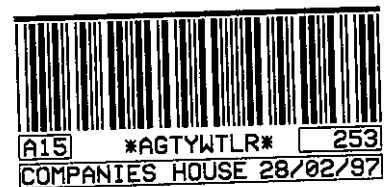


**Charles Day (Steels) Limited**

**Financial Statements**

**31st October 1996**

**Company No: 1289020**



**Charles Day (Steels) Limited**

**Company Information**

**Company No: 1289020**

---

**Directors**

J. C. W. Day  
W. Hudson

**Secretary**

P. C. Wooffinden

**Auditors**

S. E. Short & Co.

**Bankers**

Lloyds Bank plc

**Registered Office**

Downgate Drive  
Sheffield  
S4 8BT

**Page No.**

1 and 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6	Cash Flow Statement
7 to 14	Notes to the Accounts

**Directors' Report**

**for the year ended 31st October 1996**

---

The directors submit their report together with the audited financial statements for the year ended 31st October 1996.

**Directors' Statement**

Company law requires the directors to prepare financial statements 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 for that year. In preparing those financial statements the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgments and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements 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 the financial statements 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.

**Principal Activity and Business Review**

The principal activity of the company continued to be that of steel profile burning.

The company enjoyed a successful year, with turnover increasing by 13% and overheads being maintained at 1995 levels. Towards the end of its financial year, the company purchased new premises and its trading activities will be transferred there during the current year.

**Post Balance Sheet Events**

Shortly after the year end the company sold its old premises for £310,000.

**Future Developments of the Business**

The directors are confident that the progress made during the year will be maintained for the foreseeable future.

**Directors and their Interests**

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

	Ordinary shares of £1 each	
	1996	1995
	No.	No.
J. C. W. Day	19,600	19,600
W. Hudson	-	-

**Close Company**

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

**Auditors**

S. E. Short & Co. have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be put to the members at the annual general meeting.

Approved by the Board on 12th February 1997.

**P. C. Wooffinden**

Secretary

A handwritten signature in black ink, appearing to be 'P. C. Wooffinden', written in a cursive style.

**Charles Day (Steels) Limited**  
**Auditors' Report to the Shareholders**  
**for the year ended 31st October 1996**

---

We have audited the financial statements on pages 4 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 1 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 those 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 judgments 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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of 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 as at 31st October 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



6 Fairfield Road  
Chesterfield  
S40 4TP

12th February 1997

S. E. Short & Co.  
  
Chartered Accountants and  
Registered Auditors

**Charles Day (Steels) Limited****Profit and Loss Account****for the year ended 31st October 1996**

	Notes	1996 £	1995 £
<b>Turnover</b>		3,700,164	3,274,098
<b>Cost of sales</b>		2,836,534	2,484,686
<b>Gross profit</b>		863,630	789,412
Distribution costs		26,712	14,387
Administrative expenses		676,443	643,075
Other operating income		-	25,000
<b>Operating profit</b>	2	160,475	156,950
Interest receivable		-	300
Interest payable	4	33,344	23,902
<b>Profit on ordinary activities before taxation</b>		127,131	133,348
<b>Taxation</b>	5	28,678	34,279
<b>Profit for the financial year</b>		98,453	99,069
<b>Dividends</b>		-	26,000
<b>Retained profit transferred to reserves</b>	17	98,453	73,069

