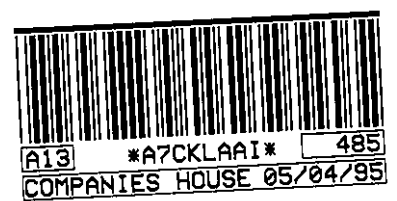


COMPANY NUMBER - 00993624

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

30TH SEPTEMBER 1994



D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

COMPANY INFORMATION

Directors

M.E. Sara
H.C. Everett
E. Johnson
E. Fisher
P. Harper

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
47 High Street
Dudley
West Midlands
DY1 1PP

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND FINANCIAL STATEMENTS 30TH SEPTEMBER 1994

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D. & J. (STEELS) 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, which is unchanged from that of the previous year is steel stockholding.

Dividends

The directors recommend that a dividend of £40,000 be paid in respect of the year. (1993 - £14,000).

If this recommendation is approved profits of £20,258 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 accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate. The valuation of property foreseen last year has not taken place as it was no longer required by the trustees of the mortgage debenture.

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

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

M.E. Sara
E. Johnson
H.C. Everett
E. Fisher
P. Harper

Mr. P. Harper retires by rotation at the annual general meeting and offer himself for re-election.

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT OF THE DIRECTORS (continued)

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:

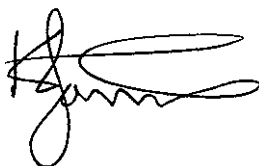
	30th September 1994	30th September 1993
M.E. Sara	141,546	87,831
E. Johnson	81,791	55,178
H.C. Everett	42,436	5,734
E. Fisher	-	-
P. Harper	-	-
	<u> </u>	<u> </u>

Auditors

John W Hinks & Co. Chartered Accountants, offer themselves for re-appointment in accordance with Section 385, Companies Act 1985.

By order of the board

K J Jarvis



Secretary

12th January 1995

D. & J. (STEELS) 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.

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

**REPORT OF THE AUDITORS TO THE MEMBERS OF
D. & J. (STEELS) 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.

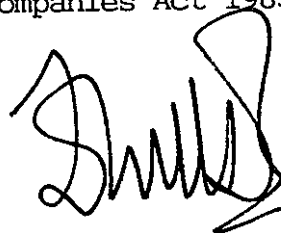
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity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

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1994

	Notes	<u>£</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Turnover	1		5,574,885	4,424,747
Cost of sales			5,065,030	4,004,653
Gross profit			509,855	420,094
Distribution costs		71,015		51,204
Administrative expenses		259,741		228,140
			330,756	279,344
Operating profit	3		179,099	140,750
Interest	6		83,365	92,445
Profit on ordinary activities before tax			95,734	48,305
Tax on profit on ordinary activities	7		35,476	13,962
Profit on ordinary activities after tax			60,258	34,343
Dividend proposed	8		40,000	14,000
Amount transferred to reserves	16		20,258	20,343

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.

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

TOTAL RECOGNISED GAINS AND LOSSES
HISTORICAL COST PROFITS AND LOSSES
MOVEMENT IN SHAREHOLDERS FUND _____ 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 years.

Note of historical cost profits and losses

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Profit on ordinary activities before taxation	95,734	48,305
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	2,976	2,976
	<u>98,710</u>	<u>51,281</u>
Historical cost profit on ordinary activities before tax	98,710	51,281
	<u>23,234</u>	<u>23,319</u>
Historical cost transfer to reserves	23,234	23,319
Reconciliations of movements in shareholders funds		
Profit attributable to shareholders for the year	60,258	34,343
Dividends	40,000	14,000
	<u>20,258</u>	<u>20,343</u>
Net addition to shareholders funds	20,258	20,343
Opening shareholders funds	664,168	643,825
	<u>684,426</u>	<u>664,168</u>
Closing shareholders funds	684,426	664,168



D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

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		707,198	677,466
Current assets				
Stocks	11	1,240,534		1,182,850
Debtors	12	1,566,781		1,392,485
Cash in hand		11		339
		<u>2,807,326</u>		<u>2,575,674</u>
Creditors: amounts due within one year	13	<u>2,830,098</u>		<u>2,588,972</u>
Net current liabilities			(22,772)	(13,298)
Net assets			<u>684,426</u>	<u>664,168</u>
Capital and reserves				
Called up share capital	15		6,000	6,000
Profit and loss account	16		360,225	339,967
Revaluation reserve	16		318,201	318,201
Shareholders Fund			<u>684,426</u>	<u>664,168</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 14 form part of these accounts.

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

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, as modified by the revaluation 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 property	- 2%
Plant and machinery	- 10%
Fixtures and fittings	- 10%
Motor vehicles	- 25%
Computer equipment	- 20%

(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.

2. Turnover and profit

The whole of the turnover and profit is derived from the continuing business of steel stockholding carried on in the United Kingdom.

