

REGISTRAR OF  
COMPANIES

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UNITED MERCHANT BAR Plc

Period ended

31st December 1985

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A CAPARO GROUP COMPANY



# UNITED MERCHANT BAR Plc

## Report of the directors for the period ended 31st December 1985

The directors present their report together with the audited financial statements for the 14 month period ended 31st December 1985.

### Results and dividends

The profit and loss account is set out on page 3 and shows the profit for the period.

The directors do not recommend the payment of a dividend for the period under view.

### Review of business

The company was originally incorporated under the name of Maltmain Limited on 1st November 1984. The name was changed to United Merchant Bar Limited on 15th January 1985 and subsequently to United Merchant Bar Plc on 4th April 1985.

The company was incorporated on 1st November 1984 with an authorised share capital of £100, comprising 100 ordinary shares of £1 each which were issued for cash.

Subsequent to that date, further changes took place in the authorised and issued share capital of the company, which are summarised in the following table:

	Ordinary shares of £1 each		Consideration
	Authorised	Issued	
On incorporation on 1st November 1984	100	100	Cash at par
Special resolution 17th January 1985	49,900	49,900	Cash at par and issued on 4th February 1985
Special resolution on 3rd May 1985	2,450,000	a) 616,667 b) 1,800,000	Cash at a premium of £1,552,550 (total consideration £2,169,217) Cash-called as to 25p per share
	2,500,000	2,466,668	

The share issues were required in order to provide the necessary working capital for the purposes of establishing the company.

The principal activity will be the manufacture of merchant bar. During 1985, the company has undertaken the construction, refurbishment and upgrading of a rolling mill at Scunthorpe previously owned by the British Steel Corporation. It is anticipated that the mill will be commissioned during the early months of 1986.

# UNITED MERCHANT BAR Plc

Report of the directors for the period ended 31st December 1985 (Continued)

Since April 1985, the company has acted as selling agents for the sales of merchant bar manufactured by the British Steel Corporation.

During 1986, the manufacture of merchant bar by BSC will be phased out and the company will take over the manufacture of the majority of the product range.

## Directors

The directors of the company during the period were:

Mr. D.S. Hodgson	-	appointed 2.7.84 - resigned 6.11.84
Ms. M.J. Latter	-	appointed 2.7.84 - resigned 6.11.84
Mr. S. Paul	-	appointed 24.1.84
Mr. J.A. Leek	-	appointed 6.11.84
Mr. A. Paul	-	appointed 6.11.84
Mr. G.H. Sambronk	-	appointed 17.1.85
Mr. J.T. Hodson	-	appointed 17.1.85
Mr. J. Crossman	-	appointed 1.4.85
Mr. R.I. Laucht	-	appointed 12.9.85

None of the directors had any interest in the share capital of the company during the period.

The shareholding interests of Mr. S. Paul and Mr. J.A. Leek in the share capital of the immediate holding company, Caparo Industries Plc, are shown in the directors' report of that company.

Other directors' shareholding interests in the share capital of the immediate holding company Caparo Industries Plc are as follows:

	At 31 December 1985	
	Ordinary shares of 25p each	8% Convertible cumulative redeemable preference shares of £1 each
A. Paul	5,000	1,111

## Executive Share Option Scheme

	Number of shares 31st December 1985	Ordinary shares of 25p each Period Exercisable	Option price per share
J. Crossman	75,000	June 1988 - June 1995	29p

The directors retiring in accordance with the articles and offering themselves for re-election are; Mr. S. Paul and Mr. A. Paul.

## Auditors

Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the Board

  
S.G. Mills

Secretary

9th April 1986

UNITED MERCHANT BAR Plc

Profit and loss account for the period ended 31st December 1985

	<u>Note</u>	<u>1985</u> <u>£'000s</u>
Other operating income	3	86
Operating profit		<u>86</u>
Interest receivable	4	256
Profit on ordinary activities before taxation	5	<u>342</u>
Taxation		-
Profit retained for the financial period		<u>342</u>
Retained profits brought forward		-
Retained profits carried forward		<u><u>342</u></u>

The notes on pages 6 to 11 form part of these accounts

UNITED MERCHANT BAR Plc

Balance sheet as at 31st December 1985

	<u>note</u>	£'000s	<u>1985</u>	£'000s
Fixed assets				
Tangible assets	9			3,486
Current assets				
Debtors	10	1,965		
Cash at bank and in hand		1,980		
		<u>3,945</u>		
Creditors				
Amounts falling due within one year	11	(1,557)		
Net current assets				<u>2,388</u>
Total assets less current liabilities				<u>5,874</u>
Creditors				
Amounts falling due after more than one year	12			(2,862)
				<u>3,012</u>
Capital and reserves				
Called up share capital	13			1,117
Share premium				1,553
Profit and loss account				342
				<u>3,012</u>

The accounts were approved by the Board on 9th April 1986.

S. Paul                     )  
G.H. Sambrook         ) Directors

*G.H. Sambrook*

The notes on pages 6 to 11 form part of these accounts

UNITED MERCHANT BAR Plc

Statement of source and application of funds for the period ended 31st December 1985

	£'000s	£'000s
Source of funds		
Profit on ordinary activities before taxation		342
Adjustment for items not involving the movement of funds		
Depreciation		3
Total generated from operations		345
Funds from other sources		
Issue of share capital	2,670	
Issue of loan stock	1,161	
		3,831
		4,176
Application of funds		
Purchase of fixed assets (net)		(3,489)
		687
Increase/(decrease) in working capital		
Debtors	1,965	
Creditors	(3,258)	
		1,293
Increase in net liquid funds		1,980

The notes on pages 6 to 11 form part of these accounts

# UNITED MERCHANT BAR Plc

Notes forming part of the accounts for the period ended 31st December 1985

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## 1. Accounting policies

### Accounting convention

The financial statements are prepared under the historical cost convention.

### Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings and assets in the course of construction, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Plant and machinery	4%
Computer	20%
Motor vehicles	25%
Rolls and Guides	25%

Assets costing less than £1,000 are written off in the year of purchase.

### Leased assets

Leased assets are not capitalised. Annual rentals are charged to the profit and loss account over the shorter of the estimated useful operating life of the asset or the aggregate of the primary and secondary lease periods.

### Grants

Grants received towards the cost of capital expenditure are used to reduce the cost of the relevant fixed asset. All other grants are released to profit and loss account when the related expenditure is charged.

Commissioning costs in excess of grants received will be charged to profit and loss account over the estimated useful life of the related assets.

### Pensions

Employer's pension contributions are charged to profit and loss account in the year in which they become payable.

### Deferred taxation

Provision, using the liability method, is made for deferred taxation to the extent that it is likely to become payable in the foreseeable future.

Taxation losses will be carried forward against this provision when they are expected to be recoverable in the foreseeable future.

UNITED MERCHANT BAR Plc

Notes forming part of the accounts for the period ended 31st December 1985

(continued)

2. Turnover

No sales attributable to the company's principal activity were made by the company in 1985.

3. Other operating income

1985

£'000s

Selling agency commission

86

4. Interest receivable

Bank deposit interest

169

Other

87

256

5. Profit on ordinary activities before taxation is stated after charging

Depreciation

3

Auditors' remuneration

2

and after crediting

Exceptional items (Note 8)

(159)

6. Taxation

No provision for taxation has been made in these accounts due to the availability of taxation losses.

7. Employees

Staff costs including directors during the period were:-

Wages and salaries

57

Social security costs

4

Other pension costs

5

66



UNITED MERCHANT BAR Plc

Notes forming part of the accounts for the period ended 31st December 1985

(continued)

7. Employees (Continued)

The average number of employees during the year were:

	Number
Production	-
Office, management & distribution	4
	<u>4</u>
Directors' Emoluments	£'000s
Remuneration for executive services	35
	<u>35</u>
Remuneration of Chairman	-
Remuneration of highest paid director (excluding pension contributions)	25
	<u>25</u>
The emoluments (excluding pension contributions) of the other directors fell within the following range	Number
£ Nil to £ 5,000	6
£5,001 to £10,000	1
	<u>7</u>

8. Exceptional item

	£000s
Release of Selective Financial Assistance Grant to offset commissioning costs	159
	<u>159</u>

UNITED MERCHANT BAR Plc

Notes forming part of the accounts for the period ended 31st December 1985

(continued)

9. Tangible assets

	Freehold Land and Buildings £000s	Plant & Machinery including Assets in the Course of Construction £000s	Motor Vehicles £000s	Total £000s
Cost				
At 1st April 1985	-	-	-	-
Additions	200	3,255	34	3,489
	<u>200</u>	<u>3,255</u>	<u>34</u>	<u>3,489</u>
At 31st December 1985	200	3,255	34	3,489
	<u>200</u>	<u>3,255</u>	<u>34</u>	<u>3,489</u>
Depreciation				
At 1st April 1985	-	-	-	-
Provided for the period	-	1	2	3
	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>
	-	1	2	3
	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>
Net book value at 31st December 1985	200	3,254	32	3,486
	<u>200</u>	<u>3,254</u>	<u>32</u>	<u>3,486</u>
Capital commitments				£000s
Contracted but not provided for				544
Authorised but not contracted for				214
				<u>758</u>

10. Debtors

	£000s
Prepayments and accrued income	494
Taxation and social security	316
Amount due from holding company	178
Other debtors	170
Leased asset prepayment	807
	<u>1,965</u>

UNITED MERCHANT BAR Plc

Notes forming part of the accounts for the period ended 31st December 1985

(continued)

11. Creditors falling due within one year

	£000s
Trade creditors	187
Other creditors	1,052
Accruals and deferred income	200
Amount due to related company	118
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	1,557
	<hr/>

12. Creditors falling due after more than one year

9% Unsecured loan notes	1,161
Others	17
Amount due to holding company	859
Amount due to related company	825
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	2,862
	<hr/>

The 9% unsecured loan notes bear interest from 1st January 1988, and are repayable at par at one months notice, and must be repaid by 31st December 1989.

13. Called up share capital

	£000s
Authorised	
2,500,000 ordinary shares of £1 each	2,500
	<hr/>
Allotted and called up	
666,667 ordinary shares of £1 each fully paid	667
1,800,000 ordinary shares of £1 each partially paid	450
	<hr/>
	1,117
	<hr/>

14. Holding company

The immediate holding company is Caparo Industries Plc and the ultimate holding company is Caparo Group Limited, both companies being incorporated in England.

# UNITED MERCHANT BANK PLC

Notes forming part of the accounts for the period ended 31st December 1985

(continued)

## 15. Contingent Liabilities

The company is party to a group VAT registration and is, therefore, jointly and severally liable together with all others registered, for the total group VAT liability. At 31st December 1985 this liability amounted to £767,000.

## 16. Leasing

The company was committed to the following net obligations under non-cancellable finance leases at 31st December 1985:

		£000s
Due within	- 1 year	674
	- 2 to 5 years	2,697
	- Over 5 years	675
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		4,046
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UNITED MERCHANT BAR Plc

Report of the auditors

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To the members of United Merchant Bar Plc

We have audited the financial statements on pages 3 to 11 in accordance with approved Auditing Standards.

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 December 1985 and of the profit and source and application of funds for the period ended on that date and comply with the Companies Act 1985.

Stoy Hayward  
8 Baker Street  
London  
W1M 1DA

9th April 1986