*All amounts relate to continuing activities.*

*There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.*

**Charles Day (Steels) Limited**

**Balance Sheet**

**as at 31st October 1996**

	Notes	1996 £	1995 £
<b>Fixed Assets</b>			
Tangible assets	6	964,029	485,727
<b>Current Assets</b>			
Stock	7	199,678	292,388
Debtors	8	1,176,078	937,421
Current asset investments	9	161,296	-
Cash in hand		33	54
		<u>1,537,085</u>	<u>1,229,863</u>
<b>Creditors:</b>			
Amounts falling due within one year	10	<u>1,475,206</u>	<u>1,171,364</u>
<b>Net Current Assets</b>		61,879	58,499
<b>Total Assets Less Current Liabilities</b>		<u>1,025,908</u>	<u>544,226</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	11	363,898	92,296
<b>Provision for Liabilities and Charges</b>			
Deferred taxation	14	37,051	35,279
<b>Deferred Income</b>			
Government grants	15	109,855	-
		<u>515,104</u>	<u>416,651</u>
<b>Capital and Reserves</b>			
Share capital	16	21,000	21,000
Profit and loss account	17	494,104	395,651
		<u>515,104</u>	<u>416,651</u>
<b>Analysis of shareholders' funds</b>			
Equity interests		<u>515,104</u>	<u>416,651</u>

These accounts were approved by the board on 12th February 1997.

J. C. W. Day

Director



**Charles Day (Steels) Limited**

**Cash Flow Statement**

**for the year ended 31st October 1996**

	Notes	1996 £	1996 £	1995 £	1995 £
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	22		126,625		(6,532)
<b>Returns on Investments and Servicing of Finance</b>					
Interest received		-		300	
Interest paid		(30,401)		(22,156)	
Dividends paid		-		(26,000)	
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>			(30,401)		(47,856)
<b>Taxation</b>					
Corporation tax paid		(30,613)		(19,963)	
<b>Tax Paid</b>			(30,613)		(19,963)
<b>Investing Activities</b>					
Purchase of tangible fixed assets		(462,515)		(194,658)	
Tangible fixed assets transferred to short-term investments		161,296		23,775	
<b>Net Cash Outflow from Investing Activities</b>			(301,219)		(170,883)
<b>Net Cash Outflow before Financing</b>			(235,608)		(245,234)
<b>Financing</b>					
Long term loans		344,845		(8,750)	
Capital element of hire purchase contracts		(57,680)		72,716	
Government grants		109,855		-	
<b>Net Cash Inflow from Financing</b>			397,020		63,966
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	24		161,412		(181,268)

**1 Principal Accounting Policies**

***Accounting Convention***

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

***Turnover***

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

***Depreciation***

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates generally applicable are, on the straight line basis:

Freehold buildings	4%
Plant and machinery	20%
Motor vehicles	20%
Fixtures and fittings	10%
Computer and office equipment	25%

***Government Grants***

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the Profit and Loss Account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants or assistance of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

***Stocks***

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, labour and relevant manufacturing overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

***Deferred Taxation***

Provision is made for deferred taxation using the liability method on short term timing differences and all other material timing differences which are not expected to continue in the future. A deferred taxation asset is shown only to the extent that its recovery is reasonably certain within the following financial year.

*Pension costs - Defined contribution scheme*

The company operates a number of defined contribution pension schemes. The cost of the contributions made by the company to the schemes are charged to the profit and loss account as incurred.

*Leased Assets*

Assets held under hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of hire purchase payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the contract.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the period of the lease.

2	<b>Operating Profit</b>	<b>1996</b>	<b>1995</b>
		£	£
	<i>The operating profit is stated after charging:</i>		
	Directors' emoluments	208,948	227,575
	Auditors' remuneration	4,700	4,500
	Depreciation - owned assets	71,330	61,501
	Depreciation - assets held under hire purchase contracts	39,010	26,611
	Loss on disposal of fixed assets	-	4,103
		<hr/>	<hr/>

31st October 1996

**3 Directors and Employees**

Staff costs during the year were as follows:

	1996 £	1995 £
Wages and salaries	814,550	718,876
Social security costs	74,900	68,486
Other pension costs	21,764	37,496
	<u>911,214</u>	<u>824,858</u>

The average monthly number of employees, including directors, during the year was as follows:

	1996 Number	1995 Number
Directors and management	6	6
Administration	7	7
Production	33	28
	<u>46</u>	<u>41</u>

The emoluments, excluding pension contributions, of the chairman were £144,247 (1995: £197,921).

