

STEEL PLATE AND SECTIONS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990

COMPANIES ACT 1985

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STEEL PLATE AND SECTIONS LIMITEDDIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31st March 1990.

Principal activity

The principal activity of the company is that of steel stockholding.

Business review

The company has had a difficult year with the increase in turnover experienced last year being maintained. Profit before tax fell due to reduced margins on steel sales in the United Kingdom. The directors expect to see increased competition in the ensuing year which could inhibit further growth. The directors are however confident that the company is well placed to meet the challenges ahead.

Results

The results of the company for the year are as follows:

	<u>Year ended 31st March</u>	
	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Turnover	19,571,748	19,174,300
Profit on ordinary activities before taxation	1,504,411	2,013,956
Taxation	(585,899)	(686,868)
Profit on ordinary activities after taxation	918,512	1,327,088

Purchase of own shares

On 19th March 1990 the company made a purchase of its own shares, the nominal value of which was £10,000, being 10,000 ordinary shares of £1 each, for a consideration of £626,500.

Dividend

An interim dividend of £2,385,000 (1989: £200,000) was paid on 28th March 1990.

The directors do not recommend a final dividend for the year ended 31st March 1990.

Significant changes in fixed assets

The movements in fixed assets are set out in notes 9 to 11 in the accounts.

STEEL PLATE AND SECTIONS LIMITEDDIRECTORS' REPORT
(continued)Directors and directors' interests

The directors who served during the year together with their interests in the share capital of the company were as follows:

	<u>At 31st March</u>	
	<u>1990</u>	<u>1989</u>
	<u>Number</u>	<u>Number</u>
R.J. Robbins (Chairman)	19,800	41,500
Mrs. P. Robbins	53,200	34,500
J.J. Robbins	3,500	3,500
J.R. Jelfs	-	-

On 6th April 1990 Mr. M.N. Robbins was appointed a director and on 24th April 1990 Mr. P.R. Brampton was appointed a director.

Mr. R.J. Robbins and Mr. J.R. Jelfs retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election.

Political donation

During the year the company made a donation of £5,000 to the Conservative and Unionist Party.

Auditors

On 1st January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock and accordingly have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

J. A. Wyn

Secretary

1st October 1990

AUDITORS' REPORT TO THE MEMBERS OF
STEEL PLATE AND SECTIONS LIMITED

We have audited the accounts on pages 4 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st March 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

Birmingham

Chartered Accountants

1st October 1990

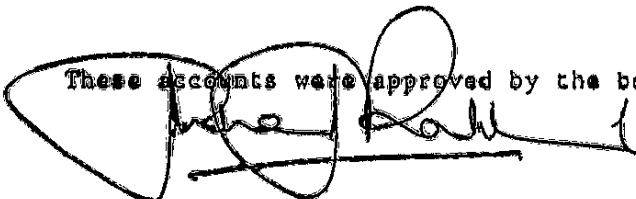
STEEL PLATE AND SECTIONS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st MARCH 1990

	Note	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
TURNOVER	2	19,571,748	19,174,300
Change in stocks of finished goods and goods for resale		2,664,007	(565,959)
Raw materials and consumables		(17,247,254)	(13,335,497)
Staff costs	5	(1,398,289)	(1,318,068)
Depreciation and other amounts written off tangible fixed assets		(124,362)	(107,159)
Other operating charges		(2,017,949)	(1,849,731)
Income from investments held as fixed assets		13,582	8,983
Interest receivable and similar income		78,146	131,477
Amount written back/(off) in respect of investments		11,549	(60,178)
Interest payable and similar charges	6	(46,767)	(64,212)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,504,411	2,013,956
Tax on profit on ordinary activities	7	(585,899)	(686,868)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		918,512	1,327,088
Extraordinary items	8	240,378	-
PROFIT AFTER EXTRAORDINARY ITEMS		1,158,890	1,327,088
Dividends		(2,385,000)	(200,000)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,226,110)	1,127,088
Retained profit brought forward		7,637,211	6,510,123
Release of revaluation reserve	19	236,364	-
Purchase of own shares	21	(626,500)	-
RETAINED PROFIT CARRIED FORWARD		<u>6,020,965</u>	<u>7,637,211</u>

