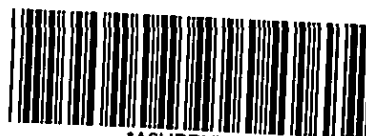


REGISTERED NUMBER: 00159061 (England and Wales)

Abbreviated Audited Accounts
for the Year Ended 31 December 2012
for
Bright Steels Limited

THURSDAY



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COMPANIES HOUSE

Bright Steels Limited

**Contents of the Abbreviated Accounts
for the Year Ended 31 December 2012**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors on the Abbreviated Accounts	4
Abbreviated Profit and Loss Account	5
Abbreviated Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Abbreviated Accounts	9

Bright Steels Limited
Company Information
for the Year Ended 31 December 2012

DIRECTORS: Mr P.N Chouler
Mr L P Chouler
Mrs A E Chouler
Mrs M R C Pratt

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 2012

The directors present their report with the accounts of the company for the year ended 31 December 2012

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 merchant 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.

Last year our main concerns were that both sales volumes and margins could come under increased pressure during difficult trading conditions. The eventual outcome was that the UK steel market generally contracted in 2012, compared with 2011. Bright Steels Ltd was no exception and, after a relatively buoyant start, the year ended more quietly than anticipated with the result that our sales volumes for the year were lower than in 2011. However, selling prices were broadly maintained and turnover fell by just under 5% from last year's record level. Unfortunately raw material costs continued to rise, reducing margins and leading to a fall of nearly £1 million in gross profit. Indirect cost increases were kept below 2% but operating profits fell by over £1 million to £447,000. Returns on cash and other investments continued to fall, as did interest rates generally, and, after taxation and dividends, reserves reduced by £114,000.

Being conscious of unsettled trading conditions and seeking to increase cash balances we managed stock levels down during 2012, mainly by reducing raw material stocks but maintaining stocks of finished goods to minimise any impact on customer service. Debtors reduced pro rata more than the fall in sales as we were able to improve further our collection performance. Creditors more than halved as steel purchases were much lower at the end of the year than the beginning. The fall in current asset balances was greater than that in current liabilities so that we achieved the objective of increasing cash balances to the tune of over £400,000 reaching a total at the end of the year of £1.36 million. More importantly, the acid ratio (cash plus debtors divided by creditors) doubled to a strong 3.15.

2012 was as difficult a year as we had expected but we mitigated a poorer trading performance by good balance sheet management. However, as we said twelve months ago, "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." Indeed, the talk at the beginning of 2013 was of a triple dip recession in the UK. We continue to believe our cautious approach to setting targets has been, and remains, justified although, as ever, we remain alert to the possibilities of new opportunities. This applies to both trading and balance sheet management.

DIVIDENDS

The Company paid a special interim dividend of £80.00 per share on 31 January 2012. Further interim dividends of £7.50 per share were paid on 1 August 2012 and £3.00 per share on 16 October 2012. A final dividend of £3.00 per share was paid on 18 December 2012.

Bright Steels Limited
Report of the Directors
for the Year Ended 31 December 2012

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

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

Changes in directors holding office were as follows

Mrs M R C Pratt - appointed 5 October 2012

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

Date 20 September 2013

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 2012 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

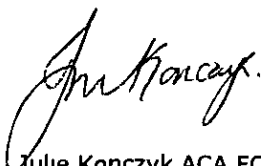
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated 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

Date 20 September 2013

Bright Steels Limited
Abbreviated Profit and Loss Account
for the Year Ended 31 December 2012

	Notes	31 12 12 £	31 12 11 £
TURNOVER	2	14,819,492	15,535,436
Cost of sales and other operating income		(11,073,343)	(10,824,188)
		<u>3,746,149</u>	<u>4,711,248</u>
Distribution costs		(1,202,451)	(1,099,493)
Administrative expenses		<u>(2,107,191)</u>	<u>(2,103,359)</u>
OPERATING PROFIT	5	436,507	1,508,396
Interest receivable and similar income		<u>10,247</u>	<u>30,136</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		446,754	1,538,532
Tax on profit on ordinary activities	6	<u>(110,111)</u>	<u>(357,115)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>336,643</u></u>	<u><u>1,181,417</u></u>

