

REGISTRAR OF COMPANIES

COMPANY NUMBER - 00513077

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

30TH SEPTEMBER 1995



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
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND FINANCIAL STATEMENTS 30TH SEPTEMBER 1995

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

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30th September 1995.

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 £451,436 compared with a profit of £51,125 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 £300,000 be paid in respect of the year (1994 - £34,000)

If this recommendation is approved profits of £151,436 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 financial statements. The directors believe that this is a temporary shortfall reflecting the current economic climate.

Political contributions and charitable donations

The company made charitable donations of £110 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. H.C. Everett 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>1995</u>	<u>30th September</u> <u>1994</u>
M.E. Sara	157,110	141,546
E. Johnson	89,249	81,791
H.C. Everett	46,760	42,436
	<hr/>	<hr/>

Going Concern


The directors are satisfied that the company is a going concern. In forming this view, the directors have reviewed current internal financial projections and the facilities available to meet the company's cash requirements.

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

11th January 1996

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.

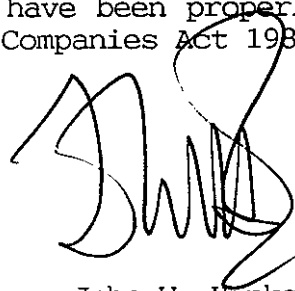
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 1995 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

11th January 1996



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

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Turnover	1		11,744,363	8,684,754
Cost of sales			10,043,859	7,680,197
			<hr/>	<hr/>
Gross profit			1,700,504	1,004,557
				<hr/>
Distribution costs		268,902		235,430
Administrative expenses		544,035		551,131
		<hr/>		<hr/>
			812,937	786,561
			<hr/>	<hr/>
Operating profit	3		887,567	217,996
				<hr/>
Interest	6	165,373		131,710
Employees' profit sharing		22,619		6,239
		<hr/>		<hr/>
			187,992	137,949
			<hr/>	<hr/>
Profit on ordinary activities before tax			699,575	80,047
				<hr/>
Tax on profit on ordinary activities	7		248,139	28,922
			<hr/>	<hr/>
Profit on ordinary activities after tax			451,436	51,125
				<hr/>
Dividend	8		(300,000)	(34,000)
			<hr/>	<hr/>
Profit for the year transferred to reserves	17		151,436	17,125
			<hr/>	<hr/>

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 1995_

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>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Profit on ordinary activities before taxation	699,575	80,047
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	10,148	9,087
	<u> </u>	<u> </u>
Historical cost profit on ordinary activities before tax	709,723	89,134
	<u> </u>	<u> </u>
Historical cost transfer to reserves	161,584	26,212
	<u> </u>	<u> </u>
Reconciliations of movements in shareholders funds		
Profit attributable to shareholders for the year	451,436	51,125
Dividends	(300,000)	(34,000)
	<u> </u>	<u> </u>
Net addition to shareholders funds	151,436	17,125
Opening shareholders funds	1,362,148	1,345,023
	<u> </u>	<u> </u>
Closing shareholders funds	1,513,584	1,362,148
	<u> </u>	<u> </u>

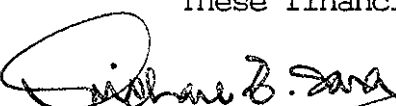

TIPTON STEEL STOCKHOLDERS LIMITED
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BALANCE SHEET

30TH SEPTEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Fixed assets				
Tangible assets	9		885,728	842,978
Current assets				
Stocks	11	3,219,569		2,633,082
Debtors	12	3,154,480		2,631,255
Cash at bank and in hand		818		1,986
		<u>6,374,867</u>		<u>5,266,323</u>
Creditors: amounts due within one year	13	<u>5,702,060</u>		<u>4,705,790</u>
Net current assets			<u>672,807</u>	<u>560,533</u>
Total assets less current liabilities			<u>1,558,535</u>	<u>1,403,511</u>
Provisions for liabilities and charges	14		24,128	20,115
Accruals and deferred income	15		20,823	21,248
Net assets			<u>1,513,584</u>	<u>1,362,148</u>
Capital and reserves				
Called up share capital	16		3,003	3,003
Revaluation reserve	17		619,371	619,371
Profit and loss account	17		891,210	739,774
			<u>1,513,584</u>	<u>1,362,148</u>

These financial statements were approved by the board on 11th January 1996.

