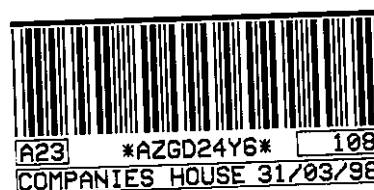


Company Number: 1546879

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND ACCOUNTS

30TH SEPTEMBER 1997



John W Hinks & Co
Church House
5-14 South Road
Smethwick
West Midlands
B67 7BH

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

COMPANY INFORMATION

Directors

M E Sara
H C Everett
M G Chance
R G Kyle

Secretary

M G Chance

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
West Midlands
B67 7BH

Bankers

Midland Bank PLC
P O Box No 6
Market Place
Willenhall
West Midlands
WV13 2AF

Company number: 1546879

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND ACCOUNTS

30TH SEPTEMBER 1997

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TATHAM MILLER 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 1997.

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 1997 of **£104,000** (1996 £53,000).

Fixed assets

The company's freehold and leasehold property was revalued on 30th September 1997 by Sellers, Chartered Surveyors on an existing use open market value basis. The shortfall on revaluation has been deducted from the revaluation reserve.

Political contributions and charitable donations

The company made no charitable donations or political contributions during the year.

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.

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

DIRECTORS' REPORT

Directors and their interests

The following persons were directors of the company during the year:-

M E Sara
E Johnson (retired 27th August 1997)
H C Everett
M G Chance

Mr R G Kyle was appointed a director on 1st October 1997.

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 1997	30th September 1996
M E Sara	191,523	184,214
H C Everett	55,095	50,014
M G Chance	10,423	10,423

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



M G CHANCE
Secretary

9th January 1998

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 1997

	Notes	1997 £	1996 £
Turnover	1	10,487,930	10,407,061
Cost of sales		<u>(7,616,776)</u>	<u>(7,761,937)</u>
Gross profit		<u>2,871,154</u>	<u>2,645,124</u>
Distribution costs		(988,101)	(963,010)
Administrative expenses		(1,162,735)	(1,101,094)
Other operating expenses		<u>(465,158)</u>	<u>(386,933)</u>
		<u>(2,615,994)</u>	<u>(2,451,037)</u>
Operating profit	2	255,160	194,087
Interest	5	<u>(21,062)</u>	<u>(57,052)</u>
Profit on ordinary activities before taxation		234,098	137,035
Tax on profit on ordinary activities	6	<u>(79,498)</u>	<u>(50,989)</u>
Profit for the financial year		154,600	86,046
Dividends	7	<u>(104,000)</u>	<u>(53,000)</u>
Retained profit for the year		50,600	33,046
Retained profit at 30th September 1996		<u>914,181</u>	<u>881,135</u>
Retained profit at 30th September 1997		<u>964,781</u>	<u>914,181</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 14 form part of these accounts.

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

YEAR ENDED 30TH SEPTEMBER 1997

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1997 £	1996 £
Profit for the financial year	154,600	86,046
Unrealised deficit on revaluation of properties	<u>(59,450)</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u><u>95,150</u></u>	<u><u>86,046</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1997 £	1996 £
Reported profit on ordinary activities before taxation	234,098	130,035
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>8,150</u>	<u>8,150</u>
Historical cost profit on ordinary activities before taxation	<u><u>242,248</u></u>	<u><u>138,185</u></u>
Historical cost profit for the year retained after taxation and dividends	<u><u>58,750</u></u>	<u><u>41,196</u></u>

MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	154,600	86,046
Dividends	(104,000)	(53,000)
Deficit on revaluation of properties	<u>(59,450)</u>	<u>-</u>
Net (reduction) in/addition to shareholders' funds	<u>(8,850)</u>	33,046
Opening shareholders' funds	<u><u>1,766,678</u></u>	<u><u>1,733,632</u></u>
Closing equity shareholders' funds	<u><u>1,757,828</u></u>	<u><u>1,766,678</u></u>

The notes on pages 7 to 14 form part of these accounts.

