

**INDUSTRIAL STEELS (UK) LIMITED**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 30 MARCH 1996**

**Registered No. 2755939**



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COMPANIES HOUSE 14/12/96		

# **Industrial Steels (UK) Limited**

## **Directors**

Mr R W Triffitt (Chairman)  
Mr K Wilkinson  
Mr S W Lindsay

## **Secretary**

Mrs A L Scandrett

## **Registered Office**

9 Albert Embankment  
London  
SE1 7SN

# **Industrial Steels (UK) Limited**

## **Directors' report for the year ended 30 March 1996**

The directors present herewith their report and audited financial statements for the year ended 30 March 1996.

### **Principal activities**

The principal activity of the business is the performance of world-wide trade in steel.

### **Review of business and main activities**

The profit and loss account for the year is set out on page 6.

The directors do not recommend the payment of a dividend (1995 £Nil). The retained profit of £817,163 will be transferred to reserves.

Trading commenced on 30 July 1995 when the business and assets were acquired from British Steel plc. Details of the acquisition are given in note 2 to the financial statements. The business previously traded as part of British Steel International Distribution, a division of British Steel plc.

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**

The directors of the company at 30 March 1996, are listed on page 1.

Mr K Wilkinson and Mr S W Lindsay were appointed directors of the company on 30 June 1995.

Mr D Bright, who was a director on 1 April 1995, resigned on 30 June 1995.

# Industrial Steels (UK) Limited

## Directors' report for the year ended 30 March 1996 (continued)

### Directors' interests

The interests of the directors at 30 March 1996 in the ordinary shares of British Steel plc, the company's ultimate holding company, were:

	Ordinary Shares		Options	
	30 March 1996	1 April 1995 or date of appointment	30 March 1996	1 April 1995 or date of appointment
	Number	Number	Number	Number
Mr R W Triffitt	-	-	60,785	75,200
Mr K Wilkinson	2,238	2,238	54,481	60,300
Mr S W Lindsay	457	457	14,500	14,500
			Options	
			Granted during year Number	Exercised during year Number
Mr R W Triffitt			26,085	40,500
Mr K Wilkinson			31,181	37,000
Mr S W Lindsay			-	-

The directors had no interest, as defined by the Companies Act 1985, in the shares of any other members of the group during the year covered by these financial statements.

### Payment to Creditors

It is the policy of the company to establish terms of payment with suppliers when agreeing the terms of business transactions. The aim is to despatch cheques on the due date or, where other means of payment are adopted, to deliver funds to suppliers as if payment had been made by cheque.

### Auditors

Coopers & Lybrand were appointed as auditors during the year, and a resolution to re-appoint them will be proposed at the annual general meeting.

# **Industrial Steels (UK) Limited**

## **Directors' report for the year ended 30 March 1996 (continued)**

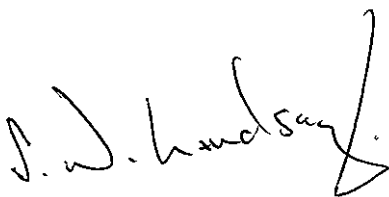
### **Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 March 1996. The directors also confirm that applicable accounting standards have been followed, and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper books and records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **By order of the board**

A handwritten signature in dark ink, appearing to read 'S. W. Lindsay', with a stylized flourish at the end.

**S W Lindsay  
Director**

17 October 1996

# **Industrial Steels (UK) Ltd**

## **Report of the auditors to the members of Industrial Steels (UK) Limited**

We have audited the financial statements on pages 6 to 14.

### **Respective responsibilities of directors and auditors**

As described on page 4 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.

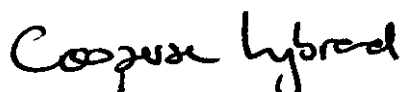
### **Basis of opinion**

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 judgements 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 evaluate the overall adequacy of the 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 financial affairs at 30 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
Birmingham  
17 October 1996

# Industrial Steels (UK) Limited

## Profit and loss account for the year ended 30 March 1996

	Notes	1996 £	1995 £
Turnover	3	53,696,026	-
Operating costs	4	(52,620,986)	-
		<hr/>	<hr/>
Profit on ordinary activities before interest		1,075,040	-
Net interest receivable	5	152,123	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,227,163	-
Taxation	6	(410,000)	-
		<hr/>	<hr/>
Profit for the financial year		<b>817,163</b>	-
		<hr/> <hr/>	<hr/> <hr/>

The results for the year relate solely to continuing operations that were acquired during the year.

