

ASH & LACY PERFORATORS LIMITED

Company Number 529602

A Wholly owned subsidiary of

Hill & Smith Holdings PLC

REPORT AND FINANCIAL STATEMENTS

Year 2000



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COMPANIES HOUSE

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The Directors present their report and financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The company is principally engaged in the manufacture of perforated and expanded metal.

REVIEW

Turnover and gross profit reduced due to the effect of increases in raw material prices throughout the year and a change in the mix of work.

On 31 December 2000 the assets, business and trade of J & F Pool Limited, a fellow subsidiary undertaking, were acquired by the Company. The cost of the investment was satisfied by an issue of shares to the vendor, Ash & Lacy Manufacturing Limited, another fellow subsidiary undertaking.

On 1 November 2000 Hill & Smith Holdings PLC became the ultimate parent undertaking when it acquired 90% of the shares of Ash & Lacy plc, the previous ultimate parent undertaking. The remainder of the shares were acquired by the year end.

RESULTS

The results for the year are set out in the Profit and Loss Account on page 4.

DIVIDENDS

An interim dividend of £210,000 (1999: £164,000) has been paid during the year.

A final dividend is not recommended (1999: Nil).

DIRECTORS

The directors of the company during the year were:

D L Grove	Chairman (appointed 3 November 2000)
J F Keating	
J L Horne	
M J Baker	
D T A Underhill	
H C Everett	(appointed 3 November 2000)
H C Marshall	(resigned 3 November 2000)

None of the directors has any beneficial interest in the shares of the company.

The beneficial interests in the shares of the parent undertakings, of the directors in office on 31st December 2000 are as follows:

	Ordinary shares		Options over ordinary shares			
	25p shares Hill & Smith	5p shares Ash & Lacy	of 5p each in Ash & Lacy plc			
	At 31.12.00	At 31.12.99	At 31.12.00	Exercised	Granted	At 31.12.99
J F Keating	-	-	-	57,316	-	57,316
J L Horne	-	150	-	17,388	-	17,388
M J Baker	-	-	-	13,653	-	13,653
D T A Underhill	-	-	-	14,251	-	14,251

Mr Grove and Mr Everett are directors of Ash & Lacy Limited, the intermediate parent company, and their interests in the shares of that company are shown in its financial statements.


DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and 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; and
- * state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



HC Everett
Secretary

31 May 2001

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations required for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 misstatement, 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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants
Registered Auditor

31 May 2001

ASH & LACY PERFORATORS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2000

Note	2000 £000	1999 £000
2 Turnover	7,387	7,417
Cost of sales	(5,761)	(5,410)
Gross profit	<u>1,626</u>	<u>2,007</u>
Distribution costs	(586)	(550)
Administrative expenses	(565)	(579)
Operating profit	<u>475</u>	<u>878</u>
3 Interest receivable	20	32
4 Profit on ordinary activities before taxation	<u>495</u>	<u>910</u>
6 Taxation	(248)	(164)
Profit on ordinary activities after taxation, being the profit for the financial year	<u>247</u>	<u>746</u>
7 Dividends	(210)	(164)
14 Retained profit	<u>37</u>	<u>582</u>

All recognised gains and losses are included in the profit and loss account and arose from continuing activities.

There is no material difference between the results reported above and those on an unmodified historical cost basis.

ASH & LACY PERFORATORS LIMITED

BALANCE SHEET

At 31 December 2000

Note	31 December 2000 £000	31 December 1999 £000
Fixed assets		
8 Tangible assets	3,552	1,808
9 Investments	<u>1,937</u>	<u>-</u>
	5,489	1,808
Current assets		
10 Stocks	658	499
11 Debtors	4,006	1,869
Cash at bank and in hand	<u>1,367</u>	<u>711</u>
	6,031	3,079
12 Creditors - amounts falling due within one year	(7,461)	(2,946)
Net current (liabilities) / assets	<u>(1,430)</u>	<u>133</u>
Total assets less current liabilities	4,059	1,941
13 Deferred taxation	(144)	-
Net assets	<u>3,915</u>	<u>1,941</u>
Capital and reserves		
14 Share capital	238	55
15 Share premium	1,754	-
15 Profit and loss account	1,923	1,886
16 Equity shareholders' funds	<u>3,915</u>	<u>1,941</u>

The financial statements were approved by the board on 31 May 2001.