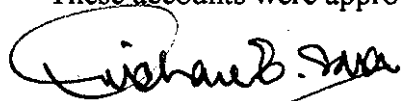

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

BALANCE SHEET

30TH SEPTEMBER 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	8	1,004,252	1,041,049
Current assets			
Stocks	10	1,320,190	1,096,201
Debtors	11	2,410,118	2,220,187
Cash at bank and in hand		<u>85,993</u>	<u>727</u>
		3,816,301	3,317,115
Creditors: amounts due within one year	12	<u>(2,980,378)</u>	<u>(2,578,806)</u>
Net current assets		<u>835,923</u>	<u>738,309</u>
Total assets less current liabilities		1,840,175	1,779,358
Provisions for liabilities and charges	13	<u>(82,347)</u>	<u>(12,680)</u>
Net assets		<u><u>1,757,828</u></u>	<u><u>1,766,678</u></u>
Capital and reserves			
Called up share capital	14	257,000	257,000
Revaluation reserve	15	536,047	595,497
Profit and loss account		<u>964,781</u>	<u>914,181</u>
Equity Shareholders' funds		<u><u>1,757,828</u></u>	<u><u>1,766,678</u></u>

These accounts were approved by the Board on 9th January 1998 and signed on its behalf by:

M E SARA

H C EVERETT

} Directors

The notes on pages 7 to 14 form part of these accounts.

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PRINCIPAL ACCOUNTING POLICIES

30TH SEPTEMBER 1997

The accounts 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. Leasehold property is depreciated over the term of the lease. 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

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value.

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.

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

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

	1997 £	1996 £
This is stated after charging:		
Depreciation of owned assets	123,839	115,463
Hire of equipment	119,654	108,244
Auditors remuneration	<u>8,000</u>	<u>8,000</u>
and after crediting:		
Profit on disposal of fixed assets	13,996	23,017
Profit on sale of land easement	<u>-</u>	<u>23,682</u>

3 Directors emoluments

	1997 £	1996 £
Aggregate emoluments	<u>59,431</u>	<u>55,438</u>

At the 30th September 1997 there were 3 directors who had retirement benefit accruing under a defined benefit scheme.

4 Particulars of employees

	1997	1996
The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was:	<u>97</u>	<u>98</u>
	£	£
Their total remuneration was:		
Wages and salaries	1,309,016	1,198,369
Social security costs	101,049	101,400
Other pension costs	<u>23,875</u>	<u>57,576</u>
	<u>1,433,940</u>	<u>1,357,345</u>

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

5 Interest

	1997 £	1996 £
Payable:		
On bank loans and overdrafts repayable within five years not by instalments	<u>21,062</u>	<u>57,052</u>

6 Tax on profit on ordinary activities

	1997 £	1996 £
Corporation tax	82,000	50,000
Deferred taxation	<u>2,299</u>	<u>618</u>
	84,299	50,618
Prior years:		
Corporation tax	<u>(4,801)</u>	<u>371</u>
	<u>79,498</u>	<u>50,989</u>

7 Dividends

	1997 £	1996 £
Final proposed dividends on ordinary shares	<u>104,000</u>	<u>53,000</u>

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

8 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant equipment and vehicles £	Total £
Cost/valuation				
Beginning of year	636,718	125,000	876,370	1,638,088
Additions	-	-	155,042	155,042
Disposals	-	-	(78,325)	(78,325)
Revaluation	(136,718)	10,000	-	(126,718)
End of year	<u>500,000</u>	<u>135,000</u>	<u>953,087</u>	<u>1,588,087</u>
Depreciation:				
Beginning of year	46,034	10,000	541,005	597,039
Charge for the year	9,234	2,000	112,605	123,839
Disposals	-	-	(69,775)	(69,775)
Revaluation	(55,268)	(12,000)	-	(67,268)
End of year	<u>-</u>	<u>-</u>	<u>583,835</u>	<u>583,835</u>
Net book value:				
Beginning of year	<u>590,684</u>	<u>115,000</u>	<u>335,365</u>	<u>1,041,049</u>
End of year	<u>500,000</u>	<u>135,000</u>	<u>369,252</u>	<u>1,004,252</u>

a. The cost or valuation figures for property includes:

	1997		1996	
	Freehold £	Leasehold £	Freehold £	Leasehold £
Valuation made in 1997	500,000	135,000	-	-
Valuation made in 1991	-	-	635,000	125,000
Stated at historical cost	<u>-</u>	<u>-</u>	<u>1,718</u>	<u>-</u>
	<u>500,000</u>	<u>135,000</u>	<u>636,718</u>	<u>125,000</u>

The properties were revalued at 30th September 1997 by Sellers, Chartered Surveyors on an open market existing use basis.

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

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

	1997		1996	
	Freehold	Leasehold	Freehold	Leasehold
	£	£	£	£
Cost	106,830	102,250	106,830	102,250
Depreciation	<u>(37,201)</u>	<u>(28,228)</u>	<u>(35,171)</u>	<u>(27,174)</u>
Net book value	<u>69,629</u>	<u>74,022</u>	<u>71,659</u>	<u>75,076</u>

- c. The net book value of the property comprises:

	1997	1996
	£	£
Freehold land and buildings	<u>500,000</u>	<u>590,684</u>

- d. Capital commitments

There were no capital commitments at the balance sheet date (1996 - nil).

