

**REGISTERED NUMBER: 00159061 (England and Wales)**

**Abbreviated Audited Accounts**  
**for the Year Ended 31 December 2014**  
**for**  
**Bright Steels Limited**

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**Bright Steels Limited (Registered number: 00159061)**

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for the Year Ended 31 December 2014**

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**Bright Steels Limited**  
**Company Information**  
**for the Year Ended 31 December 2014**

**DIRECTORS:**

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 & Statutory Auditors  
2 Woodside Mews  
Clayton Wood Close  
Leeds  
West Yorkshire  
LS16 6QE

**Bright Steels Limited (Registered number: 00159061)**

**Strategic Report**  
**for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

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.

We started 2014 in a cautious vein, following the difficulties of recent years, but the eventual outcome was rather better than expected. Steel prices generally continued to be under pressure and both selling and purchase prices fell for a second consecutive year, although the margin percentage was maintained above that achieved in 2012. However, we were able to increase the volume of sales, mainly through higher exports. The more favourable exchange rates also made a positive contribution so that both turnover and gross profit more than reversed the previous year's reductions. Indirect costs fell compared with 2013 but there were also falls in interest receivable and other operating income, although these were rather smaller. As a result the net profit before tax more than tripled to £759,000, the highest level since the record year of 2011. Reserves comfortably recovered last year's reduction, increasing by £318,000 to £9.38 million.

One major change on the balance sheet was the investment of £118,000 in one of our long standing North American customers, assisting its buyout from its former parent company.

The balance sheet also expanded in other ways towards the end of the year as, unusually, the final quarter proved the strongest in terms of sales volumes, and we consciously increased stock levels to improve customer service. As a result, stocks increased by just over £600,000 during the year. Trade debtors increased by almost £487,000 due to the higher sales volumes. Trade creditors also increased by almost £600,000, as we continued to buy additional quantities of steel to maintain stock levels. As these increases impacted more on assets than liabilities, cash balances reduced, but only by £250,000, the total at the end of the year being just over £1.7 million. This resulted in a small reduction in the acid ratio (cash plus debtors divided by creditors) to a still acceptable 2.48.

2014 was a better year than we initially expected, higher volumes, albeit at lower margins, being helped by the relative weakness of the Pound. Early 2015 started in a similar manner although there are concerns about both the fragility of the UK markets and the increasing strength of the Pound. Against this background we remain cautious in setting business targets and controlling expense costs.

**ON BEHALF OF THE BOARD:**



Mr L.P. Chouler - Secretary

15 September 2015

**Bright Steels Limited (Registered number: 00159061)**

**Report of the Directors**  
**for the Year Ended 31 December 2014**

The directors present their report with the accounts of the company for the year ended 31 December 2014.

**DIVIDENDS**

The Company paid a special interim dividend of £40.00 per share on 11 March 2014. Further interim dividends of £1.50 per share were paid on 24 April 2014 and 10 July 2014 and £3.00 per share on 2 October 2014. A final dividend of £3.00 per share was paid on 22 December 2014.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

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

**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

15 September 2015

**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 2014 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 Koczzyk ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Farrar Smith Limited  
Chartered Accountants & Statutory Auditors  
2 Woodside Mews  
Clayton Wood Close  
Leeds  
West Yorkshire  
LS16 6QE

15 September 2015

**Bright Steels Limited (Registered number: 00159061)**

**Abbreviated Profit and Loss Account**  
**for the Year Ended 31 December 2014**

	Notes	31.12.14 £	31.12.13 £
<b>TURNOVER</b>	2	14,850,169	14,195,685
Cost of sales and other operating income		(11,053,715)	(10,622,818)
		<hr/> 3,796,454	<hr/> 3,572,867
Distribution costs		(1,317,709)	(1,168,958)
Administrative expenses		(1,734,369)	(2,174,342)
<b>OPERATING PROFIT</b>	5	<hr/> 744,376	<hr/> 229,567
Interest receivable and similar income		<hr/> 14,323	<hr/> 17,328
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<hr/> 758,699	<hr/> 246,895
Tax on profit on ordinary activities	6	(170,520)	(55,937)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<hr/> <hr/> 588,179	<hr/> <hr/> 190,958

