

Registrar of Companies

Company Number: 00993624

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

REPORT AND ACCOUNTS

30TH SEPTEMBER 1996



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

Company number: 00993624

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REPORT AND ACCOUNTS

30TH SEPTEMBER 1996

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D & J (STEELS) 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 that of steel stockholding.

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 final dividend for the year ended 30th September 1996 of £144,000.

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 and leasehold 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 £238. There were no political contributions.

D & J (STEELS) LIMITED
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DIRECTORS' REPORT

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
E Johnson
H C Everett
E Fisher
P Harper

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
E Johnson	100,872	82,249
H C Everett	50,014	46,760
E Fisher	-	-
P Harper	4,072	-

Going concern

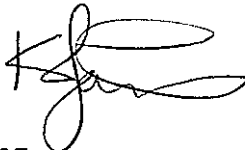
The directors are satisfied that the company is a going concern. In forming this view, the directors have reviewed current internal financial projections and the facilities available to meet the company's cash requirements.

Auditors

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

K J JARVIS
Secretary



9th January 1997

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

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 1996

	Notes	1996 £	1995 £
Turnover	1	8,090,546	7,041,683
Cost of sales		<u>(7,208,742)</u>	<u>(6,208,764)</u>
Gross profit		<u>881,804</u>	<u>832,919</u>
Distribution costs		(131,204)	(107,083)
Administrative expenses		<u>(361,018)</u>	<u>(298,199)</u>
		<u>(492,222)</u>	<u>(405,282)</u>
Operating profit	2	389,582	427,637
Interest	5	<u>(61,514)</u>	<u>(90,995)</u>
Profit on ordinary activities before taxation		328,068	336,642
Tax on profit on ordinary activities	6	<u>(112,324)</u>	<u>(127,743)</u>
Profit for the financial year		215,744	208,899
Dividends	7	<u>(144,000)</u>	<u>(140,000)</u>
Retained profit for the year		71,744	68,899
Retained profit at 30th September 1995		<u>429,124</u>	<u>360,225</u>
Retained profit at 30th September 1996		<u><u>500,868</u></u>	<u><u>429,124</u></u>

Continuing operations

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

The notes on pages 7 to 13 form part of these accounts.

D & J (STEELS) LIMITED
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YEAR ENDED 30TH SEPTEMBER 1996

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the financial year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES	1996 £	1995 £
Reported profit on ordinary activities before taxation	328,068	336,642
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>3,524</u>	<u>3,524</u>
Historical cost profit on ordinary activities before taxation	<u>331,592</u>	<u>340,166</u>
Historical cost profit for the year retained after taxation and dividends	<u>75,268</u>	<u>72,423</u>

MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	215,744	208,899
Dividends	<u>144,000</u>	<u>140,000</u>
Net addition to shareholders' funds	71,744	68,899
Opening shareholders' funds	<u>753,325</u>	<u>684,426</u>
Closing shareholders' funds	<u>825,069</u>	<u>753,325</u>

The notes on pages 7 to 13 form part of these accounts.

D & J (STEELS) LIMITED
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BALANCE SHEET

30TH SEPTEMBER 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	8	<u>663,247</u>	<u>702,374</u>
Current assets			
Stocks	9	1,045,234	1,176,664
Debtors	10	1,806,072	1,755,189
Cash at bank and in hand		<u>500</u>	<u>58</u>
		2,851,806	2,931,911
Creditors: amounts due within one year	11	<u>(2,683,984)</u>	<u>(2,871,960)</u>
Net current assets		<u>167,822</u>	<u>59,951</u>
Total assets less current liabilities		831,069	762,325
Provisions for liabilities and charges	12	<u>(6,000)</u>	<u>(9,000)</u>
Net assets		<u><u>825,069</u></u>	<u><u>753,325</u></u>
Capital and reserves			
Called up share capital	13	6,000	6,000
Revaluation reserve	14	318,201	318,201
Profit and loss account		<u>500,868</u>	<u>429,124</u>
Equity Shareholders' funds		<u><u>825,069</u></u>	<u><u>753,325</u></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 7 to 13 form part of these accounts.

D & J (STEELS) 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.

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.

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.

D & J (STEELS) 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 carried on in the United Kingdom.

