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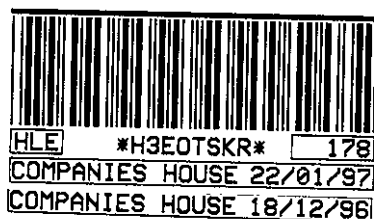


Company Registration No. 2953945

**BARRETT STEEL ENGINEERING
LIMITED**

Report and Financial Statements

5 October 1996



**Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ**

**REPORT AND FINANCIAL STATEMENTS 1996**

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Butcher (Chairman)
R B Barrett
J S Barrett
P C Chasney
D G Martin
C R Sherling

SECRETARY

P C Chasney

REGISTERED OFFICE

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

BANKERS

Midland Bank plc
47 Market Street
Bradford
BD1 1LW

SOLICITORS

Pinsent Curtis
41 Park Square
Leeds
LS1 2NS

AUDITORS

Deloitte & Touche
Chartered Accountants
10-12 East Parade
Leeds
LS1 2AJ

CHAIRMAN'S STATEMENT

Results

The company's financial performance has shown further significant improvement in the year to 5 October 1996.

The company achieved a profit before tax of £1.5 million, a 36% increase compared to £1.1 million in the previous period. The company has benefited from its growing reputation as a UK leader in the design and build steelwork market, coupled with a modest improvement in trading conditions.

Turnover was £15.5 million, a 5% increase compared to £14.7 million in the previous period. This increase is in line with the company's strategy for controlled growth. The primary focus is for gains in profitability to be sought through efficiency, productivity and quality improvements, rather than through aggressive growth of sales volumes.

The company has produced a strong cash flow during the year. At the year end the company had cash at bank and in hand of £2.3 million, and net cash, after deduction of all borrowings including finance leases and hire purchase commitments, of £2.0 million.

Development of the company

The last period has seen a substantial increase in activity in projects for the Leisure sector, including a number of Multiplex cinemas, bingo halls, bowling alleys, restaurants and other leisure related structures, some combined into substantial leisure parks. This area of the market is seen as a key growth area for the company, as it offers excellent opportunities for the imaginative and competitive design solutions in which the company specialises.

The year has also seen further investment in new plant and machinery. In the workshop a computer controlled Plasma cutting and punching machine has been installed, for the manufacture of fittings components, which is linked directly to the 3-D CAD systems in the drawing office. Further investment in IT included new CAD workstations, a new PC company-wide network, and the establishment of Internet E-mail facilities and the company's own Worldwide Web site.

During the year the company has embarked upon the Investors in People initiative. The company is committed to utilising the full talents and expertise of its workforce. IiP is an excellent way forward for improved communications within the company and for the effective education, training and coaching of its employees.

Outlook

Against a background of forecast small improvements in the company's markets, further growth in profitability will be more difficult in the current year. However, with the benefits of the investment programme noted above, and based upon the current order book and trading results, the Board looks forward to further modest growth in the year ahead.



R Butcher

12 December 1996



DIRECTORS REPORT

The directors present their annual report and the audited financial statements for the year ended 5 October 1996.

ACTIVITIES

The principal activity of the company is to act as a holding company for Barrett Steel Buildings Limited, whose principal activity is the construction of steel buildings.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company has continued to develop its involvement in partnering. The performance of the company in the year has demonstrated the importance of this approach to the Design and Build market place.

During the year the company has commenced an Investors in People programme. It has always been recognised that the quality of the staff and employees has a significant effect on the performance of the company. The directors believe that through the Investors in People programme, the company will be able to develop its competitive edge and maintain its position as one of the most profitable companies in the market.

The company is committed to a progressive investment in plant and machinery and particularly in modern technology. A significant investment programme has been completed during the year and it is expected that the benefits of such an investment will be seen in the forthcoming year.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in the consolidated profit and loss account on page 7.

A dividend of £593,000 (14 months to 30 September 1995 : £207,000) was paid during the year, £308,000 (14 months ended 30 September 1995 : £25,000) in respect of equity shares and £285,000 (14 months ended 30 September 1995 : £182,000) in respect of non-equity shares. The directors propose a final dividend of £214,000 (1995 : £55,000) in respect of equity shares and the loss of £4,000 (14 months ended 30 September 1995 profit : £308,000) has been transferred from/to reserves.

FIXED ASSETS

Movements in fixed assets are set out in notes 9 and 10 to the accounts.

DIRECTORS AND THEIR INTERESTS

The current directors of the company are noted on page 1.

The interests of the directors in office at the year end in the share capital of the company are as follows:

	'A' Ordinary Shares	
	At 5 October 1996 No	At 30 September 1995 No
R B Barrett	240,000	240,000
J S Barrett	240,000	240,000
P C Chasney	120,000	120,000
R Butcher	20,000	20,000
D G Martin	-	-
C R Sherling	-	-

POST BALANCE SHEET EVENT

On 5 November 1996 the company acquired 600,000 Preferred Redeemable Shares of £1 each in its subsidiary, Barrett Steel Buildings Limited. These shares were purchased from Barrett Steel Limited.

**DIRECTORS REPORT (continued)****AUDITORS**

On 1 February 1996 our auditors changed the name under which they practice to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

P C Chasney

Secretary

12 December 1996

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are 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 group will continue in business.

The directors are responsible for keeping proper accounting records for the group's system of internal financial control, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
10-12 East Parade
Leeds LS1 2AJ

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DX 26423

BARRETT STEEL ENGINEERING LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 22 which have been prepared under the accounting policies set out on page 12.