**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 (Registered number: 00159061)**

**Abbreviated Balance Sheet**  
**31 December 2014**

	Notes	31.12.14 £	£	31.12.13 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		1,663,613		1,589,191
Investments	9		121,424		3,080
			<u>1,785,037</u>		<u>1,592,271</u>
<b>CURRENT ASSETS</b>					
Stocks	10	4,615,799		4,013,568	
Debtors	11	3,416,183		2,987,206	
Cash at bank		1,735,293		1,982,066	
		<u>9,767,275</u>		<u>8,982,840</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	12	2,075,591		1,449,157	
<b>NET CURRENT ASSETS</b>			<u>7,691,684</u>		<u>7,533,683</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,476,721		9,125,954
<b>PROVISIONS FOR LIABILITIES</b>	15		70,629		37,816
<b>NET ASSETS</b>			<u>9,406,092</u>		<u>9,088,138</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		20,025		20,025
Capital redemption reserve	17		3,975		3,975
Profit and loss account	17		9,382,092		9,064,138
<b>SHAREHOLDERS' FUNDS</b>	19		<u>9,406,092</u>		<u>9,088,138</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 15 September 2015 and were signed on its behalf by:



Mr L.P. Chouler - Director

The notes form part of these abbreviated accounts



**Bright Steels Limited (Registered number: 00159061)**

**Cash Flow Statement**  
**for the Year Ended 31 December 2014**

	Notes	31.12.14 £	31.12.13 £
<b>Net cash inflow from operating activities</b>	1	319,487	1,143,524
<b>Returns on investments and servicing of finance</b>	2	14,323	17,328
<b>Taxation</b>		12,646	(125,551)
<b>Capital expenditure and financial investment</b>	2	(323,004)	(94,105)
<b>Equity dividends paid</b>		(270,225)	(320,338)
<b>(Decrease)/increase in cash in the period</b>		<u>(246,773)</u>	<u>620,858</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/increase in cash in the period		<u>(246,773)</u>	<u>620,858</u>
Change in net funds resulting from cash flows		<u>(246,773)</u>	<u>620,858</u>
<b>Movement in net funds in the period</b>		<u>(246,773)</u>	<u>620,858</u>
<b>Net funds at 1 January</b>		<u>1,982,066</u>	<u>1,361,208</u>
<b>Net funds at 31 December</b>		<u>1,735,293</u>	<u>1,982,066</u>

The notes form part of these abbreviated accounts

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 December 2014**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.14	31.12.13
	£	£
Operating profit	744,376	229,567
Depreciation charges	143,859	134,583
Profit on disposal of fixed assets	(13,621)	(10,969)
(Increase)/decrease in stocks	(602,231)	741,669
Increase in debtors	(479,975)	(137,721)
Increase in creditors	527,079	186,395
<b>Net cash inflow from operating activities</b>	<b>319,487</b>	<b>1,143,524</b>

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

	31.12.14	31.12.13
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	14,323	17,328
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>14,323</b>	<b>17,328</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(224,785)	(127,065)
Purchase of fixed asset investments	(118,344)	-
Sale of tangible fixed assets	20,125	32,960
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(323,004)</b>	<b>(94,105)</b>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.14	Cash flow	At
	£	£	31.12.14
			£
Net cash:			
Cash at bank	1,982,066	(246,773)	1,735,293
	<u>1,982,066</u>	<u>(246,773)</u>	<u>1,735,293</u>
Total	<u>1,982,066</u>	<u>(246,773)</u>	<u>1,735,293</u>

The notes form part of these abbreviated accounts

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Abbreviated Accounts**  
**for the Year Ended 31 December 2014**

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 business activity of the company. On the grounds of commercial sensitivity the directors have determined not to present an analysis of turnover by geographical market.

3. **OTHER OPERATING INCOME**

	31.12.14	31.12.13
	£	£
Rents received	50,326	49,272
Sundry income	68	18,814
	<u>50,394</u>	<u>68,086</u>

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Abbreviated Accounts - continued**  
**for the Year Ended 31 December 2014**

**4. STAFF COSTS**

	31.12.14	31.12.13
	£	£
Wages and salaries	2,251,354	2,100,960
Social security costs	230,617	219,237
Other pension costs	261,859	243,041
	<u>2,743,830</u>	<u>2,563,238</u>

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

	31.12.14	31.12.13
Production	52	50
Selling & distribution	5	5
Administration	17	17
	<u>74</u>	<u>72</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.12.14	31.12.13
	£	£
Depreciation - owned assets	143,859	134,582
Profit on disposal of fixed assets	(13,621)	(10,969)
Auditors' remuneration	17,500	17,000
Foreign exchange differences	<u>(169,521)</u>	<u>251,668</u>
Directors' remuneration	400,855	439,102
Directors' pension contributions to money purchase schemes	<u>37,659</u>	<u>35,535</u>

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

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

Information regarding the highest paid director is as follows:

