REGISTERED NUMBER: 00159061 (England and Wales)

Abbreviated Audited Accounts

for the Year Ended 31 December 2011

for

Bright Steels Limited

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Bright Steels Limited

Company Information
for the Year Ended 31 December 2011

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 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

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 merchanted 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 2011 were generally better than in 2010 although they could hardly be called normal and future prospects continue to be uncertain However, we did manage to increase activity levels, primarily in export markets, and steel prices continued to increase more quickly than general inflation As a result of these factors, turnover increased by 26% to reach a new company high of just over £15 5 million The increase in costs remained relatively muted so that net margins improved and operating profits rose by £681,000 to more than £1 5 million Returns on cash and other investments fell as both interest rates generally and our cash balances reduced through the year However, after taxation and dividends, we were able to increase reserves by £761,000

During 2010 we had kept stock volumes at reduced levels but, in view of the continuing improvements in trading performance and the poor rates of return on cash balances, we decided to increase our stock levels in 2011 This was to improve customer service and help gain additional business by being able to supply a greater range of products ex stock Despite the increase in turnover, debtors actually reduced compared with last year as collection standards were not allowed to fall. Creditors continued to increase but the main impact on working capital was the £2 18 million increase in stocks and as a result cash balances fell by almost £1 4 million, but remained positive to the tune of £930,000 The acid ratio (cash plus debtors divided by creditors) reduced again to a still acceptable 1 55

In 2011 we consolidated the trading improvement achieved during the previous year, but by the year end there was no clearer view about the economy in the UK and the rest of the world moving onto a more stable footing Our main concerns were that both sales volumes and margins could come under increased pressure during difficult trading conditions We continue to take a conservative view when preparing budgets and hope to be able to improve on these figures by being able to take advantage of market opportunities Our higher stock levels contributed to the improved performance in 2011 but these must be managed in conjunction with cash balances, which we seek to increase from the 2011 year end level to help maintain our security and independence

DIVIDENDS
The Company paid a special interim dividend of £40 per share on 8 March 2011 Further interim dividends of £3 00 per share were paid on 19 April 2011 and £4 50 per share on 15 July 2011 and 12 October 2011 with a final dividend of £4 50 per share being paid on 14 December 2011

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2011 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 2011

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:

Paul Chouler

Mr L P Chouler - Secretary

Date 24-09-12.

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 thirteen, together with the full financial statements of Bright Steels Limited for the year ended 31 December 2011 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

Julie 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

24 September 2012

Bright Steels Limited

Abbreviated Profit and Loss Account for the Year Ended 31 December 2011

	Notes	31 12 11 £	31 12 10 £
TURNOVER	2	15,535,436	12,296,392
Cost of sales and other operating income		(10,824,188)	(8,645,323)
		4,711,248	3,651,069
Distribution costs		(1,099,493)	(967,517)
Administrative expenses		(2,103,359)	(1,854,703)
OPERATING PROFIT	5	1,508,396	828,849
Interest receivable and similar income		30,136	54,063
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,538,532	882,912
Tax on profit on ordinary activities	6	(357,115)	(239,002)
PROFIT FOR THE FINANCIAL YEAR		1,181,417	643,910

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 profits for the current year or previous year

The notes form part of these abbreviated accounts

Bright Steels Limited

Abbreviated Balance Sheet
31 December 2011

	Notes	31 12 11 £	£	31 12 10 £	£
FIXED ASSETS					
Tangible assets	8		1,665,459		1,650,797
Investments	9		3,080		3,080
			1,668,539		1,653,877
CURRENT ASSETS					
Stocks	10	6,137,147		3,959,696	
Debtors	11	3,436,111		3,475,836	
Cash at bank		933,884		2,328,190	
		10,507,142		9,763,722	
CREDITORS					
Amounts falling due within one year	12	2,808,796		2,410,800	
NET CURRENT ASSETS			7,698,346		7,352,922
TOTAL ASSETS LESS CURRENT LIABILITIES			9,366,885		9,006,799
PROVISIONS FOR LIABILITIES	14		35,673		436,591
NET ASSETS			9,331,212		8,570,208
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		9,307,212		8,546,208
SHAREHOLDERS' FUNDS	18		9,331,212		8,570,208

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 24 September 2012 and were signed on its behalf by

Mr P N. Chouler - Director

The notes form part of these abbreviated accounts

Bright Steels Limited

Cash Flow Statement
for the Year Ended 31 December 2011

	Notes	31 12 11 £	31 12 10 £
Net cash (outflow)/inflow from operating activities	1	(647,940)	61,776
Returns on investments and servicing of finance	2	39,066	45,228
Taxation		(249,466)	70,401
Capital expenditure	2	(115,553)	(128,895)
Equity dividends paid		(420,413)	(375,414)
Decrease in cash in the period		(1,394,306)	(326,904)

Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		(1,394,306)	(326,904)
Change in net funds resulting from cash flows		(1,394,306)	(326,904)
Movement in net funds in the period		(1,394,306)	(326,904)
Net funds at 1 January		2,328,190	2,655,094
Net funds at 31 December		933,884	2,328,190

The notes form part of these financial statements

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

	31 12 11 £	31 12 10 £
Operating profit	1,508,396	828,849
Depreciation charges	108,742	115,422
Profit on disposal of fixed assets	(7,850)	-
Increase in stocks	(2,177,451)	(719,160)
Decrease/(increase) in debtors	30,795	(1,236,130)
(Decrease)/increase in creditors	(110,572)	1,072,795
Net cash (outflow)/inflow from operating activities	(647,940)	61,776

