

Company number: 00602575

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

30TH SEPTEMBER 1994



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
C. P. Duffy
W. Lowes

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

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

REPORT AND FINANCIAL STATEMENTS 30TH SEPTEMBER 1994

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BIRTLEY BUILDING PRODUCTS 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 1994.

Principal activity and business review

The principal activity of the company is the manufacture and distribution of products for the building industry.

Profit after tax amounts to £797,758 as compared with £429,073 in the previous year.

Dividends

The directors recommend that a dividend of £494,000 be paid in respect of the year (1993 - £286,000)

If this recommendation is approved retained profits of £303,758 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 freehold property has fallen below that shown in the financial statements. The directors believe that this is a temporary shortfall reflecting the current economic climate. The valuation of the company's property foreseen last year has not taken place as it was no longer required by the trustees of the group mortgage debenture.

Political contributions and charitable donations

The company made charitable donations of £996 (1993 £411). No political contributions were made during the year.

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.

BIRTLEY BUILDING PRODUCTS 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
H C Everett
A J Pensom
G K Miller (appointed 1.10.93)
C P Duffy (" ")
W Lowes (" ")

Mr A J Pensom 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:-

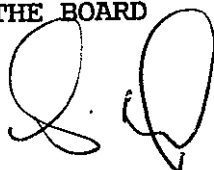
	<u>30th September</u> <u>1994</u>	<u>30th September</u> <u>1993</u>
M E Sara	141,546	87,831
H C Everett	42,436	5,734
A J Pensom	46,730	24,059
G K Miller	1,568	833
C P Duffy	1,587	93
W Lowes	43,233	5,185
	<u> </u>	<u> </u>

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

G K MILLER



SECRETARY

12th January 1995

BIRTLEY BUILDING PRODUCTS 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.

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

We have audited the financial statements on pages 5 to 16 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 1 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.

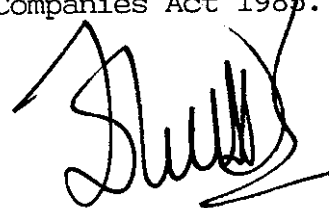
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity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

BIRTLEY BUILDING PRODUCTS 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>
Turnover	1 & 2		11,447,614	9,028,694
Cost of sales			8,219,789	6,599,887
Gross profit			<u>3,227,825</u>	<u>2,428,807</u>
Distribution costs		493,842		490,446
Administrative expenses		1,404,025		1,208,545
			<u>1,897,867</u>	<u>1,698,991</u>
Operating profit	3		1,329,958	729,816
Interest	6		69,846	89,824
			<u>1,260,112</u>	<u>639,992</u>
Employees' profit sharing			85,726	46,947
Profit on ordinary activities before tax			<u>1,174,386</u>	<u>593,045</u>
Tax on profit on ordinary activities	7		376,628	163,972
Profit on ordinary activities after tax for the financial year			<u>797,758</u>	<u>429,073</u>
Proposed dividend	8		494,000	286,000
Retained profit for the year	18		<u>303,758</u>	<u>143,073</u>

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

The notes on pages 8 to 16 form part of these accounts.

BIRTLEY BUILDING PRODUCTS LIMITED
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TOTAL RECOGNISED GAINS AND LOSSES
HISTORICAL COST PROFITS AND LOSSES
MOVEMENTS 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

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

Reconciliations of movements in shareholders funds

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Profit attributable to shareholders for the year	797,758	429,073
Dividends	494,000	286,000
	<hr/>	<hr/>
Net addition to shareholders funds	303,758	143,073
Opening shareholders funds	1,266,274	1,123,201
	<hr/>	<hr/>
Closing shareholders funds	<u><u>1,570,032</u></u>	<u><u>1,266,274</u></u>

BIRTLEY BUILDING PRODUCTS 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>
Fixed assets				
Tangible assets	9		2,481,044	2,378,897
Current assets				
Stocks	11	1,584,114		1,406,255
Debtors	12 & 13	1,584,008		1,551,638
Cash at bank and in hand		714,701		2,845
		<u>3,882,823</u>		<u>2,960,738</u>
Creditors: amounts due within one year	14	4,545,112		3,782,065
Net current liabilities			<u>(662,289)</u>	<u>(821,327)</u>
Total assets less current liabilities			1,818,755	1,557,570
Provisions for liabilities and charges	15		70,091	71,758
Accruals and deferred income	16		178,632	219,538
Net assets			<u>1,570,032</u>	<u>1,266,274</u>
Capital and reserves				
Called up share capital	17		100,598	100,598
Share premium account			335,804	335,804
Revaluation reserve	18		65,408	65,408
Profit and loss account	18		1,068,222	764,464
Shareholders' funds			<u>1,570,032</u>	<u>1,266,274</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 16 form part of these accounts.