	31.12.14	31.12.13
	£	£
Emoluments etc	<u>277,412</u>	<u>269,033</u>

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Abbreviated Accounts - continued**  
**for the Year Ended 31 December 2014**

**6. TAXATION**

**Analysis of the tax charge**

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

	31.12.14 £	31.12.13 £
Current tax:		
UK corporation tax	137,707	51,949
Deferred tax:		
See further at note 14 :	32,813	3,988
Tax on profit on ordinary activities	<u>170,520</u>	<u>55,937</u>

**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:

	31.12.14 £	31.12.13 £
Profit on ordinary activities before tax	<u>758,699</u>	<u>246,895</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.490% (2013 - 20%)	163,044	49,379
Effects of:		
Expenses not deductible for tax purposes	13,052	12,196
Capital allowances in excess of depreciation	(35,257)	(3,988)
Corporation tax marginal rate relief	(3,132)	-
Change in rate of deferred tax provision	-	(5,638)
Current tax charge	<u>137,707</u>	<u>51,949</u>

**7. DIVIDENDS**

	31.12.14 £	31.12.13 £
Ordinary shares of £1 each		
Final	60,075	90,113
Interim	210,150	230,225
	<u>270,225</u>	<u>320,338</u>

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 December 2014**

**8. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & machinery £	Fixtures & equipment £	Commercial & motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2014	2,625,034	5,011,514	540,164	210,311	8,387,023
Additions	-	195,293	12,997	16,495	224,785
Disposals	-	(140,853)	(84,496)	(46,021)	(271,370)
At 31 December 2014	2,625,034	5,065,954	468,665	180,785	8,340,438
<b>DEPRECIATION</b>					
At 1 January 2014	1,360,551	4,749,790	518,143	169,348	6,797,832
Charge for year	52,501	58,944	20,500	11,914	143,859
Eliminated on disposal	-	(140,853)	(84,496)	(39,517)	(264,866)
At 31 December 2014	1,413,052	4,667,881	454,147	141,745	6,676,825
<b>NET BOOK VALUE</b>					
At 31 December 2014	1,211,982	398,073	14,518	39,040	1,663,613
At 31 December 2013	1,264,483	261,724	22,021	40,963	1,589,191

**9. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 January 2014	3,080
Additions	118,344
At 31 December 2014	121,424
<b>NET BOOK VALUE</b>	
At 31 December 2014	121,424
At 31 December 2013	3,080

**10. STOCKS**

	31.12.14 £	31.12.13 £
Raw materials	1,853,397	1,490,298
Finished goods	2,762,402	2,523,270
	4,615,799	4,013,568

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Abbreviated Accounts - continued**  
**for the Year Ended 31 December 2014**

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.14	31.12.13
	£	£
Trade debtors	3,233,906	2,747,347
Other debtors	119,217	111,984
Corporation tax repayable	-	51,000
Prepayments	63,060	76,875
	<u>3,416,183</u>	<u>2,987,206</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.14	31.12.13
	£	£
Trade creditors	1,468,236	874,996
Corporation tax	137,707	38,354
Social security and other taxes	113,027	106,030
Accruals	356,621	429,777
	<u>2,075,591</u>	<u>1,449,157</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. FINANCIAL INSTRUMENTS**

The Company uses derivative financial instruments to manage our exposure to foreign currency risk on assets and liabilities. At the end of the financial year these derivative financial instruments had a fair value liability of £373,601.

**15. PROVISIONS FOR LIABILITIES**

	31.12.14	31.12.13
	£	£
Deferred Taxation	<u>70,629</u>	<u>37,816</u>
		Deferred tax
		£
Balance at 1 January 2014		37,816
Provided during year		<u>32,813</u>
Balance at 31 December 2014		<u>70,629</u>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.12.14	31.12.13
Number:	Class:	Nominal value:	£	£
20,025	Ordinary	£1	<u>20,025</u>	<u>20,025</u>

**Bright Steels Limited (Registered number: 00159061)**

**Notes to the Abbreviated Accounts - continued**  
**for the Year Ended 31 December 2014**

**17. RESERVES**

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2014	9,064,138	3,975	9,068,113
Profit for the year	588,179		588,179
Dividends	(270,225)		(270,225)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	<u>9,382,092</u>	<u>3,975</u>	<u>9,386,067</u>

**18. 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 £316,865. (2013 £277,166).

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.14 £	31.12.13 £
Profit for the financial year	588,179	190,958
Dividends	(270,225)	(320,338)
	<hr/>	<hr/>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>317,954</b>	<b>(129,380)</b>
Opening shareholders' funds	9,088,138	9,217,518
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b><u>9,406,092</u></b>	<b><u>9,088,138</u></b>