

REGISTERED NUMBER: 159061 (England and Wales)

Abbreviated Accounts
For The Year Ended 31 December 2009
for
Bright Steels Limited



Bright Steels Limited

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For The Year Ended 31 December 2009

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Bright Steels Limited
Company Information
For The Year Ended 31 December 2009

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:

159061 (England and Wales)

AUDITORS:

Farrar Smith Ltd
Registered Auditors
Suite 5
Gledhow Mount Mansion
Roxholme Grove
Leeds
West Yorkshire
LS7 4JJ

BANKERS:

National Westminster Bank Plc
27 Yorkersgate
Malton
North Yorkshire
YO17 0AQ

Bright Steels Limited

Report of the Directors
For The Year Ended 31 December 2009

The directors present their report with the accounts of the company for the year ended 31 December 2009

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.

Trading conditions throughout 2009 were every bit as difficult as had been expected and we probably suffered less than many companies in our sector with a reduction in turnover of "only" 32%. We took the difficult decision to reduce our workforce early in the year and many of the remaining employees worked reduced hours for some of the year. Although we were successful in reducing our truly variable costs in line with the lower output, distribution and administration costs fell more modestly. The £4million reduction in turnover led to operating profits falling by £1.11 million and a loss of £588,586 was recorded. Returns on cash and other investments fell for a second year as interest rates remained low throughout the period. After taxation and dividends, reserves fell by £550,000, but remain comfortably above £8 million.

During the year we reduced stocks significantly but debtors fell more modestly, as most of the reduction in turnover occurred in the first 9 months of the year. Lower stocks meant fewer purchases and lower creditors, the year-end figure being just over half that of 12 months ago. Cash balances increased by over £1.1million, but net current assets fell by £75,000 and the acid ratio (cash plus debtors divided by creditors) leapt to a robust 4.06.

We enter 2010 with a balance sheet at least as strong as it was 12 months ago and some signs of modest increases in activity levels. However, confidence generally remains fragile and there are concerns that these increases will not be maintained. In addition, steel mills are indicating that there will be significant price increases in quarter two and through to quarter three this year. This suggests our marketplace will be volatile once again in 2010. Nevertheless we remain confident that we can trade our way through the coming months, not least because of our strong cash position, which means we are not beholden to the banks for finance.

DIVIDENDS

The Company declared a special interim dividend of £20 per share on 27 February 2009. Further interim dividends of £1.50 per share were paid on 14 April 2009, 13 July 2009 and 9 October 2009. A final dividend of £1.50 per share was paid on 18 December 2009.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 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 2009

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 Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr L P Chouler - Secretary



2 September 2010

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 2009 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

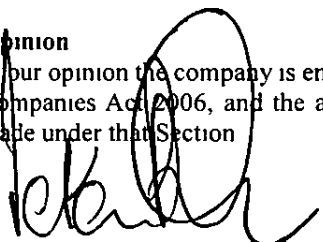
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated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



Mr P R Smith (Senior Statutory Auditor)
for and on behalf of Farrar Smith Ltd
Registered Auditors
Suite 5
Gledhow Mount Mansion
Roxholme Grove
Leeds
West Yorkshire
LS7 4JJ

2 September 2010

Bright Steels Limited

Abbreviated Profit and Loss Account
For The Year Ended 31 December 2009

	Notes	31 12 09 £	£	31 12 08 £	£
TURNOVER	2		8,427,748		12,413,090
Cost of sales and other operating income			(6,933,266)		(9,402,386)
			<hr/>		<hr/>
			1,494,482		3,010,704
Distribution costs		713,199		839,685	
Administrative expenses		1,369,869		1,646,239	
		<hr/>	2,083,068	<hr/>	2,485,924
OPERATING (LOSS)/PROFIT	5		(588,586)		524,780
Interest receivable and similar income			44,335		105,538
			<hr/>		<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(544,251)		630,318
Tax on (loss)/profit on ordinary activities	6		(160,834)		169,592
			<hr/>		<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>(383,417)</u>		<u>460,726</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 loss for the current year and the profit for the previous year