BIRTLEY BUILDING PRODUCTS 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, modified to include valuation of freehold property and in accordance with applicable accounting standards.

(b) **Depreciation**

Depreciation is provided to write off the cost or valuation of the fixed assets excluding land in equal annual instalments at the following rates:-

Freehold buildings	- 2%
Plant & equipment	- 5%, 10% and 20%
Motor vehicles	- 25%

(c) **Stocks**

Stocks are valued at the lower of cost and estimated net realisable value. Valuation of finished stock and work in progress includes an amount of related overheads.

(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 re-valued 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) **Foreign currency**

Exchange differences are dealt with in the profit and loss account.

BIRTLEY BUILDING PRODUCTS LIMITED
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NOTES

30TH SEPTEMBER 1994

1. Accounting policies (continued)

(g) 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.

(h) 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.

(i) Research and development

Expenditure is written off in the financial year in which it is incurred.

(j) Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. Turnover and profit

The whole of the turnover and profit is derived from the business of manufacture and distribution of products for the building industry, carried on in the United Kingdom.

BIRTLEY BUILDING PRODUCTS LIMITED
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30TH SEPTEMBER 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation- owned assets	286,673	235,577
Hire of plant and equipment	24,875	18,729
Auditors' remuneration	14,200	10,400
	<u> </u>	<u> </u>
and after crediting:		
(Loss)/profit on sale of fixed assets	(2,399)	4,487
Government Grant written off	40,906	45,828
	<u> </u>	<u> </u>
4. Directors remuneration		
Remuneration as executives (including pension contributions) being total remuneration in arriving at operating Profit	168,923	50,401
	<u> </u>	<u> </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	62,544	47,407
	<u> </u>	<u> </u>
Other directors	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	2	2
£30,001 - £35,000	2	-
£35,001 - £40,000	1	-
	<u> </u>	<u> </u>
5. Particulars of employees		
The average number of persons employed by the company (including directors) during the year was:-		
Category:		
Administration & sales	55	48
Production	108	87
	<u> </u>	<u> </u>
	163	135
	<u> </u>	<u> </u>

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30TH SEPTEMBER 1994

5. Particulars of employees (continued)

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Their total remuneration was:		
Wages and salaries	2,279,190	1,950,405
Social security costs	208,467	169,864
Other pension costs	61,175	70,018
	<u>2,548,832</u>	<u>2,190,287</u>

6. Interest

Payable on loans and overdrafts repayable within 5 years, not by instalments	69,846	89,824
	<u>69,846</u>	<u>89,824</u>

7. Taxation

Corporation tax at 33% (1993 - 33%)	374,000	153,000
Deferred tax	3,000	12,000
Prior year adjustment - Corporation tax	(372)	(1,028)
	<u>376,628</u>	<u>163,972</u>

8. Dividends

Proposed dividend on 598 ordinary £1 shares	494,000	286,000
	<u>494,000</u>	<u>286,000</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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30TH SEPTEMBER 1994

9. Tangible fixed assets

	<u>Freehold land and buildings</u>	<u>Plant equipment & vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
a. Cost or Valuation			
at 30th September 1993	1,126,333	2,264,509	3,390,842
Additions	17,502	399,554	417,056
Disposals	-	87,666	87,666
	<hr/>	<hr/>	<hr/>
At 30th September 1994	1,143,835	2,576,397	3,720,232
	<hr/>	<hr/>	<hr/>
Depreciation at			
30th September 1993	32,536	979,409	1,011,945
Provision for the year	16,668	270,005	286,673
Disposals	-	59,430	59,430
	<hr/>	<hr/>	<hr/>
At 30th September 1994	49,204	1,189,984	1,239,188
	<hr/>	<hr/>	<hr/>
Net book value at			
30th September 1994	1,094,631	1,386,413	2,481,044
	<hr/>	<hr/>	<hr/>
Net book value at			
30th September 1993	1,093,797	1,285,100	2,378,897
	<hr/>	<hr/>	<hr/>

The company's freehold property was valued by Sellers, Chartered Surveyors on 30th September 1991.

