

D. & J. (STEELS) LIMITED

Page 1.

COMPANY NO. 993624

AUDITORS' REPORT TO THE MEMBERS

Under Schedule 8 Para 10(3) of the Companies Act 1985.

We have examined the financial statements on pages 2 & 3 which have been modified as permitted for a small size company. In our opinion, the directors are entitled to deliver modified accounts for the year ended 31st October 1988.

We set out below the text of our report to the members, dated 30th November 1988, on the unmodified Accounts for the year ended 31st October 1988.

We have audited the financial statements on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the Historical Cost Convention give a true and fair view of the state of the company's affairs as at the 31st October 1988, and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1985.

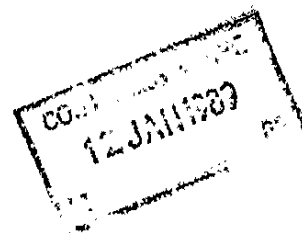


POOLE WATERFIELD

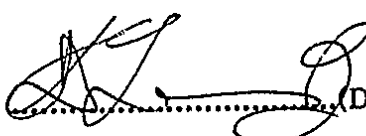
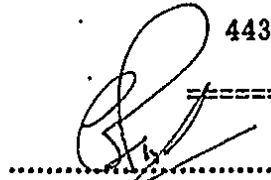
Accountants

Dudley  
West Midlands.

30th November 1988.



BALANCE SHEET  
AS AT 31ST OCTOBER 1988

	NOTES	1988	1987
<b>FIXED ASSETS:</b>			
Tangible assets		377,892	375,235
<b>CURRENT ASSETS:</b>			
Stocks	550,186	439,467	
Debtors	1,209,913	1,253,127	
Cash in hand	343	991	
	<u>1,760,442</u>	<u>1,693,585</u>	
	=====	=====	
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR:</b>			
Bank overdraft	263,900	310,021	
Trade creditors	1,211,631	1,151,218	
Other creditors	102,025	61,515	
	<u>1,577,556</u>	<u>1,522,754</u>	
	=====	=====	
<b>NET CURRENT ASSETS</b>		182,886	170,831
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>560,778</u>	<u>546,066</u>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
PROVISION FOR LIABILITIES	99,048	120,702	
AND CHARGES	18,514	21,155	
	<u>117,562</u>	<u>141,857</u>	
		<u>443,216</u>	<u>404,209</u>
		=====	=====
<b>CAPITAL AND RESERVES:</b>			
<b>CALLED UP SHARE CAPITAL</b>	2	6,000	6,000
<b>RESERVES:</b>			
Profit and loss account		437,216	398,209
<b>SHAREHOLDERS' FUNDS</b>		<u>443,216</u>	<u>404,209</u>
		=====	=====
 (DIRECTOR)		 (DIRECTOR)	

In preparing these modified accounts, we have relied on Sections 247 to 249 of the 1985 Companies Act, thus enabling us to deliver accounts modified as for a small size company.

The notes on page 3 form part of these modified accounts.

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST OCTOBER 1988****1. ACCOUNTING POLICIES****(a) Convention**

The accounts have been prepared in accordance with the Historical Cost Convention. The principal accounting policies which the directors have adopted within that convention are set out below.

**(b) Depreciation**

Depreciation of tangible assets has been calculated to write off their cost at percentages of their written down value at the following rates:-

Vehicles	20%
Plant and machinery	10%
Fixtures & Fittings	10%

Depreciation of freehold property has been calculated to write off cost by equal instalments over 50 years.

**(c) Stock**

Stock is stated at the lower of cost and net realisable value. In establishing the cost of stock at the end of the year, the valuation is taken to represent the latest purchases.

Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred on disposal.

**(d) Taxation**

Provision is made for deferred taxation using the liability method in respect of capital allowances on fixed assets and other timing differences, to the extent that these are expected to result in tax liabilities becoming payable in the foreseeable future.

**(e) Pensions**

The company operates a pension scheme to provide retirement benefits based on final salaries for certain employees. Contributions are charged to the profit and loss account as they are made.

**2. SHARE CAPITAL**

Authorised:	10,000 Ordinary Shares of £1 each (1987 - £10,000)
Issued:	6,000 Ordinary Shares of £1 each, fully paid (1987 - £6,000)