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

	31 12 11 £	31 12 10 £
Returns on investments and servicing of finance		
Interest received	39,066	45,228
Net cash inflow for returns on investments and servicing of finance	39,066	45,228
Capital expenditure		
Purchase of tangible fixed assets	(123,403)	(128,895)
Sale of tangible fixed assets	7,850	-
Net cash outflow for capital expenditure	(115,553)	(128,895)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1 11 £	Cash flow £	At 31 12 11 £
Net cash			
Cash at bank	2,328,190	(1,394,306)	933,884
	2,328,190	(1,394,306)	933,884
Total	2,328,190	(1,394,306)	933,884

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 11	31 12 10
	£	£
Rents received	45,956	40,609
Sundry income	214	2,467
	46,170	43,076

4 STAFF COSTS

	31 12 11	31 12 10
	£	£
Wages and salaries	2,346,914	2,090,947
Social security costs	268,156	214,451
Other pension costs	238,552	213,996
	2,853,622	2,519,394

4 STAFF COSTS - continued

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

	31 12 11	31 12.10
Production	48	46
Selling & distribution	5	6
Administration	20	19
	73	71

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 11 £	31 12 10 £
Depreciation - owned assets	108,741	115,422
Profit on disposal of fixed assets	(7,850)	-
Auditors' remuneration	17,500	16,000
Foreign exchange differences	(107,216)	(172,550)
Directors' remuneration	470,346	428,748

Information regarding the highest paid director is as follows

	31 12 11 £	31 12 10 £
Emoluments etc	298,076	259,921

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 11 £	31 12 10 £
Current tax		
UK corporation tax	399,033	249,466
Deferred tax		
See further at note 14	(41,918)	(10,464)
Tax on profit on ordinary activities	357,115	239,002

6. **TAXATION - continued**

Factors affecting the tax charge
The tax assessed for the year is lower than the standard rate of corporation tax in the UK The difference is explained below

	31 12 11 £	31.12.10 £
Profit on ordinary activities before tax	1,538,532	882,912
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 500% (2010 - 28%)	407,711	247,215
Effects of		
Expenses not deductible for tax purposes	15,284	1,819
Capital allowances in excess of depreciation	(24,095)	-
Depreciation in excess of capital allowances	-	10,464
Corporation tax marginal rate relief	133	(10,032)
Current tax charge	399,033	249,466

7 **DIVIDENDS**

	31 12 11 £	31 12 10 £
Ordinary shares of £1 each		
Final	90,113	90,113
Interim	330,300	285,301
	420,413	375,414

8. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & machinery £	Fixtures & equipment £	Commercial & motor vehicles £	Totals £
COST					
At 1 January 2011	2,625,034	4,831,166	494,639	237,667	8,188,506
Additions	-	110,608	3,000	9,795	123,403
Disposals	-	-	-	(24,477)	(24,477)
At 31 December 2011	2,625,034	4,941,774	497,639	222,985	8,287,432
DEPRECIATION					
At 1 January 2011	1,203,050	4,699,939	452,191	182,529	6,537,709
Charge for year	52,500	18,701	17,249	20,291	108,741
Eliminated on disposal	-	-	-	(24,477)	(24,477)
At 31 December 2011	1,255,550	4,718,640	469,440	178,343	6,621,973
NET BOOK VALUE					
At 31 December 2011	1,369,484	223,134	28,199	44,642	1,665,459
At 31 December 2010	1,421,984	131,227	42,448	55,138	1,650,797

9 FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2011 and 31 December 2011	3,080
NET BOOK VALUE	
At 31 December 2011	3,080
At 31 December 2010	3,080

10 STOCKS

	31.12.11 £	31 12 10 £
Raw materials	2,656,974	1,850,706
Finished goods	3,480,173	2,108,990
	6,137,147	3,959,696

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12.11 £	31 12 10 £
Trade debtors	2,975,036	3,016,938
Other debtors	348,741	335,785
Corporation tax repayable	51,000	51,000
Prepayments	61,334	72,113
	3,436,111	3,475,836

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 11 £	31 12 10 £
Trade creditors	1,873,170	1,600,493
Corporation tax	399,033	249,466
Social security and other taxes	103,722	115,881
Accruals	432,871	444,960
	2,808,796	2,410,800

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

14 PROVISIONS FOR LIABILITIES

	31 12 11 £	31 12 10 £
Deferred Taxation	35,673	77,591
Other provisions	-	359,000
	35,673	436,591

14 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2011	77,591
Reversal of timing difference on capital allowances	(41,918)
Balance at 31 December 2011	35,673

The provision against a formal demand from the Australian Tax Office for Goods & Services Tax in relation to our exports of goods to that country has been released since the company was successful during the year in its appeal against the assessment, which throughout we maintained was erroneous

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 12 11 £	31 12 10 £
20,025	Ordinary	£1	20,025	20,025

16 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2011	8,546,208	3,975	8,550,183
Profit for the year	1,181,417		1,181,417
Dividends	(420,413)		(420,413)
At 31 December 2011	9,307,212	3,975	9,311,187

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 £286,943 (2010 £237,166).

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

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 11 £	31 12 10 £
Profit for the financial year	1,181,417	643,910
Dividends	(420,413)	(375,414)
Net addition to shareholders' funds	761,004	268,496
Opening shareholders' funds	8,570,208	8,301,712
Closing shareholders' funds	9,331,212	8,570,208