STEEL PLATE AND SECTIONS LIMITEDBALANCE SHEETAT 31st MARCH 1990

	Notes	<u>1990</u>		<u>1989</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible assets	9	651,316		522,389	
Investment properties	10	-		730,037	
Investments held as fixed assets	11	-		226,392	
			651,316		1,478,818
CURRENT ASSETS					
Stocks	12	7,383,254		4,719,247	
Debtors	13	6,076,207		4,884,406	
Cash at bank and in hand		1,914		1,913,559	
		13,461,375		11,517,212	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	14	(7,930,688)		(4,887,206)	
NET CURRENT ASSETS					
			5,530,687		6,630,006
TOTAL ASSETS LESS CURRENT LIABILITIES					
			6,182,003		8,108,824
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	15		(18,804)		(10,056)
PROVISIONS FOR LIABILITIES AND CHARGES					
	17		(42,234)		(125,193)
NET ASSETS					
			6,120,965		7,973,575
CAPITAL AND RESERVES					
Called up share capital	18		90,000		100,000
Revaluation reserve	19		-		236,364
Capital redemption reserve	20		10,000		-
Profit and loss account			6,020,965		7,637,211
			6,120,965		7,973,575

These accounts were approved by the board of directors on 1st October 1990.



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) DIRECTORS
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STEEL PLATE AND SECTIONS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st MARCH 1990

	<u>1990</u>		<u>1989</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
RESULTS OF OPERATIONS				
Profit on ordinary activities before taxation		1,504,411		2,013,956
Extraordinary items		240,378		-
		<u>1,744,789</u>		<u>2,013,956</u>
Adjustments for items not involving the movement of funds:				
Depreciation	124,362		107,159	
(Profit)/loss on sale of tangible fixed assets	(20,495)		(1,430)	
(Profit)/loss on sale of investments	58,662		-	
Surplus on sale of investment properties	(299,040)		-	
Provision against subsidiary	(41,959)		33,240	
		<u>(178,470)</u>		<u>138,969</u>
FUNDS GENERATED FROM OPERATIONS		<u>1,566,319</u>		<u>2,152,925</u>
FUNDS FROM OTHER SOURCES				
Proceeds of sale of tangible fixed assets	54,633		20,923	
Proceeds of sale of investment properties	1,029,077		-	
Proceeds of sale of investments held as fixed assets	168,510		10,000	
Increase in creditors: Amounts due after more than one year	8,748		80,692	
		<u>1,260,968</u>		<u>111,615</u>
		<u>2,827,287</u>		<u>2,264,540</u>
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	287,427		320,849	
Purchase of investments held as fixed assets	780		49,044	
Decrease in creditors: Amounts falling due after more than one year	-		14,648	
Taxation paid	452,263		364,145	
Dividend paid	2,385,000		200,000	
Purchase of own shares	626,500		-	
		<u>(3,751,900)</u>		<u>(948,686)</u>
(DECREASE)/INCREASE IN WORKING CAPITAL		<u>(924,683)</u>		<u>1,315,854</u>

STEEL PLATE AND SECTIONS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

	<u>1990</u>		<u>1989</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
COMPONENTS OF (DECREASE)/INCREASE IN WORKING CAPITAL				
Stocks		2,664,007		(565,959)
Debtors		880,643		856,026
Creditors: Amounts falling due within one year		1,336,613		(807,810)
Movement in net liquid funds:				
(Decrease)/increase in cash at bank and in hand	(1,911,645)		1,281,902	
(Increase)/decrease in overdraft	(3,894,301)		551,695	
		<u>(5,805,946)</u>		<u>1,833,597</u>
		<u>(924,683)</u>		<u>1,315,854</u>

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st MARCH 19901. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of accounting

The accounts are prepared under the historical cost convention.