J L Horne
Director



J F Keating
Director



1 ACCOUNTING POLICIES

The following are the main accounting policies of the Company which are consistent with those applied last year. These Financial Statements are drawn up for the year ended 31 December 2000 and the comparative figures stated are in respect of the year ended 31 December 1999.

Accounting Convention

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Related Party Disclosures

Advantage has been taken of the exemption under Financial Reporting Standard 8 to dispense with the need to disclose transactions with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, consolidated in the group accounts of Ash & Lacy Limited.

Stocks

The valuation is at cost or net realisable value whichever is lower. Cost is represented by cost of materials plus applicable factory overhead. Net realisable value is the actual or estimated selling price less all further costs to complete and less selling and distribution expenses.

Depreciation

Depreciation on fixed assets is provided so as to write off the cost or valuation less estimated residual value by the straight line method over their estimated useful lives, as follows:

Plant and Equipment	- 4 to 10 years
Motor Vehicles	- 4 years

No depreciation is provided on assets in course of construction.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. All exchange differences are dealt with through the Profit and Loss Account.

Pensions

The Company participates in pension schemes operated by the Ash & Lacy Limited Group for the benefit of its employees.

The funds of the schemes are administered by trustees, are separate from the Group and an independent actuary completes valuations every three years. In accordance with the actuary's recommendations, contributions may be adjusted so as to secure the benefits set out in the rules and augmentation of pensions from time to time.

The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives.

Leased Assets

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

2 TURNOVER

Turnover is the total amount receivable by the Company (excluding VAT) in the ordinary course of business for goods sold to third parties.

	2000	1999
	£000	£000
Turnover by destination:		
United Kingdom	6,678	6,684
Rest of Europe	684	671
Middle East	25	62
	<u>7,387</u>	<u>7,417</u>

3 INTEREST RECEIVABLE

	2000	1999
	£000	£000
Bank interest receivable	<u>20</u>	<u>32</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000	1999
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Auditors remuneration	6	5
Other non-audit fees paid to the auditors and their associates	2	2
Depreciation - owned fixed assets	451	429
Operating lease rentals - buildings	130	130

5 DIRECTORS AND OTHER EMPLOYEES

The average number of persons, including directors, employed by the company during the year was:

	2000	1999
	No.	No.
Manufacturing and distribution	68	67
Sales and administration	23	23
	<u>91</u>	<u>90</u>

Their costs during the year were:

	2000	1999
	£000	£000
Wages and salaries	1,421	1,466
Social security costs	124	128
Other pension costs	46	43
	<u>1,591</u>	<u>1,637</u>

Aggregate Directors' Remuneration

	2000	1999
	£000	£000
Emoluments	156	190
Number of directors who are:		
Members of defined benefit pension schemes	3	3
Number of directors who :		
Exercised share options in year	4	-

6 TAXATION	2000	1999
	£000	£000
UK Corporation tax	181	210
Deferred taxation	67	(43)
Current year	<u>248</u>	<u>167</u>
Adjustments in respect of previous years	-	(3)
	<u>248</u>	<u>164</u>
7 DIVIDENDS	2000	1999
	£000	£000
Interim dividend paid	<u>210</u>	<u>164</u>

8 TANGIBLE FIXED ASSETS

Cost	Plant, equipment In course of & vehicles construction		Total
	£000	£000	£000
At 31 December 1999	7,556	104	7,660
Additions	153	29	182
Disposals	(13)	-	(13)
Intra Group transfers	6,595	-	6,595
At 31 December 2000	<u>14,291</u>	<u>133</u>	<u>14,424</u>
Depreciation			
At 31 December 1999	5,852	-	5,852
Provided in the year	451	-	451
Disposals	(13)	-	(13)
Intra Group transfers	4,582	-	4,582
At 31 December 2000	<u>10,872</u>	<u>-</u>	<u>10,872</u>
Net book value			
At 31 December 2000	3,419	133	3,552
At 31 December 1999	1,704	104	1,808

9 FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings	£000
Cost:	
At 31 December 1999	-
Additions	1,937
At 31 December 2000	<u>1,937</u>

On 31 December 2000 the Company acquired the whole of the issued share capital of J & F Pool Limited.