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation or the retained profit for the year stated above, and their historical cost equivalents.

## Reconciliation of movement in shareholders' funds for the year ended 30 March 1996

	1996 £	1995 £
Opening shareholders' funds	2	2
Issue of share capital	1,657,664	-
Profit for the financial year	817,163	-
Capital reserve arising on acquisition of business (note 2)	670,000	-
	<hr/>	<hr/>
Closing shareholders' funds	<b>3,144,829</b>	<b>2</b>
	<hr/> <hr/>	<hr/> <hr/>

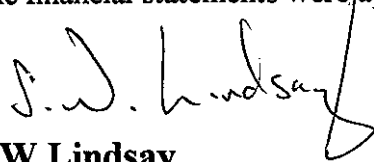
# Industrial Steels (UK) Limited

## Balance sheet as at 30 March 1996

	Notes	1996 £	1995 £
<b>Current Assets</b>			
Stocks	8	1,845,836	-
Debtors	9	20,367,926	2
Cash at bank and in hand		300	-
		<u>22,214,062</u>	<u>2</u>
<b>Creditors:</b>			
amounts falling due within one year	10	(19,069,233)	-
<b>Total assets less current liabilities</b>		<u><u>3,144,829</u></u>	<u><u>2</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1,657,666	2
Profit and loss account	13	1,487,163	-
		<u><u>3,144,829</u></u>	<u><u>2</u></u>

The company was a dormant company within the meaning of S250 of the Companies Act 1985 for part of the accounting period until 29 July 1995.

The financial statements were approved by the Board on dated 17 October 1996.

  
**S W Lindsay**  
**Director**



# **Industrial Steels (UK) Limited**

## **Notes to the financial statements for the year ended 30 March 1996**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below:

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Stocks**

Stocks are stated at the lower of costs and net realisable value.

#### **Turnover**

Turnover, which excludes value added tax, represents the sales value of all goods despatched during the period. The point of recognition of sale is the date of shipment.

#### **Deferred Taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### **Foreign Currency Translation**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the year end, or where appropriate at forward contract rates. Exchange rate differences are taken to the profit and loss account.

#### **Operating Leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### **Pension Costs**

The expected cost of providing pension benefits is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of employees. Further details are given in note 15.

# Industrial Steels (UK) Limited

## Notes to the financial statements for the year ended 30 March 1996 (continued)

### 1 Principal accounting policies (continued)

#### Cashflow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirements to prepare such a statement under Financial Reporting Standard Number 1 "Cash Flow Statements".

### 2 Acquisitions

On 30 July 1995 the business and assets of part of British Steel International Distribution, a division of British Steel plc, were acquired from that company.

A summary of the assets acquired, and the consideration paid is given below:

	Book value £	Fair value adjustment £	Fair value £
Stocks	-	-	-
Debtors	4,493,884	1,000,000	5,493,884
Cash in hand	290	-	290
	<hr/>	<hr/>	<hr/>
Total assets	4,494,174	1,000,000	5,494,174
Less liabilities assumed	2,836,509	330,000	3,166,509
Net assets acquired	<hr/>	<hr/>	<hr/>
	1,657,665	670,000	2,327,665
	<hr/>	<hr/>	<hr/>

Total consideration - cash paid 1,657,665

Capital reserve arising from acquisition (note 13) 670,000

The fair value adjustment relates to a provision against potential bad debts held in the books of the acquired business, that was subsequently identified to be no longer required, and the related taxation thereon.

