 £
Deferred Taxation	77,591	88,055
Other provisions	359,000	277,000
	<u>436,591</u>	<u>365,055</u>
		Deferred tax £
Balance at 1 January 2010		88,055
Reversal of timing difference on capital allowances		<u>(10,464)</u>
Balance at 31 December 2010		<u>77,591</u>

Other provisions relate to an amount provided by the company in respect of a formal demand received from the Australian Tax Office for Goods & Services Tax in relation to our exports of goods to that country over a number of years. The demand is for approximately AUD550,000 including costs and charges and has been converted at the rate of exchange ruling at the balance sheet date. The Company is confident in its position and remains in dispute with the Australian Tax Office over the legitimacy of the demand.

15 CALLED UP SHARE CAPITAL

Number	Class	Nominal value £1	31 12 10 £	31 12 09 £
20,025	Ordinary		<u>20,025</u>	<u>20,025</u>

16 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2010	8,277,712	3,975	8,281,687
Profit for the year	643,910		643,910
Dividends	<u>(375,414)</u>		<u>(375,414)</u>
At 31 December 2010	<u>8,546,208</u>	<u>3,975</u>	<u>8,550,183</u>

17 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the Company during the year amounted to £181,499 (2009 £138,325).

The company has ceased making contributions to directors' individual managed fund schemes.

Bright Steels Limited

Notes to the Abbreviated Accounts – continued

For The Year Ended 31 December 2010

18	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		31 12 10	31 12 09
		£	£
	Profit/(Loss) for the financial year	643,910	(383,417)
	Dividends	(375,414)	(165,150)
		<hr/>	<hr/>
	Net addition/(reduction) to shareholders' funds	268,496	(548,567)
	Opening shareholders' funds	8,301,712	8,850,279
		<hr/>	<hr/>
	Closing shareholders' funds	<u>8,570,208</u>	<u>8,301,712</u>