

COMPANY NUMBER - 00513077

TIPTON STEEL STOCKHOLDERS LIMITED  
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

30TH SEPTEMBER 1994



**TIPTON STEEL STOCKHOLDERS LIMITED**  
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

**COMPANY INFORMATION**

**Directors**

M.E. Sara  
H.C. Everett  
E. Johnson

**Secretary**

K.J. Jarvis

**Registered Office**

P O Box No 4  
Canal Street  
Brierley Hill  
West Midlands  
DY5 1JL

**Auditors**

John W Hinks & Co.  
Chartered Accountants  
Church House  
5-14 South Road  
Smethwick  
Warley  
West Midlands  
B67 7BH

**Bankers**

Barclays Bank PLC  
P O Box No 9  
47 High Street  
Dudley  
West Midlands  
DY1 1PP

TIPTON STEEL STOCKHOLDERS LIMITED  
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REPORT AND FINANCIAL STATEMENTS 30TH SEPTEMBER 1994

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**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**REPORT OF THE DIRECTORS**

The directors present their report and financial statements for the year ended 30th September 1994.

**Principal activity and business review**

The principal activity of the company, which is unchanged from the previous year is that of steel stockholders.

Profit after tax amounts to £51,125 compared with a profit of £83,032 in the previous year.

On 1st October 1994 the company took over the business and assets of the Stock Steel Company Limited, a fellow group company.

**Dividends**

The directors recommend that a dividend of £34,000 be paid in respect of the year (1993 - £55,000)

If this recommendation is approved profits of £17,125 will be added to reserves.

**Fixed assets**

Changes in fixed assets are set out in Note 9 to the financial statements.

The directors have consulted professional valuers and are advised that, in line with property values generally, the value of the company's leasehold property has fallen below that shown in the accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate. The revaluation of property foreseen last year has not taken place as it was no longer required by the trustees of the mortgage debenture.

**Political contributions and charitable donations**

The company made charitable donations of £210 during the year. There were no political contributions.

**Tax status**

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988, do not apply to the company. There has been no change in this respect since the end of the financial year.

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**REPORT OF THE DIRECTORS CONTINUED**

**Directors**

The following persons were directors of the company during the year:-

M.E. Sara  
E. Johnson  
H.C. Everett

Mr. E. Johnson retires by rotation at the annual general meeting and offers himself for re-election.

**Directors' interests in the shares of the parent company**

The interests of the directors of this Company, at 30th September in the shares of the parent company, Hill & Smith Holdings PLC, according to the register required to be kept by the Companies Act 1985, were as follows:-

	<u>30th September</u> <u>1994</u>	<u>30th September</u> <u>1993</u>
M.E. Sara	141,546	87,831
E. Johnson	81,791	55,178
H.C. Everett	42,436	5,734
	<u>          </u>	<u>          </u>

**Auditors**

A resolution to re-appoint the auditors, Messrs John W Hinks & Co. will be proposed at the annual general meeting.

**BY ORDER OF THE BOARD**

K.J. JARVIS



**SECRETARY**

12th January 1995

TIPTON STEEL STOCKHOLDERS LIMITED  
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the directors are required:

- i) to select suitable accounting policies and then apply them consistently.
- ii) to make judgements and estimates that are reasonable and prudent.
- iii) to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements, and that applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

TIPTON STEEL STOCKHOLDERS LIMITED  
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REPORT OF THE AUDITORS TO THE MEMBERS OF  
TIPTON STEEL STOCKHOLDERS LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

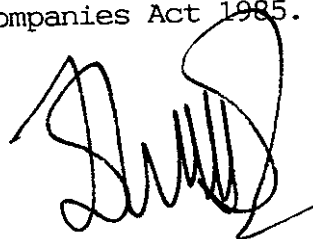
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th September 1994 and of its profit for the year then ended and have been properly prepared in accordance with requirements of the Companies Act 1985.

