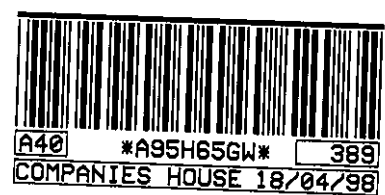


**Charles Day (Steels) Limited**  
**Abbreviated Financial Statements**  
**31st October 1997**  
**Company No: 1289020**



**Charles Day (Steels) Limited**

**Company Information**

**Company No: 1289020**

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**Director**

J C W Day

**Secretary**

P C Wooffinden

**Auditors**

S E Short & Co

**Bankers**

Royal Bank of Scotland plc

**Registered Office**

Downgate Drive  
Sheffield  
S4 8BT

**Page No.**

1 and 2

Director's Report

3

Abbreviated Auditors' Report

4

Abbreviated Profit and Loss Account

5

Abbreviated Balance Sheet

6 to 14

Notes to the Accounts

The director submits his report together with the audited financial statements for the year ended 31st October 1997.

### **Director's Statement**

Company law requires the director 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 director is required to:

Select suitable accounting policies and then apply them consistently;

Make judgements 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 director is 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. He is 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 director recommends dividends amounting to £80,000.

### **Principal Activity and Business Review**

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

During the early part of the year the company transferred its operations to its new premises in Sheffield. This helped the company to increase its turnover by 25% with a resultant increase in profitability.

### **Future Developments of the Business**

The director is confident that the progress made during the year will be maintained for the foreseeable future.

### **Directors and their Interests**

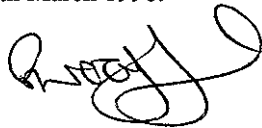
The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	<b>Ordinary shares of £1 each</b>	
	<b>1997</b>	<b>1996</b>
	<b>No.</b>	<b>No.</b>
J C W Day	19,600	19,600
W Hudson (resigned 24th October 1997)	-	-

**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 5th March 1998.

A handwritten signature in black ink, appearing to be 'P C Wooffinden', written over a faint, illegible stamp.

**P C Wooffinden**

Secretary

**Charles Day (Steels) Limited**

**Auditors' Report to Charles Day (Steels) Limited**

**under Section 247B of the Companies Act 1985**

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We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of the company for the year ended 31st October 1997 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of director and auditors**

The director is responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver the abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.

6 Fairfield Road  
Chesterfield  
Derbyshire  
S40 4TP

**5th March 1998**

  
\_\_\_\_\_  
**S E Short & Co**

**Registered auditors**

**Charles Day (Steels) Limited**

**Abbreviated Profit and Loss Account**

**for the year ended 31st October 1997**

	Notes	1997 £	1996 £
<b>Gross profit</b>		1,091,905	863,630
Administrative expenses		861,045	703,155
Other operating income	2	200,503	-
<b>Operating profit</b>	3	431,363	160,475
Interest receivable		404	-
Interest payable	5	47,671	33,344
<b>Profit on ordinary activities before taxation</b>		384,096	127,131
Tax on profit on ordinary activities	6	25,270	28,678
<b>Profit on ordinary activities after taxation</b>		358,826	98,453
Dividends		80,000	-
<b>Retained profit transferred to reserves</b>		278,826	98,453
Retained profit brought forward		494,104	395,651
<b>Retained profit carried forward</b>		772,930	494,104

*All amounts relate to continuing activities.*

*There have been no recognised gains or losses, other than the results for the financial year.*

**Charles Day (Steels) Limited****Abbreviated Balance Sheet****at 31st October 1997**

	Notes	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible assets	7	1,148,976	964,029
<b>Current Assets</b>			
Stock	8	365,605	199,678
Debtors	9	1,253,425	1,176,078
Current asset investments	10	-	161,296
Cash in hand		323	33
		<u>1,619,353</u>	<u>1,537,085</u>
<b>Creditors:</b>			
Amounts falling due within one year	11	<u>1,460,259</u>	<u>1,475,206</u>
<b>Net Current Assets</b>		<u>159,094</u>	<u>61,879</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,308,070</u>	<u>1,025,908</u>
<b>Creditors:</b>			
Amounts falling due after more than one year	12	398,358	363,898
<b>Provision for Liabilities and Charges</b>			
Deferred taxation	14	10,321	37,051
<b>Deferred Income</b>			
Government grants	15	105,461	109,855
		<u>793,930</u>	<u>515,104</u>
<b>Capital and Reserves</b>			
Share capital	16	21,000	21,000
Profit and loss account		<u>772,930</u>	<u>494,104</u>
<b>Equity Shareholders' Funds</b>	17	<u>793,930</u>	<u>515,104</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Approved by the board on 5th March 1998.