2 Operating profit

	1996 £	1995 £
This is stated after charging:		
Depreciation of owned assets	50,266	47,277
Hire of equipment	7,728	6,728
Auditors remuneration	<u>6,500</u>	<u>6,150</u>
and after crediting		
Profit on sale of tangible fixed assets	<u>-</u>	<u>6,427</u>

3 Directors emoluments

	1996 £	1995 £
Total remuneration as executives (including pension contributions)	<u>87,320</u>	<u>89,712</u>
Analysis of directors remuneration as executives (excluding pension contributions):		
Highest paid director	<u>42,297</u>	<u>40,321</u>
	Number	Number
Other directors:		
£ 0 - £ 5,000	3	3
£30,001 - £35,000	-	1
£35,001 - £40,000	<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>28</u>	<u>26</u>
	£	£
Their total remuneration was:		
Wages and salaries	380,742	349,729
Social security costs	37,437	27,469
Other pension costs	<u>21,983</u>	<u>31,670</u>
	<u>440,162</u>	<u>408,868</u>

D & J (STEELS) 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	<u>61,514</u>	<u>90,995</u>

6 Tax on profit on ordinary activities

	1996 £	1995 £
Corporation tax	120,000	119,000
Deferred taxation	<u>(3,000)</u>	<u>9,000</u>
	117,000	128,000
Prior years:		
Corporation tax	<u>(4,676)</u>	<u>(257)</u>
	<u>112,324</u>	<u>127,743</u>

7 Dividends

	1996 £	1995 £
Final proposed dividends on ordinary shares	<u>144,000</u>	<u>140,000</u>

D & J (STEELS) 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	550,000	458,939	1,008,939
Additions	<u>-</u>	<u>11,139</u>	<u>11,139</u>
End of year	<u>550,000</u>	<u>470,078</u>	<u>1,020,078</u>
Depreciation:			
Beginning of year	26,000	280,565	306,565
Charge for the year	<u>6,500</u>	<u>43,766</u>	<u>50,266</u>
End of year	<u>32,500</u>	<u>324,331</u>	<u>356,831</u>
Net book value:			
Beginning of year	<u>524,000</u>	<u>178,374</u>	<u>702,374</u>
End of year	<u>517,500</u>	<u>145,747</u>	<u>663,247</u>

- a. The cost or valuation figures for property includes:

	1996 Freehold £	1995 Freehold £
Valuation made in 1991	<u>550,000</u>	<u>550,000</u>

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

	1996 Freehold £	1995 Freehold £
Cost	256,173	256,173
Depreciation	<u>(40,350)</u>	<u>(37,374)</u>
Net book value	<u>215,823</u>	<u>218,799</u>

D & J (STEELS) 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	225,000	225,000
Freehold buildings	<u>292,500</u>	<u>299,000</u>
	<u>517,500</u>	<u>524,000</u>

d. Capital commitments

	1996 £	1995 £
Authorised, not contracted for	<u>20,000</u>	<u>-</u>

9 Stocks

	1996 £	1995 £
Raw materials and consumables	<u>1,045,234</u>	<u>1,176,664</u>

10 Debtors

	Amounts due within one year	
	1996 £	1995 £
Trade debtors	1,486,783	1,467,349
Amounts owed by group undertakings	293,929	269,962
Other debtors	6,980	-
Prepayments	<u>18,380</u>	<u>17,878</u>
	<u>1,806,072</u>	<u>1,755,189</u>

D & J (STEELS) LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

11 Creditors

	Amounts due within one year	
	1996 £	1995 £
Bank loans and overdrafts	574,511	979,893
Trade creditors	1,567,920	1,310,877
Amounts owed to group undertakings	123,402	191,720
Other creditors	24,469	27,067
Corporation tax	120,000	119,000
Other tax and social security	98,845	71,684
Accruals	30,837	31,719
Proposed dividend	144,000	140,000
	<u>2,683,984</u>	<u>2,871,960</u>

Interest on bank borrowings, is payable at normal joint stock bank rates. Bank borrowings are secured by cross-guarantees by group companies.

12 Provision for liabilities and charges

Deferred tax

i. Provided in financial statements:

	1996 £	1995 £
Accelerated capital allowances	<u>6,000</u>	<u>9,000</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	17,000	21,000
Revaluation of properties	<u>8,000</u>	<u>22,000</u>
	<u>25,000</u>	<u>43,000</u>

iii. Deferred taxation provided

	1996 £	1995 £
Beginning of year	9,000	-
Movement arising in year	<u>(3,000)</u>	<u>9,000</u>
End of year	<u>6,000</u>	<u>9,000</u>

D & J (STEELS) LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

13 Share Capital

	1996 £	1995 £
Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted called up and fully paid 6,000 ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

14 Revaluation reserve

	1996 £	1995 £
End of year	<u>318,201</u>	<u>318,201</u>

15 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.

16 Financial commitments

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

	1996 £	Other 1995 £
Leases expiring within: One to five years	<u>6,702</u>	<u>6,728</u>

D & J (STEELS) LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1996

17 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 contribution scheme was £13,599 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 £8,384. 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.

18 Parent company

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

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

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

We have audited the accounts on pages 3 to 13 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 6.

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.

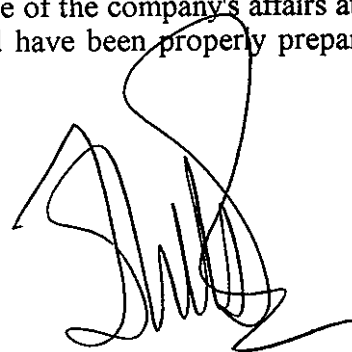
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error.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