Church House  
5-14 South Road  
Smethwick  
Warley  
West Midlands  
B67 7BH

12th January 1995



John W. Hinks & Co.  
Chartered Accountants  
and Registered Auditor

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED 30TH SEPTEMBER 1994**

	<u>Notes</u>	<u>£</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
<b>Turnover</b>	1		8,684,754	6,352,389
<b>Cost of sales</b>			7,680,197	5,549,475
<b>Gross profit</b>			1,004,557	802,914
<b>Distribution costs</b>		235,430		190,567
<b>Administrative expenses</b>		551,131		373,626
			786,561	564,193
<b>Operating profit</b>	3		217,996	238,721
<b>Interest</b>	6	131,710		96,329
<b>Employees' profit sharing</b>		6,239		6,854
			137,949	103,183
<b>Profit on ordinary activities before tax</b>			80,047	135,538
<b>Tax on profit on ordinary activities</b>	7		28,922	52,506
<b>Profit on ordinary activities after tax</b>			51,125	83,032
<b>Dividend</b>	8		(34,000)	(55,000)
<b>Profit for the year transferred to reserves</b>	17		17,125	28,032

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 14 form part of these accounts.



**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**TOTAL RECOGNISED GAINS AND LOSSES**  
**HISTORICAL COST PROFITS AND LOSSES**  
**MOVEMENT IN SHAREHOLDERS FUNDS** \_\_\_\_\_ **FOR THE YEAR ENDED 30TH SEPTEMBER 1994**

**Statement of total recognised gains and losses**

There are no recognised gains and losses other than the profit for the financial year.

**Note of historical cost profits and losses**

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Profit on ordinary activities before taxation	80,047	135,538
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	9,087	9,060
Historical cost profit on ordinary activities before tax	89,134	144,598
Historical cost transfer to reserves	26,212	37,092
<b>Reconciliations of movements in shareholders funds</b>		
Profit attributable to shareholders for the year	51,125	83,032
Dividends	(34,000)	(55,000)
Net addition to shareholders funds	17,125	28,032
Opening shareholders funds	1,345,023	1,316,991
Closing shareholders funds	1,362,148	1,345,023

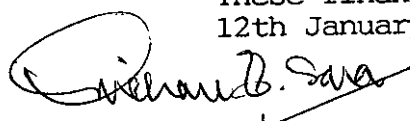
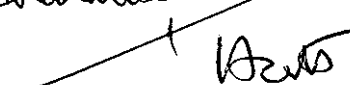
**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**BALANCE SHEET**

**30TH SEPTEMBER 1994**

	<u>Notes</u>	<u>£</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
<b>Fixed assets</b>				
Tangible assets	9		842,978	780,499
<b>Current assets</b>				
Stocks	11	2,633,082		2,114,202
Debtors	12	2,631,255		2,175,676
Cash at bank and in hand		1,986		371
		<u>5,266,323</u>		<u>4,290,249</u>
<b>Creditors: amounts due within one year</b>	13	<u>4,705,790</u>		<u>3,697,060</u>
<b>Net current assets</b>			<u>560,533</u>	<u>593,189</u>
<b>Total assets less current liabilities</b>			1,403,511	1,373,688
Provisions for liabilities and charges	14		20,115	28,665
Accruals and deferred income	15		21,248	-
<b>Net assets</b>			<u>1,362,148</u>	<u>1,345,023</u>
<b>Capital and reserves</b>				
Called up share capital	16		3,003	3,003
Revaluation reserve	17		619,371	619,371
Profit and loss account	17		739,774	722,649
			<u>1,362,148</u>	<u>1,345,023</u>

These financial statements were approved by the board on  
12th January 1995

 M.E. SARA )  
 ) DIRECTORS  
 H.C. EVERETT )

The notes on pages 8 to 14 form part of these accounts.

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**NOTES**

**30th SEPTEMBER 1994**

**1. Accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of leasehold property, and in accordance with applicable accounting standards.

