

REGISTRAR OF COMPANIES.

COMPANY NUMBER - 00993624

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

30TH SEPTEMBER 1995



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 1995

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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 1995.

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 £140,000 be paid in respect of the year. (1994 - £40,000).

If this recommendation is approved profits of £68,899 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.

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

Messrs. M.E. Sara and E. Johnson retire by rotation at the annual general meeting and offer themselves for re-election.

D. & J. (STEELS) LIMITED
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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 1995	30th September 1994
M.E. Sara	157,110	141,546
E. Johnson	89,249	81,791
H.C. Everett	46,760	42,436
E. Fisher	-	-
P. Harper	-	-
	<hr/>	<hr/>

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.

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

11th January 1996

D. & J. (STEELS) LIMITED
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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
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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.

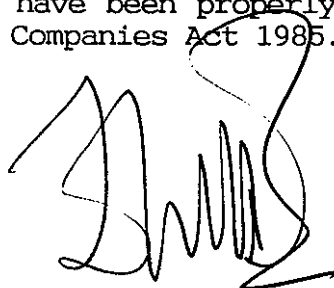
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 1995 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

11th January 1996



John W. Hinks & Co.
Chartered Accountants
and Registered Auditor

D. & J. (STEELS) LIMITED
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PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 30TH SEPTEMBER 1995**

	Notes	<u>£</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Turnover	1		7,041,683	5,574,885
Cost of sales			6,241,599	5,065,030
Gross profit			<u>800,084</u>	<u>509,855</u>
Distribution costs		74,447		71,015
Administrative expenses		298,000		259,741
		<u> </u>	<u>372,447</u>	<u>330,756</u>
Operating profit	3		<u>427,637</u>	<u>179,099</u>
Interest	6		<u>90,995</u>	<u>83,365</u>
Profit on ordinary activities before tax			<u>336,642</u>	<u>95,734</u>
Tax on profit on ordinary activities	7		<u>127,743</u>	<u>35,476</u>
Profit on ordinary activities after tax			<u>208,899</u>	<u>60,258</u>
Dividend proposed	8		<u>140,000</u>	<u>40,000</u>
Amount transferred to reserves	16		<u>68,899</u>	<u>20,258</u>

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
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TOTAL RECOGNISED GAINS AND LOSSES
HISTORICAL COST PROFITS AND LOSSES
MOVEMENT IN SHAREHOLDERS FUND _____ FOR THE YEAR ENDED 30TH SEPTEMBER 1995_

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>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Profit on ordinary activities before taxation	336,642	95,734
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	3,524	3,524
Historical cost profit on ordinary activities before tax	340,166	99,258
Historical cost transfer to reserves	72,423	23,782
Reconciliations of movements in shareholders funds		
Profit attributable to shareholders for the year	208,899	60,258
Dividends	140,000	40,000
Net addition to shareholders funds	68,899	20,258
Opening shareholders funds	684,426	664,168
Closing shareholders funds	753,325	684,426

D. & J. (STEELS) LIMITED
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BALANCE SHEET

30TH SEPTEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Fixed assets				
Tangible assets	9		702,374	707,198
Current assets				
Stocks	11	1,176,664		1,240,534
Debtors	12	1,755,189		1,566,781
Cash in hand		58		11
		<u>2,931,911</u>		<u>2,807,326</u>
Creditors: amounts due within one year	13	<u>2,871,960</u>		<u>2,830,098</u>
Net current assets/(liabilities)			<u>59,951</u>	<u>(22,772)</u>
Total assets less current liabilities			<u>762,325</u>	<u>684,426</u>
Provisions for liabilities and charges	14		<u>9,000</u>	<u>-</u>
Net assets			<u>753,325</u>	<u>684,426</u>
Capital and reserves				
Called up share capital	15		6,000	6,000
Profit and loss account	16		429,124	360,225
Revaluation reserve	16		318,201	318,201
Shareholders' Funds			<u>753,325</u>	<u>684,426</u>

These financial statements were approved by the board on 11th January 1996.

M E SARA)
H C EVERETT) DIRECTORS

The notes on pages 8 to 14 form part of these accounts.

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 to the defined contribution scheme are charged to the profit and loss account in the period in which they arise, 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.