J C W Day

Director

**1 Principal Accounting Policies*****Accounting Convention***

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, modified to include the revaluation of investment property.

***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 and investment properties, over their expected useful lives. The rates generally applicable are, on the straight line basis:

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

***Investment Property***

In accordance with Statement of Standard Accounting Practice No. 19, one of the company's properties which is held for long-term investment is included in the Balance Sheet at its open market value. The surplus or deficit on annual revaluation of this property is transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the Financial Statements may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

***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 are stated at the lower of cost and net realisable value. Cost of raw materials is based on actual purchase price. The cost of finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

## Notes to the Abbreviated Financial Statements

31st October 1997

*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.

*Contribution to Pension Funds*

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.

2	<b>Other Operating Income</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Rental income	141	-
	Profit on sale of fixed assets	616	-
	Revenue grants receivable	50,000	-
	Profit on disposal of current asset investment (see Note 10)	149,746	-
		<u>200,503</u>	<u>-</u>
3	<b>Operating Profit</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	<i>The operating profit is stated after charging or crediting:</i>		
	Amounts payable to the auditors in respect of audit services	4,800	4,700
	Depreciation - owned assets	120,473	71,330
	Depreciation - assets held under hire purchase contracts	33,062	39,010
	Government grants transferred from deferred income	(4,394)	-
	Profit on disposal of fixed assets	(616)	-
		<u>(4,394)</u>	<u>-</u>

## Notes to the Abbreviated Financial Statements

31st October 1997

**4 Directors and Employees**

Staff costs during the year were as follows:

	1997	1996
	£	£
Wages and salaries	956,254	814,550
Social security costs	84,260	74,900
Other pension costs	52,016	21,764
	<u>1,092,530</u>	<u>911,214</u>

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

	1997	1996
	Number	Number
Directors and management	6	6
Administration	5	7
Production	40	33
	<u>51</u>	<u>46</u>

Remuneration in respect of directors was as follows:

	1997	1996
	£	£
Aggregate amount of emoluments paid in respect of qualifying services	180,848	189,234
Aggregate value of company contributions to money purchase pension schemes	49,275	19,714
Compensation for loss of office	30,775	-
	<u>260,898</u>	<u>208,948</u>

Other disclosures in respect of directors' qualifying services:

	1997	1996
	Number	Number
The number of directors at the year end to whom retirement benefits are accruing under money purchase pension schemes	<u>1</u>	<u>2</u>

**5 Interest Payable**

	1997	1996
	£	£
Bank loan and overdraft	32,381	22,132
Hire purchase	12,502	8,644
Other	2,788	2,568
	<u>47,671</u>	<u>33,344</u>

## Notes to the Abbreviated Financial Statements

31st October 1997

## 6 Tax on Profit on Ordinary Activities

	1997 £	1996 £
U.K. Corporation tax	52,000	26,906
Deferred tax	(26,730)	1,772
	<u>25,270</u>	<u>28,678</u>

## 7 Tangible Fixed Assets

	Freehold land and buildings £	Investment property £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Computer and office equipment £	Total £
<b>Cost or valuation</b>							
At 1st November 1996	557,242	-	546,012	151,998	22,043	106,684	1,383,979
Additions	175,481	-	98,113	24,697	6,686	48,122	353,099
Disposals	(5,000)	-	-	(17,226)	-	-	(22,226)
Transfer (Note 10)	-	1,042	-	-	-	-	1,042
At 31st October 1997	<u>727,723</u>	<u>1,042</u>	<u>644,125</u>	<u>159,469</u>	<u>28,729</u>	<u>154,806</u>	<u>1,715,894</u>
<b>Depreciation</b>							
At 1st November 1996	-	-	283,612	55,295	14,151	66,892	419,950
Charge for the year	19,378	-	82,519	28,366	1,975	21,297	153,535
Disposals	-	-	-	(6,567)	-	-	(6,567)
At 31st October 1997	<u>19,378</u>	<u>-</u>	<u>366,131</u>	<u>77,094</u>	<u>16,126</u>	<u>88,189</u>	<u>566,918</u>
<b>Net Book Value</b>							
Owned assets	708,345	1,042	145,069	14,689	12,603	66,617	948,365
Assets held under H. P. contracts	-	-	132,925	67,686	-	-	200,611
At 31st October 1997	<u>708,345</u>	<u>1,042</u>	<u>277,994</u>	<u>82,375</u>	<u>12,603</u>	<u>66,617</u>	<u>1,148,976</u>
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	<u>557,242</u>	<u>-</u>	<u>262,400</u>	<u>96,703</u>	<u>7,892</u>	<u>39,792</u>	<u>964,029</u>
<b>Analysis of Freehold land and buildings</b>					<b>Land £</b>	<b>Buildings £</b>	<b>Total £</b>
Cost					<u>184,497</u>	<u>543,226</u>	<u>727,723</u>