The notes form part of these abbreviated accounts

Bright Steels Limited

Abbreviated Balance Sheet
31 December 2009

	Notes	31 12 09 £	£	31 12 08 £	£
FIXED ASSETS					
Tangible assets	8		1,687,824		1,923,205
Investments	9		3,080		3,080
			<u>1,690,904</u>		<u>1,926,285</u>
CURRENT ASSETS					
Stocks	10	3,240,536		5,329,872	
Debtors	11	2,301,272		2,511,966	
Cash at bank		2,655,094		1,529,596	
		<u>8,196,902</u>		<u>9,371,434</u>	
CREDITORS					
Amounts falling due within one year	12	1,221,039		2,319,952	
		<u>8,196,902</u>		<u>9,371,434</u>	
NET CURRENT ASSETS			<u>6,975,863</u>		<u>7,051,482</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,666,767</u>		<u>8,977,767</u>
PROVISIONS FOR LIABILITIES	14		<u>365,055</u>		<u>127,488</u>
NET ASSETS			<u><u>8,301,712</u></u>		<u><u>8,850,279</u></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		8,277,712		8,826,279
			<u>8,301,712</u>		<u>8,850,279</u>
SHAREHOLDERS' FUNDS	18		<u><u>8,301,712</u></u>		<u><u>8,850,279</u></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 2 September 2010 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 2009

	Notes	31 12 09 £	31 12 08 £
Net cash inflow/(outflow) from operating activities	1	1,449,673	(686,560)
Returns on investments and servicing of finance	2	53,095	114,211
Taxation		(212,120)	(154,473)
Capital expenditure	2	-	(49,859)
Equity dividends paid		(165,150)	(360,450)
Increase/(Decrease) in cash in the period		<u>1,125,498</u>	<u>(1,137,131)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		<u>1,125,498</u>	<u>(1,137,131)</u>
Change in net funds resulting from cash flows		<u>1,125,498</u>	<u>(1,137,131)</u>
Movement in net funds in the period		<u>1,125,498</u>	<u>(1,137,131)</u>
Net funds at 1 January		<u>1,529,596</u>	<u>2,666,727</u>
Net funds at 31 December		<u>2,655,094</u>	<u>1,529,596</u>

The notes form part of these abbreviated accounts

Bright Steels Limited

Notes to the Cash Flow Statement
For The Year Ended 31 December 2009

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

	31 12 09	31 12 08
	£	£
Operating (loss)/profit	(588,586)	524,780
Depreciation charges	271,133	283,198
Loss/(Profit) on disposal of fixed assets	14,749	(2,653)
Decrease/(Increase) in stocks	2,089,336	(1,039,140)
Decrease/(Increase) in debtors	323,335	(239,731)
Decrease in creditors	(660,294)	(213,014)
Net cash inflow/(outflow) from operating activities	1,449,673	(686,560)

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

	31 12 09	31 12 08
	£	£
Returns on investments and servicing of finance		
Interest received	53,095	114,211
Net cash inflow for returns on investments and servicing of finance	53,095	114,211
Capital expenditure		
Purchase of tangible fixed assets	-	(52,512)
Sale of tangible fixed assets	-	2,653
Net cash outflow for capital expenditure	-	(49,859)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 09	Cash flow	At
	£	£	31 12 09
			£
Net cash			
Cash at bank	1,529,596	1,125,498	2,655,094
	<u>1,529,596</u>	<u>1,125,498</u>	<u>2,655,094</u>
Total	<u>1,529,596</u>	<u>1,125,498</u>	<u>2,655,094</u>

The notes form part of these abbreviated accounts

Bright Steels Limited

Notes to the Abbreviated Accounts
For The Year Ended 31 December 2009

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

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 09	31 12 08
	£	£
Rents received	36,983	37,932
Sundry income	2,315	4,084
Profit on sale of fixed assets	(14,749)	2,653
	<u>24,549</u>	<u>44,669</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
For The Year Ended 31 December 2009

4 STAFF COSTS

	31 12 09	31 12 08
	£	£
Wages and salaries	1,564,578	2,232,492
Social security costs	165,183	234,530
Other pension costs	169,991	216,439
	<u>1,899,752</u>	<u>2,683,461</u>

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

	31 12 09	31 12 08
Production	47	55
Selling & distribution	6	5
Administration	19	22
	<u>72</u>	<u>82</u>

5 OPERATING (LOSS)/PROFIT

The operating loss (2008 - operating profit) is stated after charging/(crediting)

	31 12 09	31 12 08
	£	£
Depreciation - owned assets	271,132	283,196
Loss/(Profit) on disposal of fixed assets	14,749	(2,653)
Auditors' remuneration	15,500	16,000
Foreign exchange differences	<u>(135,010)</u>	<u>(115,994)</u>

Directors' remuneration	<u>289,302</u>	<u>357,148</u>
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Information regarding the highest paid director is as follows