# Industrial Steels (UK) Limited

## Notes to the financial statements for the year ended 30 March 1996 (continued)

### 3 Turnover

Geographical market analysis of turnover by destination is set out below:

	1996 £	1995 £
United Kingdom	15,865,090	-
European Union (excluding UK)	1,150,444	-
Europe (excluding EU)	3,314,817	-
North America	94,663	-
South America	2,469,962	-
Africa	10,503,585	-
Asia	20,297,465	-
	<hr/> 53,696,026 <hr/>	<hr/> - <hr/>

Included in the above:

Sales to group companies	17,614,526	-
	<hr/>	<hr/>

### 4 Operating costs

	1996 £	1995 £
Changes in stocks and works in progress	(1,845,836)	-
Raw materials and consumables	48,677,428	-
Other external charges	4,403,214	-
Employment costs	462,911	-
Other operating charges	923,269	-
	<hr/> 52,620,986 <hr/>	<hr/> - <hr/>
The above costs are stated after including:		
Operating leases - plant and equipment	4,250	-
Operating leases - land and buildings	28,500	-
Auditors' remuneration	18,000	-

# Industrial Steels (UK) Limited

## Notes to the financial statements for the year ended 30 March 1996 (continued)

### 5 Net interest receivable

	1996	1995
	£	£
Interest receivable:		
Interest from group companies	146,510	-
Other interest receivable	6,793	-
	<u>153,303</u>	<u>-</u>
Less: interest payable		
Other interest payable	(1,180)	-
Net interest receivable	<u>152,123</u>	<u>-</u>

### 6 Taxation

	1996	1995
	£	£
United Kingdom corporation tax at 33% - current	410,000	-

### 7 Employees

	1996	1995
	£	£
The total costs of all employees in the company were:		
Wages and salaries	421,579	-
Social security costs	23,043	-
Other pension costs	18,289	-
	<u>462,911</u>	<u>-</u>

The average weekly number of employees of the company during the period was:

	1996 Number	1995 Number
Management	4	-
Staff	<u>13</u>	<u>-</u>
	<u>17</u>	<u>-</u>

# Industrial Steels (UK) Limited

## Notes to the financial statements for the year ended 30 March 1996 (continued)

### 8 Stocks

	1996 £	1995 £
Finished goods and goods for resale	1,845,836	-

There is no material difference between the cost of stock as stated and its replacement cost.

### 9 Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	10,649,890	-
Amounts owed by group companies	9,705,884	2
Other debtors	12,152	-
	<u>20,367,926</u>	<u>2</u>

### 10 Creditors

	1996 £	1995 £
Amounts falling due within one year:		
Trade creditors	3,049,136	-
Amounts owed to group companies	14,818,333	-
Corporation Tax	740,000	-
Other creditors	461,764	-
	<u>19,069,233</u>	<u>-</u>

# Industrial Steels (UK) Limited

## Notes to the financial statements for the year ended 30 March 1996 (continued)

### 11 Deferred taxation

There is no actual or potential liability for deferred tax at 30 March 1996.

### 12 Share capital

	Authorised		Allotted, called up and fully paid 1996	1995
	1996	1995		
The share capital of the company is shown below:				
Ordinary shares of £1 each	1,657,666	1,000	1,657,666	2

### 13 Reserves

	Profit and loss £	Capital reserve £
At 2 April 1995	-	-
Profit for the financial year	817,163	-
Capital reserve arising from acquisition of business (note 2)	-	670,000
Transfer	670,000	(670,000)
At 30 March 1996	<u>1,487,163</u>	<u>-</u>

The transfer on reserves reflects the realisation of certain assets following the acquisition of the business detailed in note 2.

### 14 Emoluments of directors

No director received any remuneration during the period in respect of his services to the company.

# Industrial Steels (UK) Limited

## Notes to the financial statements for the year ended 30 March 1996 (continued)

### 15 Pension and similar obligations

Certain employees of the company participate in a group pension scheme operated by British Steel plc. This is a funded, defined benefit scheme providing benefits based on final pay and service at retirement. The scheme is operated under trust and its assets invested independently of the group.

This scheme was established on 1 October 1990 and members of the previous scheme transferred their benefits into the scheme. The fund is valued every three years by a professionally qualified independent actuary. The latest assessment of the scheme was at 30 March 1996. The pension costs of Industrial Steels (UK) Limited for the year ended 30 March 1996 were £18,289 (1995 £Nil).

### 16 Financial commitments

At 30 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Expiring:				
Within one year	-	-	-	-
Between two and five years inclusive	-	-	-	-
In over five years	28,500	-	-	-
	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>28,500</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

### 17 Ultimate holding company

The directors regard British Steel plc, a company registered in England and incorporated in England and Wales as the ultimate holding company. The registered office of British Steel plc is at 9 Albert Embankment, London SE1 7SN. Copies of the financial statements of this company and the group may be obtained from this address.