**(b) Depreciation**

Depreciation is provided to write off the cost or valuation of the fixed assets at the following rates:-

Leasehold buildings - 2% straight line  
Plant and equipment - 10% straight line  
Motor vehicles - 25% straight line  
Computer equipment - 20% straight line

**(c) Stocks**

Stocks are valued at the lower of cost and estimated net realisable value.

**(d) Deferred tax**

Provision is made in respect of timing differences arising from accelerated capital allowances and other timing differences to the extent that such liabilities are, in the opinion of the directors, expected to become payable in the foreseeable future. No provision is made for any possible liabilities on the future sales of properties at their revalued book figures as it is intended that such properties will be retained for use in the business.

**(e) Turnover**

This represents the value of goods sold less returns excluding value added tax.

**(f) Pension scheme arrangements**

Contributions are charged to the profit and loss account so as to spread the cost of pension evenly over the members' working lives with the company.

**(g) Government grants**

Capital grants received are included as a deferred credit and are being written off to revenue over the lives of the assets concerned.

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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NOTES

30TH SEPTEMBER 1994

2. Turnover and profit

The whole of the turnover and profit is derived from the continuing business of steel stockholders carried on in the United Kingdom.

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation	46,806	33,144
Auditors' remuneration	4,500	4,400
	<u>          </u>	<u>          </u>
and after crediting:		
Profit on sale of fixed asset	3,348	8,977
	<u>          </u>	<u>          </u>
4. Directors remuneration		
Remuneration as executives (including pension contributions) being total remuneration in arriving at operating profit	48,384	46,066
	<u>          </u>	<u>          </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	45,134	42,972
	<u>          </u>	<u>          </u>
Other directors	<u>Number</u>	<u>Number</u>
£0 - £ 5,000	2	2
	<u>          </u>	<u>          </u>

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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NOTES

30TH SEPTEMBER 1994

	<u>1994</u>	<u>1993</u>
<b>5. Particulars of employees</b>		
The average number of persons employed by the company (including directors) during the year was:-		
Category:		
Administration & sales	14	15
Production	13	10
	<u>27</u>	<u>25</u>
	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Their total remuneration was:		
Wages and salaries	383,106	318,372
Social security costs	29,911	26,270
Other pension costs	16,776	15,640
	<u>429,793</u>	<u>360,282</u>
<b>6. Interest</b>		
Payable on loans and overdrafts repayable within 5 years, not by instalments	131,710	96,329
<b>7. Taxation</b>		
Corporation tax at 33% (1993 33%)	36,000	50,000
Deferred tax	(5,000)	4,000
Prior year adjustment - Corporation tax	(2,078)	(1,494)
	<u>28,922</u>	<u>52,506</u>
<b>8. Dividend</b>		
On 3,003 ordinary shares of £1 each	34,000	55,000

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**NOTES**

**30TH SEPTEMBER 1994**

9. Tangible fixed assets		Long leasehold land and buildings	Plant equipment & vehicles	Total
		£	£	£
a.	Cost or valuation at 30th September 1993	701,705	295,197	996,902
	Additions	53,049	41,768	94,817
	Group transfers	-	38,945	38,945
	Disposals	-	(16,500)	(16,500)
	At 30th September 1994	754,754	359,410	1,114,164
	Depreciation at 30th September 1993	24,012	192,391	216,403
	Provision for the year	12,037	34,769	46,806
	Group transfers	-	24,475	24,475
	Disposals	-	(16,498)	(16,498)
	At 30th September 1994	36,049	235,137	271,186
	Net book value at 30th September 1994	718,705	124,273	842,978
	Net book value at 30th September 1993	677,693	102,806	780,499
b.	The cost or valuation figures for land and buildings include:-			
		1994	1993	
		£	£	
	Valuation made in 1991	700,000	700,000	
	Stated at historical cost	54,754	1,705	
		754,754	701,705	
	Included within leasehold land and buildings are non-depreciable assets of £100,000.			
c.	The amount of revalued land and buildings as determined according to the historical cost accounting rule is:-			
	Cost	202,264	149,215	
	Depreciation	41,800	38,850	
		160,464	110,365	