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 Number	1995 Number
£ 15,001 - £ 20,000	-	1
£ 40,001 - £ 45,000	1	-
£140,001 - £145,000 (1995: £195,001 - £200,000)	1	1

**4 Interest Payable**

	1996 £	1995 £
Bank loan and overdraft	22,132	3,393
Finance charges in respect of hire purchase contracts	8,644	5,251
Other interest payable	2,568	15,258
	<u>33,344</u>	<u>23,902</u>

**5 Tax on Profit on Ordinary Activities**

	1996 £	1995 £
U.K. Corporation tax	26,906	36,824
Deferred tax charge	1,772	(2,545)
	<u>28,678</u>	<u>34,279</u>

Charles Day (Steels) Limited

Notes to the Accounts

31st October 1996

6	Tangible Fixed Assets	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer and office equipment	Total
		£	£	£	£	£	£
	Cost						
	At 1st November 1995	231,525	397,731	138,375	19,016	79,284	865,931
	Additions	557,607	148,281	13,623	3,027	27,400	749,938
	Transferred to Current Assets	(231,890)	-	-	-	-	(231,890)
	At 31st October 1996	557,242	546,012	151,998	22,043	106,684	1,383,979
	Depreciation						
	At 1st November 1995	62,658	226,075	28,583	12,341	50,547	380,204
	Charged for the year	7,936	57,537	26,712	1,810	16,345	110,340
	Transferred to Current Assets	(70,594)	-	-	-	-	(70,594)
	At 31st October 1996	-	283,612	55,295	14,151	66,892	419,950
	Net Book Value						
	Owned assets	557,242	211,351	22,599	7,892	39,792	838,876
	Assets held under H. P. contracts	-	51,049	74,104	-	-	125,153
	At 31st October 1996	557,242	262,400	96,703	7,892	39,792	964,029
	Owned assets	168,867	102,337	14,948	6,675	28,737	321,564
	Assets held under H. P. contracts	-	69,319	94,844	-	-	164,163
	At 31st October 1995	168,867	171,656	109,792	6,675	28,737	485,727
	Analysis of Freehold land and buildings				Land	Buildings	Total
	Cost				189,497	367,745	557,242
7	Stocks				1996	1995	
					£	£	
	Raw materials				165,593	250,540	
	Finished goods				34,085	41,848	
					199,678	292,388	
8	Debtors				1996	1995	
					£	£	
	Trade debtors				1,141,600	917,282	
	Other debtors				19,459	2,492	
	Prepayments and accrued income				15,019	17,647	
					1,176,078	937,421	

## Notes to the Accounts

31st October 1996

<b>9</b>	<b>Current Asset Investments</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Freehold property sold after the year end	161,296	-
		<u>161,296</u>	<u>-</u>
<b>10</b>	<b>Creditors: Amounts falling due within one year</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Debenture loan (see Note 11)	8,750	8,750
	Bank loan and overdraft (see Note 11)	219,209	194,384
	Obligations under hire purchase contracts	48,281	57,680
	Trade creditors	696,984	572,622
	Corporation tax	26,587	30,294
	Other taxes and social security	56,087	98,332
	Other creditors	299,791	85,299
	Accruals and deferred income	119,517	124,003
		<u>1,475,206</u>	<u>1,171,364</u>
<b>11</b>	<b>Creditors: Amounts falling due after more than one year</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Debenture loan	8,750	17,500
	Bank loan	328,633	-
	Obligations under hire purchase contracts	26,515	74,796
		<u>363,898</u>	<u>92,296</u>
<p>The debenture loan bears interest at 11.25% per annum and is repayable by half-yearly instalments terminating in October 1997.</p> <p>The bank loan, which bears interest at 1.75% above base rate, is secured, along with the bank overdraft, by a fixed and floating charge over all of the company's assets and is repayable by monthly instalments projected to terminate in November 2006. The amount repayable more than five years after the balance sheet date is £205,771.</p>			
<b>12</b>	<b>Obligations Under Hire Purchase Contracts</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Obligations under hire purchase contracts are due as follows:		
	Within one year	48,281	57,680
	Between one and two years	26,515	48,281
	Between two and five years	-	26,515
		<u>74,796</u>	<u>132,476</u>

Obligations under hire purchase contracts are secured on the assets concerned.