10 STOCKS	2000	1999
	£000	£000
Raw materials	179	131
Work in progress	82	115
Finished goods	397	253
	<u>658</u>	<u>499</u>
11 DEBTORS	2000	1999
	£000	£000
Trade debtors	2,694	1,728
Amounts owed by group undertakings	1,258	61
Prepayments and accrued income	54	67
Deferred taxation (see note 13)	-	13
	<u>4,006</u>	<u>1,869</u>

12 CREDITORS DUE WITHIN ONE YEAR	2000 £000	1999 £000
Trade creditors	1,939	1,325
Amounts owed to group undertakings	4,670	1,286
Other creditors	9	12
Taxation and social security	315	48
Corporation tax	360	215
Accruals and deferred income	168	60
	<u>7,461</u>	<u>2,945</u>

13 DEFERRED TAXATION

	£000
At 31 December 1999	(13)
Transferred from fellow subsidiary	90
Transferred to profit and loss account	67
At 31 December 2000	<u>144</u>

The unprovided deferred taxation and actual provision, calculated at 30% are as follows:

	Unprovided		Provided	
	At 31.12.00 £000	At 31.12.99 £000	At 31.12.00 £000	At 31.12.99 £000
Accelerated capital allowances	-	96	243	26
Other short term timing differences	-	-	(99)	(39)
	<u>-</u>	<u>96</u>	<u>144</u>	<u>(13)</u>

14 SHARE CAPITAL	2000 £000	1999 £000
Ordinary shares of £1 each :		
Authorised	<u>250</u>	<u>55</u>
Allotted and fully paid	<u>238</u>	<u>55</u>

On 29 December 2000 the authorised share capital was increased by 195,000 shares of £1 each and on 29 December 2000 183,000 shares of £1 each were allotted as fully paid to the immediate parent company, Ash & Lacy Manufacturing Limited.

15 RESERVES

	Share premium account £000	Profit & loss account £000
At 31 December 1999	-	1,886
On issue of shares during the period	1,754	-
Retained profit for the year	-	37
At 31 December 1999	<u>1,754</u>	<u>1,923</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	2000 £000	1999 £000
Profit for the year	247	746
Dividends	(210)	(164)
Issue of shares	1,937	-
Net increase in equity shareholders' funds	<u>1,974</u>	<u>582</u>
Opening equity shareholders' funds	1,941	1,359
Closing equity shareholders' funds	<u>3,915</u>	<u>1,941</u>

17 PENSIONS

The company contributes to defined contribution and defined benefit pension schemes operated within the Group. Details of the most recent actuarial information about the schemes are contained in the financial statements of Ash & Lacy Limited. The total pension cost in the year was £46,000 (1999 : £43,000)

18 CAPITAL EXPENDITURE	2000 £000	1999 £000
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Contracted for but not provided in the accounts	-	-
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19 LEASING COMMITMENTS	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Leases which expire:				
After five years	240	-	130	-
	<u>240</u>	<u>-</u>	<u>130</u>	<u>-</u>

20 CASH FLOW STATEMENT

In view of the exemptions made under FRS1, no cashflow statement has been prepared because the intermediate parent undertaking included a consolidated cashflow statement in its financial statements.

21 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Hill & Smith Holdings PLC, a company incorporated in Great Britain. Copies of the consolidated financial statements of Ash & Lacy Limited, the intermediate parent undertaking, may be obtained from the Company Secretary, Hill & Smith Holdings PLC, Springvale Business Park, Bilston, West Midlands, WV14 0QL.