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REPORT OF THE AUDITORS

1289020

to the Director of CHARLES DAY (STEELS) LIMITED

under paragraph 10 of Schedule 8 to the Companies Act 1985

We have examined the modified accounts set out on pages 2 to 5 for the year ended 31st October, 1987.

In our opinion, the director is entitled to deliver modified accounts as a small company in respect of the year, as claimed in the director's statement on page 2, and the modified accounts have been properly prepared as such in accordance with Schedule 8 to the Companies Act 1985.

As auditors of Charles Day (Steels) Limited on 3rd February, 1988, we reported to the members, under Section 236 of the Companies Act 1985, on the accounts of the company, prepared under Section 227 of the Companies Act 1985, for the year ended 31st October, 1987, as follows:

"We have audited the accounts on pages 4 to 13 in accordance with approved auditing standards, having regard to the matters referred to in the following paragraph.

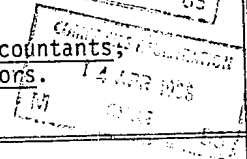
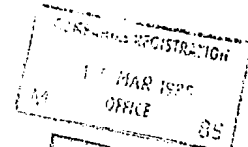
In common with many businesses of similar size and organisation, the company's system of control is dependent upon the close involvement of the director. Where independent confirmation of the completeness of the accounting records was, therefore, not available, we have accepted assurances from the director that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st October, 1987, and of its profit and source and application of funds for the year then ended, and comply with the Companies Act 1985".

Leobden, P. Ward

Sheffield & London,
3rd February, 1988.

Chartered Accountants
Auditors.



CHARLES DAY (STEELS) LIMITEDBALANCE SHEETat 31st OCTOBER 1987

(Modified in accordance with the provisions of the Companies Act 1985)

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
FIXED ASSETS			
Tangible assets		214,464	186,690
CURRENT ASSETS			
Stock		73,305	71,951
Debtors		341,162	189,567
Cash in hand		98	142
		414,565	261,660
CREDITORS: amounts falling due within one year	2	354,375	201,898
		60,190	59,762
NET CURRENT ASSETS			
		274,654	246,452
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	3	101,250	105,000
		173,404	141,452
PROVISION FOR LIABILITIES & CHARGES			
Deferred taxation		37,048	41,697
		£136,356	£99,755
CAPITAL & RESERVES			
Called-up share capital	4	6,000	6,000
Profit & loss account		130,356	93,755
		£136,356	£99,755

In preparing these modified accounts, I have relied upon the exemptions for individual accounts provided by Sections 247 to 249 of the Companies Act 1985, and I have done so on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Approved by the Board on 3rd February, 1988.

C. H. Day
C. H. DAY - DIRECTOR

The notes on pages 3 to 5 form part of these modified accounts.

CHARLES DAY (STEELS) LIMITED

NOTES TO THE MODIFIED ACCOUNTS

at 31st OCTOBER 1987

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold building	- 4% straight-line
Plant & machinery	- 20% straight-line
Commercial vehicles	- 20% straight-line
Motor vehicles	- 20% straight-line
Fixtures & fittings	- 10% straight-line
Computer equipment	- 25% straight-line

Stock

Stock is stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials	- purchase cost on a first-in, first-out basis
Work in progress	- cost of direct materials and labour plus
& finished goods	attributable overheads based on normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all short-term timing differences. Provision is also made for long-term timing differences, except for those which are not expected to reverse in the future.

CHARLES DAY (STEELS) LIMITED
NOTES TO THE MODIFIED ACCOUNTS
at 31st OCTOBER 1987

1. ACCOUNTING POLICIES (Continued)

Leasing & hire purchase commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to Profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

2. BANK OVERDRAFT

Included in creditors falling due within one year is a bank overdraft of £67,523 (1986: £39,061). It is secured by an unlimited debenture over the assets of the company and a second mortgage over the freehold property on Mangham Road, Rotherham.

3. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	<u>1987</u>	<u>1986</u>
Industrial development loans - see below	<u>£101,250</u>	<u>£105,000</u>

The details of the two loans involved are as follows:

a) £75,000 from the European Coal and Steel Community, received on 10th May, 1985, is repayable within eight years of that date. Repayment of capital is by four annual instalments of £18,750, the first to be made on 19th April, 1990. Interest is charged from the date of receipt of the loan and the rate of interest charged throughout the year was 6.5%.

b) £30,000 from N.C.B. (Enterprises) Limited, received on 4th March, 1986, is wholly repayable within five years from that date. Repayment of capital is by sixteen quarterly payments of £1,875, the first to be made on 15th June, 1987. Interest is charged from the date of receipt and the rate of interest charged throughout the year was 13%.

CHARLES DAY (STEELS) LIMITED
NOTES TO THE MODIFIED ACCOUNTS
at 31st OCTOBER 1987

4. CALLED-UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called-up & fully paid</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>	<u>£6,000</u>	<u>£6,000</u>

5. TRANSACTIONS WITH DIRECTORS

A loan of £4,500 was made to Mrs. J. A. Day, wife of the director, on 3rd March, 1987. This loan was fully repaid to the company by 31st January, 1988.