

Registrar of Companies

Company Number: 00602575

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND ACCOUNTS

30TH SEPTEMBER 1996



BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

COMPANY INFORMATION

Directors

M. E. Sara
H. C. Everett
A. J. Pensom
G. K. Miller
W. Lowes
B. Liddle

Secretary

G. K. Miller

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

Midland Bank PLC
P O Box No. 6
Market Place
Willenhall
West Midlands
WV13 2AF

Company number: 00602575

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND ACCOUNTS

30TH SEPTEMBER 1996

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BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30th September 1996.

Principal activity

The principal activity of the company continues to be the manufacture and distribution of products for the building industries.

Business review and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

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 accounts comply with the Companies Act 1985. 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.

Dividends

The directors recommend payment of a dividend for the year ended 30th September 1996 of £380,000.

Fixed assets

The directors have consulted professional valuers and are advised that, in line with property values generally, the value of the company's freehold property has fallen below that shown in the accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate.

Political contributions and charitable donations

The company made charitable donations during the year of £60. There were no political contributions.

BIRTLEY BUILDING PRODUCTS LIMITED
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DIRECTORS' REPORT

Creditor payment terms

It is the company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the company's policy that payment is made accordingly.

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.

Directors and their interests

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

M. E. Sara
H. C. Everett
A. J. Pensom
G. K. Miller
W. Lowes
B. Liddle

The interests of the directors of the 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:

	30th September 1996	30th September 1995
M. E. Sara	184,214	157,110
H. C. Everett	50,014	46,760
A. J. Pensom	55,503	51,402
G. K. Miller	1,838	1,724
W. Lowes	60,163	49,224
B. Liddle	-	-

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.

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

DIRECTORS' REPORT

Auditors

A resolution to reappoint John W Hinks & Co as auditors will be put to the members at the Annual General Meeting.

By order of the board



G. K. Miller
Secretary

9th January 1997

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 1996

	Notes	1996 £	1995 £
Turnover	1	11,773,369	11,913,719
Cost of sales		<u>(8,797,669)</u>	<u>(8,663,459)</u>
Gross profit		2,975,700	3,250,260
Distribution costs		(499,422)	(470,498)
Administrative expenses		<u>(1,666,914)</u>	<u>(1,638,159)</u>
Operating profit	2	809,364	1,141,603
Interest	5	<u>(131,814)</u>	<u>(28,562)</u>
Profit on ordinary activities before taxation		677,550	1,113,041
Tax on profit on ordinary activities	6	<u>(107,146)</u>	<u>(343,583)</u>
Profit for the financial year		570,404	769,458
Dividends	7	<u>(380,000)</u>	<u>(513,000)</u>
Retained profit for the year		190,404	256,458
Retained profit at 30th September 1995		<u>1,324,680</u>	<u>1,068,222</u>
Retained profit at 30th September 1996		<u>1,515,084</u>	<u>1,324,680</u>

Continuing operations

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

The notes on pages 9 to 17 form part of these accounts.

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

YEAR ENDED 30TH SEPTEMBER 1996

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The only recognised gain for the period was the profit for the financial year of £570,404 (1995 £769,458).

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax.

MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	570,404	769,458
Dividends	<u>380,000</u>	<u>513,000</u>
Net addition to shareholders' funds	190,404	256,458
Opening shareholders' funds	<u>1,826,490</u>	<u>1,570,032</u>
Closing shareholders' funds	<u><u>2,016,894</u></u>	<u><u>1,826,490</u></u>

The notes on pages 9 to 17 form part of these accounts.

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

BALANCE SHEET

30TH SEPTEMBER 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	8	4,914,905	2,554,480
Current assets			
Stocks	9	2,151,731	2,149,441
Debtors	10	1,558,553	1,153,896
Cash at bank and in hand		<u>522,177</u>	<u>638,533</u>
		4,232,461	3,941,870
Creditors: amounts due within one year	11	<u>4,991,515</u>	<u>4,443,225</u>
Net current liabilities		<u>(759,054)</u>	<u>(501,355)</u>
Total assets less current liabilities		4,155,851	2,053,125
Creditors: amounts due after one year	11	2,000,000	-
Provisions for liabilities and charges	12	40,339	88,765
Accruals and deferred income	13	<u>98,618</u>	<u>137,870</u>
Net assets		<u>2,016,894</u>	<u>1,826,490</u>
Capital and reserves			
Called up share capital	14	100,598	100,598
Share premium account	15	335,804	335,804
Revaluation reserve	15	65,408	65,408
Profit and loss account		<u>1,515,084</u>	<u>1,324,680</u>
Equity Shareholders' funds		<u>2,016,894</u>	<u>1,826,490</u>

These financial statements were approved by the Board on 9th January 1997 and signed on its behalf by:

M E SARA

H C EVERETT

} Directors

The notes on pages 9 to 17 form part of these accounts.

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PRINCIPAL ACCOUNTING POLICIES

30TH SEPTEMBER 1996

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

Fixed assets

Interests in land and buildings are stated at valuation or historical cost. The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost or valuation of fixed assets over the expected useful and economic lives of the assets concerned.