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

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Valuation made in 1991 on an existing use basis	1,100,000	1,100,000
Stated at historical cost	43,835	26,333
	<hr/>	<hr/>
	1,143,835	1,126,333
	<hr/>	<hr/>

BIRTLEY BUILDING PRODUCTS LIMITED
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30TH SEPTEMBER 1994

9. **Tangible fixed assets (continued)**

- c. The amount of land and buildings as determined according to the historical cost accounting rule is:-

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Cost	1,169,028	1,151,526
Depreciation	126,515	109,847
	<u>1,042,513</u>	<u>1,041,679</u>

Depreciation in c. above is included from 1st January 1979. In the opinion of the directors unreasonable expense and delay would be incurred in obtaining information for earlier years.

Included in the above is freehold land (excluding buildings) at a valuation of £300,000 (1993 - £300,000) which has not been depreciated.

- d. The net book values of land and buildings comprise:-

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Freehold land and buildings	1,094,631	1,093,797

10. **Capital Commitments**

Contracted for	13,000	-
Authorised but not contracted for	22,500	-
	<u>35,500</u>	<u>-</u>

11. **Stocks**

Raw materials and consumables	689,184	609,474
Work in progress & finished goods	894,930	796,781
	<u>1,584,114</u>	<u>1,406,255</u>

12. **Debtors**

Trade debtors	1,400,294	1,396,780
Amounts owed by group undertakings	133,142	94,681
Prepayments	50,566	60,171
Investments (note 13)	6	6
	<u>1,584,008</u>	<u>1,551,638</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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30TH SEPTEMBER 1994

	<u>1994</u>	<u>1993</u>
13. Investments		
At cost:-		
Unlisted - subsidiary companies	6	6
	<u> </u>	<u> </u>
The company has 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 traded in the year.		
14. Creditors: amounts due within one year	<u>£</u>	<u>£</u>
Bank overdraft	-	47,435
Trade creditors	1,230,971	1,615,783
Amounts due to group undertakings	1,783,246	1,347,113
Corporation tax	374,000	153,000
Other taxes and social security	489,586	259,783
Accruals	82,913	731
Proposed dividend	494,000	286,000
Other creditors	90,396	72,220
	<u>4,545,112</u>	<u>3,782,065</u>
15. Provisions for liabilities and charges	<u> </u>	<u> </u>
Deferred taxation	15,000	12,000
Pension scheme provision	55,091	59,758
	<u>70,091</u>	<u>71,758</u>
a. Deferred taxation	<u> </u>	<u> </u>
(i) Provided in financial statements:-		
Accelerated capital allowances	20,000	17,000
Other timing differences	(5,000)	(5,000)
	<u>15,000</u>	<u>12,000</u>
(ii) If provision had been made for all timing differences, further liability as follows would have appeared in the financial statements:-		
	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	170,000	153,000
Other timing differences	(14,000)	(15,000)
	<u>156,000</u>	<u>138,000</u>

BIRTLEY BUILDING PRODUCTS LIMITED
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30TH SEPTEMBER 1994

16.	Accruals and deferred income	<u>1994</u>	<u>1993</u>
		<u>£</u>	<u>£</u>
	Government grants		
	At 30th September 1993	219,538	215,366
	Further grant received	-	50,000
	Amount written off	(40,906)	(45,828)
	At 30th September 1994	<u>178,632</u>	<u>219,538</u>
17.	Share capital		
	Authorised		
	1,000 ordinary shares of £1 each	1,000	1,000
	100,000 deferred shares of £1 each	100,000	100,000
		<u>101,000</u>	<u>101,000</u>
	Called up and fully paid		
	598 ordinary shares of £1 each	598	598
	100,000 deferred shares of £1 each	100,000	100,000
		<u>100,598</u>	<u>100,598</u>
18.	Reserves	Profit and Loss Account	Revaluation Reserve
	At 30th September 1993	764,464	65,408
	Profit for the year	303,758	-
	At 30th September 1994	<u>1,068,222</u>	<u>65,408</u>
19.	Contingent liabilities and financial commitments		
a.	Contingent liabilities		
	The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries. The bank has guaranteed an irrevocable letter of credit amounting to £2,400 (1993 - £44,523).		
b.	Financial commitments		
	At 30th September 1994, the company had annual leasing commitments under non-cancellable operating leases as detailed below:-		
		<u>1994</u>	<u>1993</u>
		Plant and equipment	Plant and equipment
		<u>£</u>	<u>£</u>
	Operating leases which expire: within two to five years	11,700	-

BIRTLEY BUILDING PRODUCTS LIMITED
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30TH SEPTEMBER 1994

20. 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 calculation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The company's pension cost charge for the year was £61,175 (1993 £70,018). The provision of £55,091 (1993 £59,758) is included in the company's financial statements and at the balance sheet date is being released to the pension fund over the average future working lifetime of the members of the scheme.

21. Parent company

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