

Clifda Steels Limited

Report and Financial Statements

Year Ended

31 July 2013

Company Number 2231606



Clifda Steels Limited

Report and financial statements for the year ended 31 July 2013

Contents

Page:

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

R J Rout
R J Eyre

Secretary and registered office

D Hills, Metalstock House, 5 Vanguard Way, Shoeburyness, Southend-on-Sea, SS3 9RE

Company number

2231606

Auditors

BDO LLP, 16 The Havens, Ransomes Europark, Ipswich, Suffolk, IP3 9SJ

Clifda Steels Limited

Report of the directors for the year ended 31 July 2013

The directors present their report together with the audited financial statements for the year ended 31 July 2013.

Results

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities

The company's principal activity during the year continued to be steel processing and stockholding.

Directors

The directors of the company during the year were:

R J Rout
R J Eyre

R J Rout and R J Eyre are also directors of the ultimate parent company, South Essex Stockholders Limited.

Directors' responsibilities

The directors are responsible for preparing the directors' report 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;
- 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.

Clifda Steels Limited

Report of the directors for the year ended 31 July 2013 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the board



D Hills
Secretary

6 May 2014

Clifda Steels Limited

Independent auditor's report

To the members of Clifda Steels Limited

We have audited the financial statements of Clifda Steels Limited for the year ended 31 July 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Clifda Steels Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



*Raymond Adams (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Ipswich
United Kingdom*

6 May 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Clifda Steels Limited

Profit and loss account for the year ended 31 July 2013

	Note	2013 £	2012 £
Turnover	2	4,689,340	5,482,185
Cost of sales		3,591,221	4,241,139
		<hr/>	<hr/>
Gross profit		1,098,119	1,241,046
Distribution costs		53,053	42,400
Administrative expenses		522,078	593,838
		<hr/>	<hr/>
Operating profit	3	522,988	604,808
Interest payable and similar charges	5	(15,433)	(16,668)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		507,555	588,140
Taxation on profit on ordinary activities	6	120,407	169,328
		<hr/>	<hr/>
Profit on ordinary activities after taxation		387,148	418,812
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current or prior year apart from the profit for the year.

The notes on pages 7 to 13 form part of these financial statements.

Clifda Steels Limited

Balance sheet at 31 July 2013

Company number 2231606	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	7		17,578		21,136
Current assets					
Stocks		541,238		221,677	
Debtors - due within one year	8	1,165,091		1,127,330	
Debtors - due after more than one year	8	2,231,604		1,788,058	
Total debtors		3,396,695		2,915,388	
Cash at bank and in hand		-		1,610	
		3,937,933		3,138,675	
Creditors: amounts falling due within one year	9	1,848,521		1,439,084	
Net current assets			2,089,412		1,699,591
Total assets less current liabilities			2,106,990		1,720,727
Provisions for liabilities	10		2,371		3,256
			2,104,619		1,717,471
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		2,104,519		1,717,371
Shareholders' funds			2,104,619		1,717,471

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 6 May 2014.


R. J. Rout
Director

The notes on pages 7 to 13 form part of these financial statements.

Clifda Steels Limited

Notes forming part of the financial statements for the year ended 31 July 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 15% reducing balance
Fixtures and fittings	- 25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

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

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Clifda Steels Limited

Notes forming part of the financial statements for the year ended 31 July 2013 (*continued*)

1 Accounting policies (*continued*)

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Going concern

The directors have reviewed the current cash flow projections for the 12 months following the approval of these financial statements taking account of the possible changes in trading performance and existing borrowing facilities. The directors have no reason to believe that the existing borrowing facilities will be withdrawn and as a result consider that the company will have sufficient facilities to continue trading for the foreseeable future and as a result consider the going concern basis of accounting appropriate.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit

	2013 £	2012 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	3,558	3,979
Hire of other assets - operating leases	45,000	45,000
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	-	3,000
	<u> </u>	<u> </u>

Audit fees of £3,600 (2012 - £nil) have been borne on behalf of the company by its parent company South Essex Stockholders Limited.

Statutory information on remuneration for other services provided by the company's auditors is given on a consolidated basis in the group accounts of the parent company South Essex Stockholders Limited.

4 Directors' remuneration

No director received any emoluments during the current year (2012 - £Nil).

Emoluments were paid to the directors from the parent company, South Essex Stockholders Limited, a company registered in England and Wales. Details of the directors emoluments can be found in the financial statements of that company.