(b) Depreciation

Freehold investment properties are not depreciated. The rate of depreciation on motor vehicles is calculated using the reducing balance method at 25% of the asset's written down value. Rates of depreciation on other assets are calculated so as to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Plant and machinery	- 15%
Office equipment	- 15%
Computer equipment	- 20%
Motor vehicles	- 25%
Short leasehold improvements	- over period of lease

No depreciation was charged in respect of investment properties as, in the opinion of the directors, this would not reflect a true and fair position.

(c) Stocks

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

(d) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences arising in respect of the transactions and balances denominated in foreign currencies are reflected in the results for the year.

(e) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st MARCH 1990

(continued)

1. Principal accounting policies (continued)(f) Finance leases

Assets acquired by the company for its own use under finance leases are capitalised together with the corresponding liability. The finance charges on these agreements are charged to the profit and loss account in proportion to the outstanding liability.

(g) Operating leases

Lease payments on operating leases are charged to the profit and loss account in the year in which the charges are incurred.

(h) Pension costs

Pension benefits are provided by a defined contribution scheme. Costs are charged to the profit and loss account in the period they are incurred.

2. Turnover

Turnover by geographical area is analysed as follows:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
United Kingdom	18,551,348	18,125,195
Rest of Europe	412,460	704,523
North America	69,436	54,197
Other	538,504	290,385
	<u>19,571,748</u>	<u>19,174,300</u>

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st MARCH 1990

(continued)

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting) the following:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Depreciation	124,302	107,159
(Profit) on sale of tangible fixed assets	(20,495)	(1,430)
Auditors' remuneration and expenses	18,000	18,000
Directors' emoluments (see note 4)	193,333	330,421
Hire of plant and machinery - rentals payable under operating leases	23,687	32,409
Income from listed investments	(13,582)	(8,983)
Rents receivable from property	(2,400)	(2,400)
Loss on exchange	20,421	3,812

4. Emoluments of directors

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Fees	15,000	15,000
Other emoluments	178,333	205,475
Compensation for loss of office and other emoluments of former director	-	109,946
	<u>193,333</u>	<u>330,421</u>

Excluding pension contributions, the emoluments of the chairman were £34,629 (1989: £31,272); for the year ended 31st March 1990 the emoluments of the highest paid director were £80,096 (1989: £128,171); the emoluments of the other directors were within the following ranges:

	<u>1990</u>	<u>1989</u>
	<u>Number</u>	<u>Number</u>
£ 5,001 - £10,000	1	1
£50,001 - £55,000	1	1

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

4. Emoluments of directors (continued)Emoluments of higher paid employees

Excluding pension contributions the emoluments of employees earning over £30,000 per annum were within the following ranges:

	<u>1990</u>	<u>1989</u>
	<u>Number</u>	<u>Number</u>
£30,001 - £35,000	1	2
£35,001 - £40,000	1	-

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<u>1990</u>	<u>1989</u>
	<u>Number</u>	<u>Number</u>
Sales and distribution	72	66
Administration	13	13
	<u>85</u>	<u>79</u>

The aggregate payroll costs of these persons were as follows:

	<u>£</u>	<u>£</u>
Wages and salaries	1,109,052	1,066,972
Social security costs	98,425	76,969
Other pension costs	121,513	100,127
Redundancy and compensation for loss of office	69,299	74,000
	<u>1,398,289</u>	<u>1,318,068</u>

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

6. Interest payable and similar charges

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
On bank overdrafts and other loans wholly repayable within five years	34,807	54,698
Discounting costs in respect of bills of exchange	6,942	755
Finance charges payable in respect of finance leases and hire purchase agreements	5,018	8,759
	<u>46,767</u>	<u>64,212</u>