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**NOTES**

**30TH SEPTEMBER 1994**

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
<b>10. Capital commitments</b>		
Commitments for capital expenditure at the end of the year were as follows:		
Authorised and contracted for	14,313	NIL
	<u>          </u>	<u>          </u>
<b>11. Stocks</b>		
Goods held for resale	2,633,082	2,114,202
	<u>          </u>	<u>          </u>
<b>12. Debtors</b>		
Trade debtors	2,152,333	1,722,308
Amounts owed by group undertakings	437,221	396,009
Prepayments and accrued income	22,772	50,532
Other debtors	18,929	6,827
	<u>          </u>	<u>          </u>
	2,631,255	2,175,676
	<u>          </u>	<u>          </u>
<b>13. Creditors: amounts due within one year</b>		
Bank loans and overdrafts	1,648,985	556,845
Trade creditors	2,524,241	2,230,940
Amounts owed to group undertakings	301,936	749,919
Corporation tax	36,247	50,000
Other taxes and social security	138,210	5,598
Accruals	19,388	48,758
Proposed dividend	34,000	55,000
Other creditors	2,783	-
	<u>          </u>	<u>          </u>
	4,705,790	3,697,060
	<u>          </u>	<u>          </u>
Interest on bank borrowing is payable at normal clearing bank rates.		
<b>14. Provision for liabilities &amp; charges</b>		
a. Deferred tax		
Provided, being full potential:		
Accelerated capital allowances	3,000	8,000
	<u>          </u>	<u>          </u>
b. Pension scheme provision	17,115	20,665
	<u>          </u>	<u>          </u>
Total provision	20,115	28,665
	<u>          </u>	<u>          </u>

**TIPTON STEEL STOCKHOLDERS LIMITED**  
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NOTES

30TH SEPTEMBER 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
15. <b>Accruals and deferred income</b>		
Government grants		
Amount received in the year, being		
balance at 30th September 1994	21,248	-
	<u>          </u>	<u>          </u>
16. <b>Share capital</b>		
Authorised:		
5,000 shares of £1 each	5,000	5,000
	<u>          </u>	<u>          </u>
Called up and fully paid:		
3,003 Shares of £1 each	3,003	3,003
	<u>          </u>	<u>          </u>
17. <b>Reserves</b>	<u>Profit &amp; Revaluation</u> <u>loss account</u>	<u>reserve</u> <u>          </u>
	<u>£</u>	<u>£</u>
At 30th September 1993	722,649	619,371
Profit for the year	17,125	-
	<u>          </u>	<u>          </u>
At 30th September 1994	739,774	619,371
	<u>          </u>	<u>          </u>
18. <b>Contingent liabilities</b>		
a.      The leasehold property is charged to the Law Debenture Corporation Limited as part of the security for the £1,000,000 14% first mortgage debenture stock 2000/2003 in issue by the parent company.		
b.      The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.		
c.      The company has given indemnities to H.M. Customs & Excise with no fixed expiry date, totalling £140,000.		
d.      The company has given indemnity to a supplier, with no fixed expiry date, of £10,000.		



**TIPTON STEEL STOCKHOLDERS LIMITED**  
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**NOTES**

**30TH SEPTEMBER 1994**

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**19. Pension scheme**

The company is a subsidiary of Hill & Smith Holdings PLC and is a member of the Hill & Smith Group Pension and Assurance Scheme. This is a defined benefit scheme, contributions being based on pension costs across the group as a whole.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent actuarial valuation was at the 5th April 1994. Details of this actuarial valuation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The company's pension cost charge for the year was £16,776 (1993 £15,640). This took account of the amortisation of the surplus disclosed at the most recent valuation over the average remaining service lives of the active members.

The provision for pension cost, amounting to £19,898 at the balance sheet date is being released to the pension fund over the average future working life time of the members of the scheme.

**20. Parent company**

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC a company registered in England.