## Notes to the Abbreviated Financial Statements

31st October 1997

The investment property, which had an original cost of £161,296, is held subject to a 99 year lease granted during the year for a sum of £310,000 and yielding a rental of £50 per annum. It was valued by the directors at the amount shown above.

8	Stocks	1997 £	1996 £
	Raw materials	279,081	165,593
	Finished goods	86,524	34,085
		<u>365,605</u>	<u>199,678</u>

9	Debtors	1997 £	1996 £
	Trade debtors	1,221,935	1,141,600
	Other debtors	7,056	19,459
	Prepayments	24,434	15,019
		<u>1,253,425</u>	<u>1,176,078</u>

10	Current Asset Investments	1997 £	1996 £
	<b>Freehold property</b>		
	Cost at 1st November 1996	161,296	-
	Transferred to fixed assets	(1,042)	-
	Disposal	(160,254)	-
	Transferred from fixed assets	-	161,296
		<u>-</u>	<u>161,296</u>

During the year a 99 year lease was granted on this property for a consideration of £310,000 and an annual rent of £50. Consequently the property has been reclassified as a fixed asset investment property and included in the balance sheet at a valuation (see Note 7).

11	Creditors: Amounts falling due within one year	1997 £	1996 £
	Debenture loan (see Note 12)	8,750	8,750
	Bank loan and overdraft (see Note 12)	182,225	219,209
	Obligations under hire purchase contracts	62,003	48,281
	Trade creditors	948,667	696,984
	Corporation tax	52,000	26,587
	Other taxes and social security costs	84,585	56,087
	Other creditors	35,681	299,791
	Accruals and deferred income	86,348	119,517
		<u>1,460,259</u>	<u>1,475,206</u>

## Notes to the Abbreviated Financial Statements

31st October 1997

12	Creditors: Amounts falling due after more than one year	1997 £	1996 £
	Debenture loan	-	8,750
	Bank loan	307,582	328,633
	Obligations under hire purchase contracts	90,776	26,515
		<u>398,358</u>	<u>363,898</u>

The debenture loan bears interest at 11.25% per annum and is repayable by half-yearly instalments terminating in October 1998.

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 bank loan and overdraft are repayable as follows:

Between one and two years	24,501	35,447
Between two and five years	88,057	93,467
	<u>112,558</u>	<u>128,914</u>
Within one year	190,975	227,959
	<u>303,533</u>	<u>356,873</u>
Bank loan repayable after more than five years	195,024	208,469
<b>Total bank loan and overdraft repayments due after more than one year</b>	<u>498,557</u>	<u>565,342</u>

The debenture loan is repayable as follows:-

	1997 £	1996 £
Between one and two years	-	8,750
Within one year	8,750	8,750
<b>Total debenture loan repayments</b>	<u>8,750</u>	<u>17,500</u>

13	Obligations Under Hire Purchase Contracts	1997 £	1996 £
	Obligations under hire purchase contracts are due as follows:		
	Within one year	62,003	48,281
	Between one and two years	35,489	26,515
	Between two and five years	55,287	-
		<u>152,779</u>	<u>74,796</u>

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

## Notes to the Abbreviated Financial Statements

31st October 1997

## 14 Deferred Taxation

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

	Amount Provided		Amount Unprovided	
	1997	1996	1997	1996
	£	£	£	£
Accelerated capital allowances	10,321	37,187	-	-
Other timing differences	-	(136)	-	-
	<u>10,321</u>	<u>37,051</u>	<u>-</u>	<u>-</u>

## 15 Government Grants

	1997	1996
	£	£
At 1st November 1996	109,855	-
Grants receivable during the year	-	109,855
Transferred to profit & loss account during the year	(4,394)	-
At 31st October 1997	<u>105,461</u>	<u>109,855</u>