7. Taxation on profit on ordinary activities

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Corporation tax at 35% (1989: 35%) based on the profit for the year of the company	619,288	740,000
Under/(over) provision in respect of prior years	4,216	(54,828)
Deferred taxation	(41,000)	(550)
Advance corporation tax in respect of investment income	3,395	2,246
	<u>585,899</u>	<u>686,868</u>

8. Extraordinary items

These are made up as follows:

	<u>£</u>
Profit on disposal of investment properties	299,040
(Loss) on disposal of investments held as fixed assets	(58,662)
	<u>240,378</u>

As a consequence of indexation and provisions in respect of investments made in earlier years no tax arises on these disposals.

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

9. Tangible fixed assets

	Short leasehold improvements	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1st April 1989	160,742	581,849	446,081	1,188,672
Additions	53,334	155,638	78,455	287,427
Disposals	-	(114,833)	-	(114,833)
At 31st March 1990	<u>214,076</u>	<u>622,654</u>	<u>524,536</u>	<u>1,361,266</u>
<u>Depreciation</u>				
At 1st April 1989	14,703	372,163	279,417	666,283
Charged in year	14,700	60,474	49,188	124,362
Disposals	-	(80,695)	-	(80,695)
At 31st March 1990	<u>29,403</u>	<u>351,942</u>	<u>328,605</u>	<u>709,950</u>
<u>Net book value</u>				
At 31st March 1990	<u>184,673</u>	<u>270,712</u>	<u>195,931</u>	<u>651,316</u>
At 31st March 1989	<u>146,039</u>	<u>209,686</u>	<u>166,664</u>	<u>522,389</u>

The net book value of tangible fixed assets includes an amount of £81,485 (1989: £89,161) in respect of assets held under finance leases.

The amount of depreciation allocated during the year for such assets amounts to £11,819 (1989: £20,131).

10. Investment properties

	Freehold land and buildings
	£
Cost or valuation:	
At 1st April 1989	730,037
Disposals	(730,037)
At 31st March 1990	<u>-</u>

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

11. Investments held as fixed assets

	Shares in group companies £	Other investments other than loans			Total £
		Listed £	Unlisted £	Total £	
<u>Cost</u>					
At 1st April 1989	2,344	306,072	14,154	320,226	322,570
Additions	-	780	-	780	780
Disposals	-	(306,852)	(10,050)	(316,902)	(316,902)
At 31st March 1990	2,344	-	4,104	4,104	6,448
<u>Provision</u>					
At 1st April 1989	2,344	89,730	4,104	93,834	96,178
Disposals	-	(89,730)	-	(89,730)	(89,730)
At 31st March 1990	2,344	-	4,104	4,104	6,448
<u>Net book value</u>					
At 31st March 1990	-	-	-	-	-
At 31st March 1989	-	216,342	10,050	226,392	226,392

At 31st March 1990 the market value of listed investments was ENil (1989: £288,198).

Shares in group companies are represented by the following subsidiaries:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>Proportion of class held</u>	<u>Nature of business</u>
Winsor Bond Generators Limited	England	Ordinary	100%	Manufacture of electrical generating equipment
Steel Plate and Sections (Scotland) Limited	Scotland	Ordinary	100%	Non-trading

The investment in, current account with, and net external liabilities of Winsor Bond Generators Limited have been fully provided against within the accounts of the company.

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

12. Stocks

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Finished goods and goods for resale	7,383,254	4,719,247

13. Debtors

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Trade debtors	4,567,294	4,648,138
Other debtors	1,135,809	65,513
Advance corporation tax recoverable	311,158	-
Prepayments and accrued income	61,946	170,755
	<u>6,076,207</u>	<u>4,884,406</u>

14. Creditors: Amounts falling due within one year

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Bank overdraft	3,895,729	1,428
Obligations under finance leases (see note 16)	17,098	41,419
Trade creditors	2,740,117	3,977,279
Bills of exchange payable	-	-
Other creditors including taxation and social security	1,226,353	800,206
Accruals and deferred income	51,391	66,874
	<u>7,930,688</u>	<u>4,887,206</u>
Other creditors including taxation and social security comprise:		
Corporation tax payable	156,096	670,740
Advance corporation tax payable	1,000,438	-
Other taxation and social security	36,417	32,105
Other creditors	33,402	97,361
	<u>1,226,353</u>	<u>800,206</u>

The bank overdraft is secured by fixed and floating charges over the company's assets.