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 2012

	Notes	31 12 12 £	£	31 12 11 £	£
FIXED ASSETS					
Tangible assets	8		1,618,699		1,665,459
Investments	9		<u>3,080</u>		<u>3,080</u>
			1,621,779		1,668,539
CURRENT ASSETS					
Stocks	10	4,755,237		6,137,147	
Debtors	11	2,849,486		3,436,111	
Cash at bank		<u>1,361,208</u>		<u>933,884</u>	
		8,965,931		10,507,142	
CREDITORS					
Amounts falling due within one year	1	1,336,364		2,808,796	
	2	<u> </u>		<u> </u>	
NET CURRENT ASSETS			<u>7,629,567</u>		<u>7,698,346</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,251,346		9,366,885
PROVISIONS FOR LIABILITIES	14		<u>33,828</u>		<u>35,673</u>
NET ASSETS			<u>9,217,518</u>		<u>9,331,212</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>9,193,518</u>		<u>9,307,212</u>
SHAREHOLDERS' FUNDS	19		<u>9,217,518</u>		<u>9,331,212</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 20 September 2013 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 2012

	Notes	31 12 12 £	31 12 11 £
Net cash inflow/(outflow) from operating activities	1	1,346,125	(647,940)
Returns on investments and servicing of finance	2	10,247	39,066
Taxation		(399,033)	(249,466)
Capital expenditure	2	(79,678)	(115,553)
Equity dividends paid		<u>(450,337)</u>	<u>(420,413)</u>
Increase/(decrease) in cash in the period		<u>427,324</u>	<u>(1,394,306)</u>

**Reconciliation of net cash flow
to movement in net funds**

	3		
Increase/(decrease) in cash in the period		<u>427,324</u>	<u>(1,394,306)</u>
Change in net funds resulting from cash flows		<u>427,324</u>	<u>(1,394,306)</u>
Movement in net funds in the period		427,324	(1,394,306)
Net funds at 1 January		<u>933,884</u>	<u>2,328,190</u>
Net funds at 31 December		<u>1,361,208</u>	<u>933,884</u>

The notes form part of these abbreviated accounts

Bright Steels Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2012

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

	31 12 12	31 12 11
	£	£
Operating profit	436,507	1,508,396
Depreciation charges	126,439	108,742
Profit on disposal of fixed assets	-	(7,850)
Decrease/(increase) in stocks	1,381,910	(2,177,451)
Decrease in debtors	586,624	30,795
Decrease in creditors	<u>(1,185,355)</u>	<u>(110,572)</u>
Net cash inflow/(outflow) from operating activities	<u>1,346,125</u>	<u>(647,940)</u>

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

	31 12 12	31 12 11
	£	£
Returns on investments and servicing of finance		
Interest received	<u>10,247</u>	<u>39,066</u>
Net cash inflow for returns on investments and servicing of finance	<u>10,247</u>	<u>39,066</u>
 Capital expenditure		
Purchase of tangible fixed assets	(79,678)	(123,403)
Sale of tangible fixed assets	<u>-</u>	<u>7,850</u>
Net cash outflow for capital expenditure	<u>(79,678)</u>	<u>(115,553)</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 12	Cash flow	At
	£	£	31 12 12
			£
Net cash			
Cash at bank	<u>933,884</u>	<u>427,324</u>	<u>1,361,208</u>
	<u>933,884</u>	<u>427,324</u>	<u>1,361,208</u>
 Total	<u>933,884</u>	<u>427,324</u>	<u>1,361,208</u>

The notes form part of these abbreviated accounts

Bright Steels Limited

Notes to the Abbreviated Accounts **for the Year Ended 31 December 2012**

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 12	31 12 11
	£	£
Rents received	48,084	45,956
Sundry income	<u>162</u>	<u>214</u>
	<u>48,246</u>	<u>46,170</u>

4. STAFF COSTS

	31 12 12	31 12 11
	£	£
Wages and salaries	2,132,041	2,346,914
Social security costs	224,383	268,156
Other pension costs	<u>244,634</u>	<u>238,552</u>
	<u>2,601,058</u>	<u>2,853,622</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 December 2012

4 STAFF COSTS - continued

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

	31 12 12	31 12 11
Production	49	48
Selling & distribution	5	5
Administration	<u>19</u>	<u>20</u>
	<u>73</u>	<u>73</u>

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 12	31 12 11
	£	£
Depreciation - owned assets	126,438	108,741
Profit on disposal of fixed assets	-	(7,850)
Auditors' remuneration	17,000	17,500
Foreign exchange differences	<u>18,193</u>	<u>(107,216)</u>
Directors' remuneration	409,848	470,346
Directors' pension contributions to money purchase schemes	<u>51,437</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>1</u>	<u>-</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows

	31 12 12	31 12 11
	£	£
Emoluments etc	<u>272,609</u>	<u>298,076</u>

6 TAXATION

Analysis of the tax charge

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

	31 12 12	31 12 11
	£	£
Current tax		
UK corporation tax	111,956	399,033
Deferred tax		
See further at note 14	<u>(1,845)</u>	<u>(41,918)</u>
Tax on profit on ordinary activities	<u>110,111</u>	<u>357,115</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 December 2012