Clifda Steels Limited

Notes forming part of the financial statements
for the year ended 31 July 2013 (*continued*)

5 Interest payable and similar charges

	2013 £	2012 £
Bank loans and overdrafts	14,687	16,302
On overdue corporation tax	746	366
	<u>15,433</u>	<u>16,668</u>

6 Taxation on profit on ordinary activities

	2013 £	2012 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	121,292	149,709
Adjustment in respect of previous periods	-	20,478
	<u>121,292</u>	<u>170,187</u>
Total current tax	121,292	170,187
<i>Deferred tax</i>		
Origination and reversal of timing differences	(885)	(859)
	<u>120,407</u>	<u>169,328</u>
Taxation on profit on ordinary activities	120,407	169,328

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>507,555</u>	<u>588,140</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.67% (2012 - 25.33%)	120,138	148,976
Effect of:		
Expenses not deductible for tax purposes	609	149
Depreciation for period in excess of capital allowances	545	584
Adjustment to tax charge in respect of previous periods	-	20,478
	<u>121,292</u>	<u>170,187</u>
Current tax charge for the year	121,292	170,187

Clifda Steels Limited

Notes forming part of the financial statements
for the year ended 31 July 2013 (*continued*)

7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 August 2012 and 31 July 2013	307,340	25,794	333,134
<i>Depreciation</i>			
At 1 August 2012	288,974	23,024	311,998
Provided for the year	2,876	682	3,558
At 31 July 2013	291,850	23,706	315,556
<i>Net book value</i>			
At 31 July 2013	15,490	2,088	17,578
At 31 July 2012	18,366	2,770	21,136

8 Debtors

	2013 £	2012 £
Amounts receivable within one year		
Trade debtors	1,147,152	1,108,163
Other debtors	17,939	19,167
	1,165,091	1,127,330
Amounts receivable after more than one year		
Amounts owed by group undertakings	2,101,035	1,730,565
Other debtors	130,569	57,493
	2,231,604	1,788,058
Total debtors	3,396,695	2,915,388

Clifda Steels Limited

**Notes forming part of the financial statements
for the year ended 31 July 2013 (continued)**

9 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts (secured)	870,475	557,831
Trade creditors	159,850	165,127
Amounts owed to group undertakings	495,500	450,500
Corporation tax	300,069	253,181
Other taxation and social security	11,988	11,111
Other creditors	10,639	1,334
	<hr/>	<hr/>
	1,848,521	1,439,084

10 Provisions for liabilities

			Deferred taxation £
At 1 August 2012			3,256
Credited to profit and loss account			(885)
			<hr/>
At 31 July 2013			2,371
			<hr/>
<i>Deferred taxation</i>			
		2013	2012
		£	£
Accelerated capital allowances		2,371	3,256

11 Pensions

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. The pension charge amounted to £3,317 (2012 - £4,989). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Clifda Steels Limited

Notes forming part of the financial statements for the year ended 31 July 2013 (*continued*)

12 Share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
100 shares of £1 each	100	100
	<u> </u>	<u> </u>

13 Reserves

	Profit and loss account £
At 1 August 2012	1,717,371
Profit for the year	387,148
	<u> </u>
At 31 July 2013	2,104,519
	<u> </u>

14 Contingent liabilities

The company has guaranteed any bank debts of fellow group undertakings, who in turn have cross guaranteed the bank debts of each undertaking. At 31 July 2013 the total of the bank debts covered by these guarantees amounted to £16,477,944 (2012 - £13,077,186)

15 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2013 £	Land and buildings 2012 £
Operating leases which expire:		
After five years	45,000	45,000
	<u> </u>	<u> </u>

Clifda Steels Limited

Notes forming part of the financial statements for the year ended 31 July 2013 (*continued*)

16 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by South Essex Stockholders Limited which are wholly owned and controlled within that group and the company is included in consolidated financial statements.

Clifda Products Limited is part of the group headed by South Essex Stockholders Limited, however as it is not wholly owned the related party transactions with that company have been disclosed. At 31 July 2013 the company owed £495,500 (2012 - £450,500) to Clifda Products Limited, a fellow subsidiary. During the year the company was charged £45,000 (2012 - £45,000) by Clifda Products Limited in respect of property rental.

Loans and transactions concerning directors and officers of the company

	Amounts paid on behalf of directors £	Amounts owed by directors £	Maximum debtor during the year £
2013			
R J Eyre	69,788	115,782	115,782
R J Rout	496	496	496
	<hr/>	<hr/>	<hr/>
2012			
R J Eyre	45,994	45,994	45,994
R J Rout	-	-	-
	<hr/>	<hr/>	<hr/>

No interest has been charged by the company on the amounts paid on behalf of directors.

17 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of South Essex Stockholders Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by South Essex Stockholders Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

The ultimate controlling parties are R J Rout and R J Eyre.