15. Creditors: Amounts falling due after more than one year

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Obligations under finance leases (see note 16)	18,804	10,056

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st MARCH 1990

(continued)

16. Obligations under finance leases

The maturity of obligations under finance leases is as follows:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Within one year	23,038	46,108
Over one year:		
In the second to fifth years inclusive	19,587	10,550
	<u>42,625</u>	<u>56,658</u>
Less: Future finance charges	(6,723)	(5,183)
	<u>35,902</u>	<u>51,475</u>

After allocation of future finance charges, these obligations have been disclosed as follows:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Falling due within one year	17,098	41,419
Falling due after more than one year	18,804	10,056
	<u>35,902</u>	<u>51,475</u>

17. Provisions for liabilities and charges

	<u>Provision for insolvent subsidiary £</u>	<u>Deferred taxation £</u>	<u>Total £</u>
Balance at 1st April 1989	53,293	71,900	125,193
Credited to profit and loss account during the year	(41,959)	(41,000)	(82,959)
Balance at 31st March 1990	<u>11,334</u>	<u>30,900</u>	<u>42,234</u>

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

17. Provisions for liabilities and charges (continued)

Deferred taxation provided represents the full provision for the following:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	32,900	17,900
Other timing differences	(2,000)	-
Capital gain on investment properties	-	54,000
	<u>30,900</u>	<u>71,900</u>

18. Called up share capital

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Authorised:		
Ordinary shares of £1 each	125,000	125,000
Allotted and fully paid:		
Ordinary shares of £1 each	<u>90,000</u>	<u>100,000</u>

19. Revaluation reserve

	<u>£</u>
At 1st April 1989	236,364
Released on sale of investment properties	<u>(236,364)</u>
At 31st March 1990	<u>-</u>

20. Capital redemption reserve

	<u>£</u>
At 1st April 1989	-
Purchase of own shares	10,000
At 31st March 1990	<u>10,000</u>

21. Purchase of own shares

During the year the company purchased 10,000 ordinary shares of £1 each of its own share capital for £626,500. A capital redemption reserve was created as set out in note 20 above.

STEEL PLATE AND SECTIONS LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

22. Commitments

- (a) There were no capital commitments outstanding at 31st March 1990 (1989: £Nil).
- (b) At 31st March 1990 the company had annual commitments under non-cancellable operating leases as follows:

	<u>1990</u>		<u>1989</u>	
	<u>Land and buildings</u>	<u>Others</u>	<u>Land and buildings</u>	<u>Others</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating leases which expire:				
Within one year	-	6,093	-	10,662
In the second to fifth year inclusive	13,000	2,241	13,000	17,823
Over five years	279,000	-	196,000	-
	<u>292,000</u>	<u>8,334</u>	<u>209,000</u>	<u>28,485</u>

23. Pension fund

The company operates a defined contribution pension scheme. The total pension costs charged to the profit and loss account for the year amounted to £121,513. The amount accrued at the end of the year was £67 (1989: £1,298).

24. Contingencies

The company's bank balance is a memorandum account which is shared with and consequently guarantees the overdraft of a subsidiary company. At 31st March 1990 the company's contingent liability under this scheme amounted to £106,839 (1989: £192,604).

The directors of the company have stated in writing that it is their intention to continue to support the company's trading subsidiary, Winsor Bond Generators Limited. These accounts include full provision for all liabilities of Winsor Bond Generators Limited at 31st March 1990.