	31 12 09	31 12 08
	£	£
Emoluments etc	<u>196,357</u>	<u>244,990</u>

6 TAXATION

Analysis of the tax (credit)/charge

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

	31 12 09	31 12 08
	£	£
Current tax		
UK corporation tax	(121,401)	212,096
Deferred tax		
See further at note 14	<u>(39,433)</u>	<u>(42,504)</u>
Tax on (loss)/profit on ordinary activities	<u>(160,834)</u>	<u>169,592</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
For The Year Ended 31 December 2009

6 TAXATION - continued

Factors affecting the tax (credit)/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 09 £	31 12 08 £
(Loss)/profit on ordinary activities before tax	<u>(544,251)</u>	<u>630,318</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28.500%)	(152,390)	179,641
Effects of		
Expenses not deductible for tax purposes	1,264	3,516
Reversal of capital allowance timing differences	39,433	43,263
Reversal of general timing differences	-	(621)
Corporation tax marginal rate relief	<u>(9,708)</u>	<u>(13,703)</u>
Current tax (credit)/charge	<u>(121,401)</u>	<u>212,096</u>

7 DIVIDENDS

	31 12 09 £	31 12 08 £
Ordinary shares of £1 each		
Final	30,037	90,113
Interim	<u>135,113</u>	<u>270,337</u>
	<u>165,150</u>	<u>360,450</u>

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
For The Year Ended 31 December 2009

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & equipment £	Commercial & motor vehicles £	Totals £
COST					
At 1 January 2009	2,625,034	4,812,666	443,780	219,793	8,101,273
Additions	-	-	50,500	-	50,500
Disposals	-	-	-	(36,872)	(36,872)
At 31 December 2009	2,625,034	4,812,666	494,280	182,921	8,114,901
DEPRECIATION					
At 1 January 2009	1,098,048	4,486,958	432,557	160,505	6,178,068
Charge for year	52,501	191,726	3,212	23,693	271,132
Eliminated on disposal	-	-	-	(22,123)	(22,123)
At 31 December 2009	1,150,549	4,678,684	435,769	162,075	6,427,077
NET BOOK VALUE					
At 31 December 2009	1,474,485	133,982	58,511	20,846	1,687,824
At 31 December 2008	1,526,986	325,708	11,223	59,288	1,923,205

9 FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2009 and 31 December 2009	3,080
NET BOOK VALUE	
At 31 December 2009	3,080
At 31 December 2008	3,080

10 STOCKS

	31 12 09 £	31 12 08 £
Raw materials	1,504,911	2,215,250
Finished goods	1,735,625	3,114,622
	3,240,536	5,329,872

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
For The Year Ended 31 December 2009

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 09	31 12 08
	£	£
Trade debtors	1,801,549	2,241,653
Other debtors	315,492	203,817
Corporation tax repayable	121,401	-
Prepayments	62,830	66,496
	<u>2,301,272</u>	<u>2,511,966</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 09	31 12 08
	£	£
Trade creditors	873,312	1,693,299
Corporation tax	-	212,120
Social security and other taxes	97,272	92,728
Accruals	250,455	321,805
	<u>1,221,039</u>	<u>2,319,952</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 09	31 12 08
	£	£
Deferred Taxation	88,055	127,488
Other provisions	277,000	-
	<u>365,055</u>	<u>127,488</u>

	Deferred tax £
Balance at 1 January 2009	127,488
Reversal of timing difference on capital allowances	(39,433)
Balance at 31 December 2009	<u>88,055</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 AUD499,697 and has been converted at the rate of exchange ruling at the balance sheet date. The Company remains in dispute with the Australian Tax Office over the legitimacy of the demand.

Bright Steels Limited

Notes to the Abbreviated Accounts - continued
For The Year Ended 31 December 2009

15 CALLED UP SHARE CAPITAL

Number	Class	Nominal value £1	31 12 09 £	31 12 08 £
20,025	Ordinary		<u>20,025</u>	<u>20,025</u>

16 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2009	8,826,279	3,975	8,830,254
Deficit for the year	(383,417)		(383,417)
Dividends	(165,150)		(165,150)
At 31 December 2009	<u>8,277,712</u>	<u>3,975</u>	<u>8,281,687</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 £138,325 (2008 £185,877).

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

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 09 £	31 12 08 £
(Loss)/Profit for the financial year	(383,417)	460,726
Dividends	(165,150)	(360,450)
Net (reduction)/addition to shareholders' funds	<u>(548,567)</u>	<u>100,276</u>
Opening shareholders' funds	<u>8,850,279</u>	<u>8,750,003</u>
Closing shareholders' funds	<u>8,301,712</u>	<u>8,850,279</u>