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation:- tangible fixed assets owned	47,234	37,375
:- held under finance leases and hire purchase contracts	-	6,111
Hire of equipment	6,678	6,678
Auditors' remuneration	6,000	4,500
	<u> </u>	<u> </u>
and after crediting		
Rent received	1,440	2,160
Profit on sale of fixed assets	5,423	419
	<u> </u>	<u> </u>
4. Directors remuneration		
Remuneration as executives (including pension contributions) being total remuneration in arriving at operating profit	61,388	53,865
	<u> </u>	<u> </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	31,380	28,810
	<u> </u>	<u> </u>
Other directors	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	3	3
£ 15,001 - £ 20,000	-	-
£ 20,001 - £ 25,000	1	1
5. Particulars of employees		
The average number of persons employed by the company (including directors) during the period was:	<u>1994</u>	<u>1993</u>
Category		
Administration and sales	16	17
Production	10	9
	<u> </u>	<u> </u>
	26	26
	<u> </u>	<u> </u>
Their total remuneration was:	<u>£</u>	<u>£</u>
Wages and salaries	309,887	269,753
Social security costs	29,138	26,672
Other pension costs	11,211	9,968
	<u> </u>	<u> </u>
	350,236	306,393
	<u> </u>	<u> </u>

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
6. Interest		
<u>Payable</u>		
On loans and overdrafts repayable: within 5 years, not by instalments	83,365	90,021
On finance leases and hire purchase contracts	-	2,424
	<u>83,365</u>	<u>92,445</u>
7. Taxation		
Corporation tax at 33% (1993 33%)	35,500	20,000
Deferred tax	-	(6,000)
Prior year adjustment: Corporation tax	(24)	(38)
	<u>35,476</u>	<u>13,962</u>
8. Dividends		
Dividend on 6,000 ordinary shares	40,000	14,000

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER 1994

9. Tangible fixed assets

	<u>Freehold land and buildings</u> £	<u>Plant equipment & vehicles</u> £	<u>Total</u> £
a. Cost or valuation			
At 1st October 1993	550,000	393,246	943,246
Additions	-	67,439	67,439
Disposals	-	(31,003)	(31,003)
Group transfers	-	17,500	17,500
	<hr/>	<hr/>	<hr/>
At 30th September 1994	550,000	447,182	997,182
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st October 1993	13,000	252,780	265,780
Provision for the year	6,500	40,734	47,234
Disposals	-	(26,676)	(26,676)
Group transfers	-	3,646	3,646
	<hr/>	<hr/>	<hr/>
At 30th September 1994	19,500	270,484	289,984
	<hr/>	<hr/>	<hr/>
Net book value at 30th September 1994	530,500	176,698	707,198
	<hr/>	<hr/>	<hr/>
Net book value at 30th September 1993	537,000	140,466	677,466
	<hr/>	<hr/>	<hr/>
b. The cost or valuation figures for land and buildings comprise:			
		<u>1994</u>	<u>1993</u>
Valuation made in 1991		550,000	550,000
		<hr/>	<hr/>
c. Included within freehold land and buildings are non-depreciable assets of £225,000.			

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER 1994

9. Tangible fixed assets (continued)

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

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Cost	256,173	256,173
Depreciation	34,398	31,422
	<u>221,775</u>	<u>224,751</u>

10. Capital commitments

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Authorised and contracted for	7,800	-

11. Stocks

Finished goods	1,240,534	1,182,850
----------------	-----------	-----------

12. Debtors

Trade debtors	1,114,686	1,140,998
Amounts owed by group undertakings	441,286	236,384
Prepayments and accrued income	10,809	14,538
Other debtors	-	565
	<u>1,566,781</u>	<u>1,392,485</u>

13. Creditors (amounts due within one year)

Bank loans and overdrafts	1,058,070	889,614
Hire purchase commitments	-	2,738
Trade creditors	1,418,684	1,445,423
Amounts owed to group undertakings	182,736	120,833
Other creditors	26,928	15,036
Corporation tax	35,500	20,000
Other taxes and social security	47,487	62,418
Accruals	20,693	18,910
Proposed dividend	40,000	14,000
	<u>2,830,098</u>	<u>2,588,972</u>

D. & J. (STEELS) LIMITED
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NOTES

30TH SEPTEMBER 1994

Interest on bank borrowing is payable at normal clearing bank rates.

Bank borrowing is secured by a charge over the company's freehold property and cross guarantee by Hill & Smith Holdings PLC

14. Provision for liabilities and charges

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Deferred tax		
Not provided		
Surplus on revaluation of fixed assets	28,000	31,000
Accelerated capital allowances	20,000	21,000
	<u>48,000</u>	<u>52,000</u>

No provision is made for deferred tax as it is not expected a liability will arise in the foreseeable future.

15. Share capital

Authorised 10,000 shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Called up and fully paid 6,000 shares of £1 each	6,000	6,000
	<u> </u>	<u> </u>

16. Reserves

	<u>Profit & Loss Account</u> <u>£</u>	<u>Revaluation Reserve</u> <u>£</u>
At 1st October 1993	339,967	318,201
Profit for the year	20,258	-
	<u> </u>	<u> </u>
At 30th September 1994	360,225	318,201
	<u> </u>	<u> </u>

D. & J. (STEELS) LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER 1994

17. Contingent liabilities

The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries. The company has a bond, guarantee and indemnity to Customs & Excise for £6,000.

18. Financial commitments

At 30th September 1994, the company had annual commitments under non cancellable operating leases as detailed below:-

Operating lease for equipment which expire:-	<u>£</u>
Between one and five years	2,722
After five years	3,956
	<u> </u>

19. Pension Scheme

The company operates a defined contribution scheme, and the assets of the scheme are held separately from those of the company in an independently administered Fund. The pension costs charged to the profit and loss account of £11,211 (1993 - £9,968) represents contributions payable by the company to the fund.

20. Parent company

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