Freehold-buildings are depreciated at 2% per annum. Freehold land is not depreciated.

Plant, equipment and vehicles are depreciated in accordance with prudent commercial bases, at rates calculated on the assumed lives which vary between 4 and 20 years.

Stocks and work in progress

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue 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.

Turnover

Turnover, which excludes value added tax, and trade discount represents the invoiced value of goods and services supplied.

Foreign currency

Exchange differences are taken to the profit and loss account.

Government grants

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

Leased assets

With respect to finance leases, the relevant assets are capitalised and the corresponding liability is included as an obligation. The depreciation policy shown above is adopted in respect of such assets and the interest content of the agreements is charged to the profit and loss account. Rental payments in respect of all other assets are charged to the profit and loss account.

BIRTLEY BUILDING PRODUCTS LIMITED
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PRINCIPAL ACCOUNTING POLICIES

30TH SEPTEMBER 1996

Pension scheme arrangements

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

Research and development

All expenditure on research and development is charged to the profit and loss account as incurred.

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

1 Turnover and profit

The whole of the turnover and profit is derived from the principal activity of the business

	Turnover	
	1996	1995
	£	£
Geographical market:		
United Kingdom	11,649,341	11,913,719
Rest of Europe	124,028	-
	<u>11,773,369</u>	<u>11,913,719</u>

2 Operating profit

	1996	1995
	£	£
This is stated after charging:		
Depreciation of owned assets	332,998	300,943
Loss on sale of fixed assets	4,242	-
Hire of equipment	27,941	20,115
Auditors remuneration - audit services	<u>8,000</u>	<u>9,950</u>
and after crediting:		
Government Grant written off	39,252	40,760
Profit on disposal of fixed assets	<u>-</u>	<u>3,681</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

3 Directors emoluments

	1996 £	1995 £
Total remuneration as executives (including pension contributions)	199,669	179,010
Analysis of directors emoluments as executives (excluding pension contributions):	<u>187,208</u>	<u>168,736</u>
Highest paid director	<u>59,780</u>	<u>64,827</u>
	Number	Number
Other directors:		
£ 0 - £ 5,000	2	2
£10,001 - £15,000	-	1
£15,001 - £20,000	-	1
£35,001 - £40,000	1	2
£40,001 - £45,000	1	-
£45,001 - £50,000	<u>1</u>	<u>-</u>

4 Particulars of employees

	1996	1995
The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was:	<u>150</u>	<u>171</u>
	£	£
Their total remuneration was:		
Wages and salaries	2,456,794	2,596,892
Social security costs	216,749	219,194
Other pension costs	<u>75,363</u>	<u>79,659</u>
	<u>2,748,906</u>	<u>2,895,745</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

5 Interest

	1996 £	1995 £
Payable:		
On bank loans and overdrafts repayable within five years		
- not by instalments	90,253	28,562
- by instalments	41,561	-
	<u>131,814</u>	<u>28,562</u>

6 Tax on profit on ordinary activities

	1996 £	1995 £
Corporation tax	106,500	359,000
Deferred taxation	-	(15,000)
	106,500	344,000
Prior years:		
Corporation tax	646	(417)
	<u>107,146</u>	<u>343,583</u>

7 Dividends

	1996 £	1995 £
Final proposed dividend on ordinary shares	<u>380,000</u>	<u>513,000</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

8 Tangible fixed assets

	Freehold land and buildings £	Plant equipment and vehicles £	Total £
Cost or valuation:			
Beginning of year	1,251,188	2,774,228	4,025,416
Additions	1,043,065	1,701,841	2,744,906
Disposals	-	(118,957)	(118,957)
Group transfers	-	(11,780)	(11,780)
End of year	<u>2,294,253</u>	<u>4,345,332</u>	<u>6,639,585</u>
Depreciation:			
Beginning of year	66,229	1,404,707	1,470,936
Charge for the year	27,898	305,100	332,998
Disposals	-	(73,364)	(73,364)
Group transfers	-	(5,890)	(5,890)
End of year	<u>94,127</u>	<u>1,630,553</u>	<u>1,724,680</u>
Net book value:			
Beginning of year	<u>1,184,959</u>	<u>1,369,521</u>	<u>2,554,480</u>
End of year	<u>2,200,126</u>	<u>2,714,779</u>	<u>4,914,905</u>

a. The cost or valuation figures for property includes:

	1996 Freehold £	1,995 Freehold £
Valuation made in 1991	1,100,000	1,100,000
Stated at historical cost	<u>1,194,253</u>	<u>151,188</u>
	<u>2,294,253</u>	<u>1,251,188</u>

b. The amount of revalued property as determined according to the historical cost accounting rule is:

	1996 Freehold £	1,995 Freehold £
Cost	2,319,446	1,276,381
Depreciation	<u>(171,438)</u>	<u>(143,540)</u>
Net book value	<u>2,148,008</u>	<u>1,132,841</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

c. The net book value of the property comprises:

	1996 £	1995 £
Freehold land	375,220	375,220
Freehold buildings	<u>1,824,906</u>	<u>809,739</u>
	<u><u>2,200,126</u></u>	<u><u>1,184,959</u></u>

d. Capital commitments

	1996 £	1995 £
Contracted for	<u>-</u>	<u>-</u>

9 Stocks

	1996 £	1995 £
Raw materials and consumables	1,134,918	988,618
Work in progress	69,998	64,820
Finished goods and goods for resale	<u>946,815</u>	<u>1,096,003</u>
	<u><u>2,151,731</u></u>	<u><u>2,149,441</u></u>

10 Debtors

	1996 £	1995 £
Trade debtors	1,268,207	976,482
Amounts owed by group undertakings	202,932	141,018
Prepayments	87,408	36,390
Investments	<u>6</u>	<u>6</u>
	<u><u>1,558,553</u></u>	<u><u>1,153,896</u></u>

The cost of investments represents the company's interest in the following wholly owned subsidiaries all incorporated in England:-

B.M. Plant Engineers Limited
Galvanised Steel Products Limited
Birtley Manufacturing Limited

None of the subsidiaries have traded in the year.

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

11 Creditors

	Amounts due within one year		Amounts due after one year	
	1996 £	1995 £	1996 £	1995 £
Bank loans	500,000	-	2,000,000	-
Trade creditors	1,723,506	1,203,234	-	-
Amounts owed to group undertakings	1,632,086	1,725,444	-	-
Other creditors	72,883	89,511	-	-
Corporation tax	106,500	359,000	-	-
Other tax and social security	426,564	467,491	-	-
Accruals	149,976	85,545	-	-
Proposed dividend	380,000	513,000	-	-
	<u>4,991,515</u>	<u>4,443,225</u>	<u>2,000,000</u>	<u>-</u>

The borrowings shown above are repayable as follows:

	Amounts due within one year		Amounts due after one year	
	1996 £	1995 £	1996 £	1995 £
Bank loans				
Within one year	500,000	-	-	-
Between one and two years	-	-	500,000	-
Between two and five years	-	-	1,500,000	-
	<u>500,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>

Interest on bank borrowing is payable at 0.7% per annum above the London International Bank Offered Rate.

Bank borrowings are secured by cross guarantees by group companies.

12 Provision for liabilities and charges

	1996 £	1995 £
Deferred taxation	-	-
Pension scheme provision	40,339	50,424
Redundancy provision	-	38,341
	<u>40,339</u>	<u>88,765</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

Deferred taxation

i. Provided in financial statements:

	1996 £	1995 £
Accelerated capital allowances	-	-
Other timing differences	-	-
	<u>-</u>	<u>-</u>

ii. If provision had been made for all timing differences, further liability as follows would have appeared in the financial statements:

	1996 £	1995 £
Accelerated capital allowances	340,000	210,000
Other timing differences	(14,000)	(17,000)
	<u>326,000</u>	<u>193,000</u>

iii. Deferred taxation provided

	1996 £	1995 £
Beginning of year	-	15,000
Movement arising in year	-	(15,000)
	<u>-</u>	<u>-</u>

13 Accruals and deferred income

	1996 £	1995 £
Government grants		
Beginning of year	137,870	178,632
Amounts written off	(39,252)	(40,762)
	<u>98,618</u>	<u>137,870</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

14 Equity Share Capital

	1996 £	1995 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
100,000 deferred shares of £1 each	<u>100,000</u>	<u>100,000</u>
	<u>101,000</u>	<u>101,000</u>
 Allotted called up and fully paid		
598 ordinary shares of £1 each	598	598
100,000 deferred shares of £1 each	<u>100,000</u>	<u>100,000</u>
	<u>100,598</u>	<u>100,598</u>

The deferred shares confer on their holders no right to participate in profits resolved to be distributed to shareholders and no right to attend or vote at any general meeting of the company but confer on their holders the right on a return of capital in a winding-up or otherwise to repayment of the amounts paid up or credited as paid up thereon after payment to the holders of the ordinary shares in such winding-up or other return of capital of the sum of £10,000 per share.

15 Reserves

	1996 £	1995 £
a) Share premium account		
End of year	<u>335,804</u>	<u>335,804</u>
b) Revaluation reserves		
End of year	<u>65,408</u>	<u>65,408</u>

16 Contingent liabilities

The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

17 Financial commitments

The company's annual commitments under non-cancellable operating leases was as follows:-

	1996 £	Other 1995 £
Leases expiring within:		
Two to five years	25,164	11,700
Over five years	-	13,464
	<u>25,164</u>	<u>25,164</u>

18 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 5th April 1994. Details of this actuarial valuation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The pension cost for the year was £75,363 (1995 - £79,659). 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 £40,339 at the balance sheet date is being released to the profit and loss account over the average future working lifetime of the members of the scheme. It is the intention of the group to continue to make contributions to the pension scheme in line with the recommendations of the actuary in respect of contribution rates.

19 Parent company

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

BIRTLEY BUILDING PRODUCTS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

**AUDITORS' REPORT TO THE MEMBERS OF
BIRTLEY BUILDING PRODUCTS LIMITED**

We have audited the accounts on pages 4 to 17 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 pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on these accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

9th January 1997



JOHN W HINKS & CO
Chartered Accountants
and Registered Auditor