6 TAXATION - continued

Factors affecting the tax charge

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

	31.12.12 £	31.12.11 £
Profit on ordinary activities before tax	<u>446,754</u>	<u>1,538,532</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 - 26.500%)	107,221	407,711
Effects of		
Expenses not deductible for tax purposes	14,346	15,284
Capital allowances in excess of depreciation	-	(24,095)
Depreciation in excess of capital allowances	1,845	-
Corporation tax marginal rate relief	(11,212)	133
Change in rate of corporation tax	2,500	-
Change in rate of deferred tax provision	<u>(2,744)</u>	<u>-</u>
Current tax charge	<u>111,956</u>	<u>399,033</u>

7 DIVIDENDS

	31.12.12 £	31.12.11 £
Ordinary shares of £1 each		
Final	60,075	90,113
Interim	<u>390,262</u>	<u>330,300</u>
	<u>450,337</u>	<u>420,413</u>

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & equipment £	Commercial & motor vehicles £	Totals £
COST					
At 1 January 2012	2,625,034	4,941,774	497,639	222,985	8,287,432
Additions	<u>-</u>	<u>40,178</u>	<u>39,500</u>	<u>-</u>	<u>79,678</u>
At 31 December 2012	<u>2,625,034</u>	<u>4,981,952</u>	<u>537,139</u>	<u>222,985</u>	<u>8,367,110</u>
DEPRECIATION					
At 1 January 2012	1,255,550	4,718,640	469,440	178,343	6,621,973
Charge for year	<u>52,501</u>	<u>33,095</u>	<u>23,973</u>	<u>16,869</u>	<u>126,438</u>
At 31 December 2012	<u>1,308,051</u>	<u>4,751,735</u>	<u>493,413</u>	<u>195,212</u>	<u>6,748,411</u>
NET BOOK VALUE					
At 31 December 2012	<u>1,316,983</u>	<u>230,217</u>	<u>43,726</u>	<u>27,773</u>	<u>1,618,699</u>
At 31 December 2011	<u>1,369,484</u>	<u>223,134</u>	<u>28,199</u>	<u>44,642</u>	<u>1,665,459</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 December 2012

9 FIXED ASSET INVESTMENTS

Unlisted
investments
£

COST

At 1 January 2012
and 31 December 2012

3,080

NET BOOK VALUE

At 31 December 2012

3,080

At 31 December 2011

3,080

10 STOCKS

	31 12 12 £	31 12 11 £
Raw materials	1,916,990	2,656,974
Finished goods	<u>2,838,247</u>	<u>3,480,173</u>
	<u>4,755,237</u>	<u>6,137,147</u>

11 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12 £	31 12 11 £
Trade debtors	2,397,178	2,975,036
Other debtors	332,989	348,741
Corporation tax repayable	51,000	51,000
Prepayments	<u>68,319</u>	<u>61,334</u>
	<u>2,849,486</u>	<u>3,436,111</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12 £	31 12.11 £
Trade creditors	763,816	1,873,170
Corporation tax	111,956	399,033
Social security and other taxes	127,621	103,722
Accruals	<u>332,971</u>	<u>432,871</u>
	<u>1,336,364</u>	<u>2,808,796</u>

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 12 £	31 12.11 £
Deferred Taxation	<u>33,828</u>	<u>35,673</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 December 2012

14 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2012	35,673
Reversal of timing difference on capital allowances	<u>(1,845)</u>
Balance at 31 December 2012	<u>33,828</u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	31 12 12 £	31 12 11 £
20,025	Ordinary		<u>20,025</u>	<u>20,025</u>

16 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2012	9,307,212	3,975	9,311,187
Profit for the year	336,643		336,643
Dividends	<u>(450,337)</u>		<u>(450,337)</u>
At 31 December 2012	<u>9,193,518</u>	<u>3,975</u>	<u>9,197,493</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 £281,215 (2011 £286,943).

18 TRANSACTIONS WITH DIRECTORS

At the year end the company had outstanding loans to directors of £204,000, which was the maximum amount outstanding during the year. The loan is interest free and repayable on demand by the company. £152,000 was repaid to the company after the year end and prior to the date of signing these financial statements.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 12 £	31 12.11 £
Profit for the financial year	336,643	1,181,417
Dividends	<u>(450,337)</u>	<u>(420,413)</u>
Net (reduction)/addition to shareholders' funds	(113,694)	761,004
Opening shareholders' funds	<u>9,331,212</u>	<u>8,570,208</u>
Closing shareholders' funds	<u>9,217,518</u>	<u>9,331,212</u>