# Charles Day (Steels) Limited

## Notes to the Accounts

31st October 1996

<b>13</b>	<b>Borrowings</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Borrowings are repayable as follows :-		
	Within one year	227,959	203,134
	Between one and two years	35,447	8,750
	Between two and five years	93,467	8,750
	After five years	208,469	-
		<u>565,342</u>	<u>220,634</u>

## 14 Deferred Taxation

Deferred taxation provided and unprovided in the financial statements is as follows:

	Amount provided		Amount unprovided	
	1996	1995	1996	1995
	£	£	£	£
Accelerated capital allowances	37,187	36,398	-	-
Other timing differences	(136)	(1,119)	-	-
	<u>37,051</u>	<u>35,279</u>	<u>-</u>	<u>-</u>

<b>15</b>	<b>Government Grants</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Grants receivable during the year	109,855	-
	At 31st October 1996	<u>109,855</u>	<u>-</u>

<b>16</b>	<b>Share Capital</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>	<b>Number</b>	
	Ordinary shares of £1 each	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
	<b>Allotted, issued, and fully paid</b>	<b>Number</b>	<b>£</b>
	Ordinary shares of £1 each	21,000	21,000
		<u>21,000</u>	<u>21,000</u>

# Charles Day (Steels) Limited

## Notes to the Accounts

31st October 1996

### 17 Reserves

	Profit and Loss Account £
At 1st November 1995	395,651
Retained profit for the year	98,453
At 31st October 1996	<u>494,104</u>

### 18 Reconciliation of Movements in Shareholders' Funds

	1996 £	1995 £
Profit for the financial year	98,453	99,069
Dividends	-	(26,000)
Increase in shareholders' funds	<u>98,453</u>	<u>73,069</u>
Opening shareholders' funds	416,651	343,582
Closing shareholders' funds	<u>515,104</u>	<u>416,651</u>

### 19 Pensions - Defined Contribution Scheme

The company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charge of £21,764 (1995: £37,496) represents contributions payable by the company to the funds.

### 20 Capital Commitments

	1996 £	1995 £
Capital commitments as at 31st October 1996 were as follows:		
Authorised and contracted for	<u>234,000</u>	<u>-</u>

### 21 Transactions Involving Directors

Included in other debtors is an interest-free quasi-loan to a director as follows:

	Amounts outstanding 1996 £	1995 £
J. C. W. Day	<u>1,012</u>	<u>-</u>
The maximum liability in the year amounted to:		<u>£</u>
		1,012
		<u>1,012</u>



31st October 1996

**22 Reconciliation of Operating Profit to Net Cash Flow from Operating Activities**

	1996 £	1995 £
Operating profit	160,475	156,950
Depreciation	110,340	88,112
Loss on disposal of fixed assets	-	4,103
Decrease/(Increase) in stocks	92,710	(112,442)
(Increase) in debtors	(238,657)	(198,397)
Increase in creditors	1,757	55,142
Net Cash Inflow/(Outflow) from Operating Activities	126,625	(6,532)

**23 Analysis of Changes in Financing During the Year**

	Share Capital £	Loans £	Hire Purchase Obligations £	Grants £
Balance at 1st November 1995	21,000	26,250	132,476	-
Net cash inflow/(outflow) from financing	-	344,845	(57,680)	109,855
Balance at 31st October 1996	21,000	371,095	74,796	109,855

**24 Analysis of Changes in Cash and Cash Equivalents During the Year**

	1996 £	1995 £
Balance at 1st November 1995	(194,330)	(13,062)
Balance at 31st October 1996	(32,918)	(194,330)
Net cash movement	161,412	(181,268)

**25 Analysis of Changes in Cash or Cash Equivalents as Shown in the Balance Sheet**

	Cash at Bank and in Hand £	Short-Term Investments £	Bank Overdrafts £
At 31st October 1996	33	161,296	(194,247)
At 1st November 1995	54	-	(194,384)
Change in the year	(21)	161,296	137

The short-term investment is freehold property sold after the year end.