 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 1995

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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30TH SEPTEMBER 1995

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>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation	52,201	46,806
Auditors' remuneration	4,750	4,500
	<u> </u>	<u> </u>
and after crediting:		
Profit on sale of fixed assets	16,167	3,348
	<u> </u>	<u> </u>
4. Directors remuneration		
Remuneration as executives (including pension contributions) being total remuneration in arriving at operating profit	76,614	55,531
	<u> </u>	<u> </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	73,505	52,379
	<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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30TH SEPTEMBER 1995

	<u>1995</u>	<u>1994</u>
5. Particulars of employees		
The average number of persons employed by the company (including directors) during the year was:-		
Category:		
Administration & sales	16	14
Production	12	13
	<u>28</u>	<u>27</u>
Their total remuneration was:		
Wages and salaries	411,331	383,106
Social security costs	29,738	29,911
Other pension costs	18,631	16,776
	<u>459,700</u>	<u>429,793</u>
6. Interest		
Payable on loans and overdrafts repayable within 5 years, not by instalments	165,373	131,710
	<u>165,373</u>	<u>131,710</u>
7. Taxation		
Corporation tax at 33% (1994 33%)	244,000	36,000
Deferred tax	5,000	(5,000)
Prior year adjustment - Corporation tax	(861)	(2,078)
	<u>248,139</u>	<u>28,922</u>
8. Dividend		
On 3,003 ordinary shares of £1 each	300,000	34,000
	<u>300,000</u>	<u>34,000</u>

TIPTON STEEL STOCKHOLDERS LIMITED
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30TH SEPTEMBER 1995

9.	Tangible fixed assets	Long leasehold land and buildings £	Plant equipment & vehicles £	Total £
a.	Cost or valuation at 30th September 1994	754,754	359,410	1,114,164
	Additions	23,647	76,166	99,813
	Disposals	-	(62,883)	(62,883)
	At 30th September 1995	778,401	372,693	1,151,094
	Depreciation at 30th September 1994	36,049	235,137	271,186
	Provision for the year	13,571	38,630	52,201
	Disposals	-	(58,021)	(58,021)
	At 30th September 1995	49,620	215,746	265,366
	Net book value at 30th September 1995	728,781	156,947	885,728
	Net book value at 30th September 1994	718,705	124,273	842,978

b. The cost or valuation figures for land and buildings include:-

	1995 £	1994 £
Valuation made in 1991	700,000	700,000
Stated at historical cost	78,401	54,754
	778,401	754,754

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	225,911	202,264
Depreciation	45,223	41,800
	180,688	160,464

TIPTON STEEL STOCKHOLDERS LIMITED
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30TH SEPTEMBER 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
10. Capital commitments		
Commitments for capital expenditure at the end of the year were as follows:		
Authorised and contracted for	-	14,313
	<u> </u>	<u> </u>
11. Stocks		
Goods held for resale	3,219,569	2,633,082
	<u> </u>	<u> </u>
12. Debtors		
Trade debtors	2,665,426	2,152,333
Amounts owed by group undertakings	447,300	437,221
Prepayments and accrued income	27,998	22,772
Other debtors	13,756	18,929
	<u> </u>	<u> </u>
	3,154,480	2,631,255
	<u> </u>	<u> </u>
13. Creditors: amounts due within one year		
Bank loans and overdrafts	1,577,312	1,648,985
Trade creditors	3,112,260	2,524,241
Amounts owed to group undertakings	294,955	301,936
Corporation tax	244,000	36,247
Other taxes and social security	96,915	138,210
Accruals	74,202	19,388
Proposed dividend	300,000	34,000
Other creditors	2,416	2,783
	<u> </u>	<u> </u>
	5,702,060	4,705,790
	<u> </u>	<u> </u>
Interest on bank borrowing is payable at normal clearing bank rates.		
14. Provision for liabilities & charges		
a. Deferred tax		
Provided, being full potential:		
Accelerated capital allowances	8,000	3,000
	<u> </u>	<u> </u>
b. Pension scheme provision	16,128	17,115
	<u> </u>	<u> </u>
Total provision	24,128	20,115
	<u> </u>	<u> </u>

TIPTON STEEL STOCKHOLDERS LIMITED
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30TH SEPTEMBER 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
15. Accruals and deferred income		
Government grants		
Balance at 30th September 1994	21,248	-
Received in year	-	21,248
Amounts written off	(425)	-
	<u> </u>	<u> </u>
Balance at 30th September 1995	20,823	21,248
	<u> </u>	<u> </u>
16. Share capital		
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. Reserves	<u>Profit & Revaluation</u> <u>loss account</u>	<u>reserve</u>
	<u>£</u>	<u>£</u>
At 30th September 1994	739,774	619,371
Profit for the year	151,436	-
	<u> </u>	<u> </u>
At 30th September 1995	891,210	619,371
	<u> </u>	<u> </u>
18. Contingent liabilities		
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 1995

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 £18,631 (1994 £16,776). 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 £16,128 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.