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30TH SEPTEMBER 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation:- tangible fixed assets owned	47,277	47,234
Hire of equipment	6,728	6,678
Auditors' remuneration	6,150	6,000
	<u> </u>	<u> </u>
and after crediting		
Rent received	-	1,440
Profit on sale of fixed assets	6,427	5,423
	<u> </u>	<u> </u>
4. Directors remuneration		
Remuneration as executives (including pension contributions) being total remuneration in arriving at operating profit	89,712	61,388
	<u> </u>	<u> </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	48,729	31,380
	<u> </u>	<u> </u>
Other directors	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	3	3
£ 20,001 - £ 25,000	-	1
£ 40,000 - £ 45,000	1	-
5. Particulars of employees		
The average number of persons employed by the company (including directors) during the period was:	<u>1995</u>	<u>1994</u>
Category		
Administration and sales	15	16
Production	11	10
	<u> </u>	<u> </u>
	26	26
	<u> </u>	<u> </u>
Their total remuneration was:	<u>£</u>	<u>£</u>
Wages and salaries	349,729	309,887
Social security costs	27,469	29,138
Other pension costs	31,670	11,211
	<u> </u>	<u> </u>
	408,868	350,236
	<u> </u>	<u> </u>

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	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
6. Interest		
<u>Payable</u>		
On loans and overdrafts repayable: within 5 years, not by instalments	90,995	83,365
	<u> </u>	<u> </u>
7. Taxation		
Current year		
Corporation tax at 33% (1994 33%)	119,000	35,500
Deferred tax	9,000	-
Prior year adjustment:		
Corporation tax	(257)	(24)
	<u> </u>	<u> </u>
	127,743	35,476
	<u> </u>	<u> </u>
8. Dividends		
Dividend on 6,000 ordinary shares	140,000	40,000
	<u> </u>	<u> </u>

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30TH SEPTEMBER 1995

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 1994	550,000	447,182	997,182
Additions	-	43,807	43,807
Disposals	-	(32,050)	(32,050)
	<hr/>	<hr/>	<hr/>
At 30th September 1995	550,000	458,939	1,008,939
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st October 1994	19,500	270,484	289,984
Provision for the year	6,500	40,777	47,277
Disposals	-	(30,696)	(30,696)
	<hr/>	<hr/>	<hr/>
At 30th September 1995	26,000	280,565	306,565
	<hr/>	<hr/>	<hr/>
Net book value at 30th September 1995	524,000	178,374	702,374
	<hr/>	<hr/>	<hr/>
Net book value at 30th September 1994	530,500	176,698	707,198
	<hr/>	<hr/>	<hr/>
b. The cost or valuation figures for land and buildings comprise:			
		<u>1995</u>	<u>1994</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
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30TH SEPTEMBER 1995

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

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

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Cost	256,173	256,173
Depreciation	37,374	34,398
	<u>218,799</u>	<u>221,775</u>
10. Capital commitments	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Authorised and contracted for	-	7,800
11. Stocks		
Finished goods	1,176,664	1,240,534
12. Debtors		
Trade debtors	1,467,349	1,114,686
Amounts owed by group undertakings	269,962	441,286
Prepayments and accrued income	17,878	10,809
	<u>1,755,189</u>	<u>1,566,781</u>
13. Creditors (amounts due within one year)		
Bank loans and overdrafts	979,893	1,058,070
Trade creditors	1,310,877	1,418,684
Amounts owed to group undertakings	191,720	182,736
Other creditors	27,067	26,928
Corporation tax	119,000	35,500
Other taxes and social security	71,684	47,487
Accruals	31,719	20,693
Proposed dividend	140,000	40,000
	<u>2,871,960</u>	<u>2,830,098</u>

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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>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Deferred tax		
Provided		
At 30th September 1994	-	-
Movement in year	9,000	-
	<u> </u>	<u> </u>
At 30th September 1995	9,000	-
	<u> </u>	<u> </u>
Not provided		
Surplus on revaluation of fixed assets	22,000	28,000
Accelerated capital allowances	21,000	20,000
	<u> </u>	<u> </u>
	43,000	48,000
	<u> </u>	<u> </u>

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>Revaluation Reserve</u>
	<u>£</u>	<u>£</u>
At 1st October 1994	360,225	318,201
Profit for the year	68,899	-
	<u> </u>	<u> </u>
At 30th September 1995	429,124	318,201
	<u> </u>	<u> </u>

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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 1995, the company had annual commitments under non cancellable operating leases as detailed below:-

Operating lease for equipment which expire:-	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Between one and five years	6,728	2,772
After five years	Nil	3,956

19. Pension scheme

The company contributes into two pension schemes, one a defined contribution scheme and the other a defined benefit scheme. The assets of both schemes are held in trust funds and therefore held separately from the company's assets.

The pension cost charge in respect of the defined benefit scheme was £25,420 which represented contributions payable by the company to the fund.

The defined benefit scheme is the Hill & Smith Group Pension and Assurance Scheme, contributions being based on pension costs across the group as a whole. The company's pension cost charge for the year was £6,250. 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.

20. Parent company

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