## 16 Share Capital

Authorised	1997	1996
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued, and fully paid	1997	1996
	£	£
21,000 Ordinary shares of £1 each	<u>21,000</u>	<u>21,000</u>

## 17 Reconciliation of Movements in Shareholders' Funds

	1997	1996
	£	£
Profit for the financial year	358,826	98,453
Dividends	(80,000)	-
Increase in shareholders' funds	<u>278,826</u>	<u>98,453</u>
Opening shareholders' funds	515,104	416,651
Closing shareholders' funds	<u>793,930</u>	<u>515,104</u>

## 18 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 £52,016 (1996: £21,764) represents contributions payable by the company to the funds.

## Notes to the Abbreviated Financial Statements

31st October 1997

<b>19</b>	<b>Capital Commitments</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Capital commitments as at 31st October 1997 were as follows:		
	Authorised and contracted for	-	234,000
<b>20</b>	<b>Related Party Transactions</b>		
	Included in other creditors (debtors) is an interest-free quasi-loan from (to) a director, J C W Day, on which the movements during the year were as follows:		
		<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Balance at 1st November 1996	(1,012)	20,576
	Net bonus transferred	62,468	32,683
	Cash withdrawn	(45,000)	(30,000)
	Personal expenses paid by the company	-	(24,271)
	Balance at 31st October 1997	16,456	(1,012)
	The maximum debit balance during the year on this loan amounted to £1,012.		
	During the year the company granted a 99 year lease on one of its freehold properties to the CDS Retirement Fund for a consideration of £310,000.		
<b>21</b>	<b>Reconciliation of Operating Profit to Operating Cash Flows</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Operating profit	431,363	160,475
	Depreciation charges	153,535	110,340
	Government grants transferred from deferred income	(4,394)	-
	Profit on disposal of fixed assets	(616)	-
	Profit on disposal of current asset investments	(149,746)	-
	(Increase)/Decrease in stocks	(165,927)	92,710
	Increase in debtors	(77,347)	(238,657)
	Increase in creditors	271,484	1,757
	Net Cash Inflow from Operating Activities	458,352	126,625
<b>22</b>	<b>Analysis of Cash Flows for headings netted in the Cash Flow Statement</b>		
	<b>Returns on investments and servicing of finance</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Interest received	404	-
	Interest paid	(39,251)	(21,757)
	Interest element of hire purchase payments	(12,502)	(8,644)
	Net cash outflow for returns on investments and servicing of finance	(51,349)	(30,401)

## Notes to the Abbreviated Financial Statements

31st October 1997

	1997	1996
	£	£
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(470,049)	(462,515)
Proceeds from the sale of fixed assets	16,275	-
<b>Net cash outflow for capital expenditure</b>	<u>(453,774)</u>	<u>(462,515)</u>
<b>Management of liquid resources</b>		
	1997	1996
	£	£
Disposal of current asset investments (see Note 10)	310,000	-
<b>Net cash inflow from management of liquid resources</b>	<u>310,000</u>	<u>-</u>
<b>Financing</b>		
	1997	1996
	£	£
Debt due within a year: bank loan advanced	-	24,962
Debt due within a year: repayments made	(32,348)	(8,750)
Debt due beyond a year: bank loan advanced	-	328,633
Hire purchase repayments	(89,566)	(57,680)
Government grants received	-	109,855
<b>Net cash (outflow)/inflow from financing</b>	<u>(121,914)</u>	<u>397,020</u>

## 23 Analysis of changes in Net Debt

	At 1st November 1996	Cashflows	Other changes	At 31st October 1997
	£	£	£	£
Cash at bank and in hand	33	290	-	323
Overdrafts	(194,247)	34,437	-	(159,810)
	<u>(194,214)</u>	<u>34,727</u>	<u>-</u>	<u>(159,487)</u>
Debt due within one year	(33,712)	32,348	(29,801)	(31,165)
Debt due after one year	(337,383)	-	29,801	(307,582)
Finance leases	(74,795)	89,566	(167,550)	(152,779)
	<u>(445,890)</u>	<u>121,914</u>	<u>(167,550)</u>	<u>(491,526)</u>
Current asset investments	161,296	(310,000)	148,704	-
<b>Total</b>	<u>(478,808)</u>	<u>(153,359)</u>	<u>(18,846)</u>	<u>(651,013)</u>