9 Investments

	1997	1996
	£	£
Shares at cost in subsidiaries	257,100	257,100
Amounts written off	(10,000)	(10,000)
Current account balances	<u>(247,100)</u>	<u>(247,100)</u>
	<u>-</u>	<u>-</u>

The wholly owned subsidiaries at 30th September 1997 both of whom were incorporated in Great Britain were:-

Tatham Steels Limited
Liverpool Steel Services Limited

Neither of the subsidiaries traded in the year

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

10 Stocks

	1997 £	1996 £
Raw materials and consumables	<u>1,320,190</u>	<u>1,096,201</u>

11 Debtors

	Amounts due within one year 1997 £	1996 £
Trade debtors	2,229,169	2,122,891
Amounts owed by group undertakings	65,520	3,990
Other debtors	6,790	10,868
Prepayments	<u>108,639</u>	<u>82,438</u>
	<u>2,410,118</u>	<u>2,220,187</u>

12 Creditors

	Amounts due within one year 1997 £	1996 £
Bank loans and overdrafts	-	414,673
Trade creditors	2,257,527	1,617,743
Amounts owed to group undertakings	260,978	186,723
Corporation tax	80,561	50,000
Other tax and social security	133,998	150,687
Accruals	143,314	105,980
Proposed dividend	<u>104,000</u>	<u>53,000</u>
	<u>2,980,378</u>	<u>2,578,806</u>

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

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

13 Provision for liabilities and charges

	1997 £	1996 £
Deferred taxation	14,979	12,680
Pension scheme	<u>67,368</u>	<u>-</u>
	<u>82,347</u>	<u>12,680</u>
Deferred taxation		
i. Provided in accounts:		
Accelerated capital allowances	<u>14,979</u>	<u>12,680</u>
ii. If provision had been made for all timing differences, a further liability as follows would have appeared in the accounts.		
Industrial buildings allowances	20,000	20,000
Revaluation of properties	<u>-</u>	<u>1,000</u>
	<u>20,000</u>	<u>21,000</u>
iii. Deferred taxation provided		
Beginning of year	12,680	12,062
Movement in year	<u>2,299</u>	<u>618</u>
End of year	<u>14,979</u>	<u>12,680</u>

14 Share Capital

	1997 £	1996 £
Authorised 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted called up and fully paid 257,000 ordinary shares of £1 each	<u>257,000</u>	<u>257,000</u>

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

15 Revaluation reserve

	1997 £	1996 £
Beginning of year	595,497	595,497
Revaluation	<u>(59,450)</u>	<u>-</u>
End of year	<u><u>536,047</u></u>	<u><u>595,497</u></u>

16 Contingent liabilities

(a) The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.

(b) The company is involved in a legal dispute with a supplier. There is no indication that this dispute will be decided unfavourably and as a consequence no provision has been made in these accounts for any further liabilities that may be incurred as a result of this action.

17 Financial commitments

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

	Land and buildings		Other	
	1997 £	1996 £	1997 £	1996 £
Leases expiring within:				
One year	-	-	22,718	7,906
Two to five years	87,050	59,750	92,964	95,241
Over five years	<u>19,500</u>	<u>42,800</u>	<u>-</u>	<u>-</u>
	<u><u>106,550</u></u>	<u><u>102,550</u></u>	<u><u>115,682</u></u>	<u><u>103,147</u></u>

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1997

18 Pension scheme

The company is a subsidiary of Hill & Smith Holdings PLC and is a member of the Hill & Smith Group Pension and Assurance Scheme. This is a defined benefit scheme, contributions being based on pension costs across the group as a whole.

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 accounts of Hill & Smith Holdings PLC.

The pension cost for the year was **£23,875** (1996 - £57,576). This took account of the amortisation of the surplus disclosed at the most recent valuation over the average remaining service lives of the active members. It is the intention of the group to continue to make contributions to the pension scheme in line with the recommendations of the actuary in respect of contribution rates.

19 Parent company

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

TATHAM MILLER LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

**AUDITORS' REPORT TO THE MEMBERS OF
TATHAM MILLER LIMITED**

We have audited the accounts on pages 3 to 14 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.

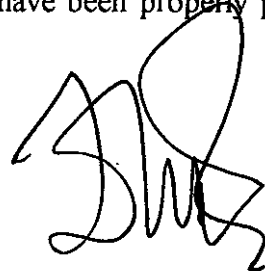
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. 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 1997 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
West Midlands
B67 7BH

9th January 1998



JOHN W HINKS & CO
Chartered Accountants
and Registered Auditor