Respective responsibilities of directors and auditors

As described on page 5 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 circumstances of the company and the group, 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 evaluated 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 affairs of the company and the group as at 5 October 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

12 December 1996



CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 5 October 1996

	Note	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
TURNOVER - continuing operations	2	15,505	14,748
Cost of sales		(11,486)	(11,186)
Gross profit		<u>4,019</u>	<u>3,562</u>
Administrative expenses		(2,581)	(2,460)
OPERATING PROFIT - continuing operations	4	1,438	1,102
Interest receivable and similar income		101	52
Interest payable and similar charges	5	(31)	(13)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,508	1,141
Tax on profit on ordinary activities	6	(505)	(371)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,003	770
NON-EQUITY DIVIDENDS TO MINORITY INTERESTS		(200)	(200)
Dividends paid and proposed	7	<u>803</u> <u>(807)</u>	<u>570</u> <u>(262)</u>
(LOSS)/PROFIT TRANSFERRED (FROM)/TO RESERVES	18	<u>(4)</u>	<u>308</u>

There are no recognised gains or losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is given.



RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 5 October 1996

	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
Profit attributable to the shareholders of the company	803	570
Dividends	(807)	(262)
(Reduction in)/addition to shareholders' funds	(4)	308
Share capital subscribed	3	1,117
Goodwill arising on acquisition of business	-	(696)
Opening shareholders' funds	729	-
Closing shareholders' funds	728	729


CONSOLIDATED BALANCE SHEET
5 October 1996

	Note	5 October 1996 £'000	30 September 1995 £'000
FIXED ASSETS			
Tangible assets	9	860	844
CURRENT ASSETS			
Stocks	11	607	848
Debtors	12	1,929	2,641
Cash at bank and in hand		2,339	1,583
		4,875	5,072
CREDITORS: amounts falling due within one year	13	(4,108)	(4,251)
NET CURRENT ASSETS		767	821
TOTAL ASSETS LESS CURRENT LIABILITIES		1,627	1,665
CREDITORS: amounts falling due after more than one year	14	(258)	(234)
NON-EQUITY MINORITY INTEREST	15	(600)	(600)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(41)	(102)
		728	729
CAPITAL AND RESERVES			
Called up share capital	17	75	75
Share premium account	18	1,045	1,042
Profit and loss account	18	304	308
Goodwill reserve	18	(696)	(696)
Total shareholders' funds		728	729
Shareholders' funds are attributable to:			
Equity shareholders' funds		677	678
Non-equity shareholders' funds		51	51
		728	729

These financial statements were approved by the Board of Directors on

12 December 1996

Signed on behalf of the Board of Directors

R B Barrett

Director



COMPANY BALANCE SHEET
5 October 1996

	Note	5 October 1996 £'000	30 September 1995 £'000
FIXED ASSETS			
Investments	10	<u>1,117</u>	<u>1,117</u>
CURRENT ASSETS			
Debtors	12	249	81
Cash at bank and in hand		<u>26</u>	<u>-</u>
		275	81
CREDITORS: amounts falling due within one year	13	<u>(257)</u>	<u>(69)</u>
NET CURRENT ASSETS		<u>18</u>	<u>12</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,135</u>	<u>1,129</u>
CAPITAL AND RESERVES			
Called up share capital	17	75	75
Share premium account	18	1,045	1,042
Profit and loss account	18	<u>15</u>	<u>12</u>
Total shareholders' funds		<u>1,135</u>	<u>1,129</u>
Shareholders' funds are attributable to:			
Equity shareholders' funds		1,084	1,078
Non-equity shareholders' funds		<u>51</u>	<u>51</u>
		<u>1,135</u>	<u>1,129</u>

These financial statements were approved by the Board of Directors on 12th December 1996

Signed on behalf of the Board of Directors

R B Barrett

Director


CONSOLIDATED CASH FLOW STATEMENT
Year ended 5 October 1996

	Note	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
Net cash inflow from operating activities	21	1,621	1,118
Returns on investments and servicing of finance			
Dividends paid		(646)	(207)
Release of dividend accrual		(2)	-
Dividends paid to minority interest		(200)	(200)
Interest element of finance lease rentals		(31)	(13)
Interest received		101	52
Net cash outflow from returns on investments and servicing of finance		(778)	(368)
Taxation			
Tax paid (including advance corporation tax)		(295)	(13)
Group relief received from Barrett Steel Limited		354	-
Tax received/(paid)		59	(13)
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)		-	979
Payments to acquire tangible fixed assets		(57)	(49)
Receipts from disposal of tangible fixed assets		7	20
Net cash (outflow)/inflow from investing activities		(50)	950
Net cash inflow before financing		852	1,687
Financing	22		
Share capital subscribed		3	-
Capital element of net finance lease and hire purchase payments		(99)	(104)
Net cash outflow from financing		(96)	(104)
Increase in cash and cash equivalents	23,24	756	1,583

**NOTES TO THE ACCOUNTS****Year ended 5 October 1996****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Goodwill reserve

Goodwill is the amount by which the purchase consideration for businesses acquired exceeds the fair value to the group of the separable net assets acquired. Purchased goodwill is immediately written off against reserves.

Tangible fixed assets

Fixed assets are stated at cost. Depreciation is provided on a straight line basis calculated to write off the cost of the assets over their estimated useful lives. Repairs are written off as incurred save that if a repair is of such a substantial nature as to change the expected life or materially change the performance of the asset, then such repairs are amortised over the unexpired useful life. The estimated useful lives of assets are as follows:

Plant and machinery	5-10 years
Fixtures and fittings	10 years
Computer equipment	Up to 5 years
Motor cars	4 years
Commercial vehicles	4-5 years

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. The cost of work-in-progress includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the lease term in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Turnover

Turnover represents the cumulative sales value of contracts excluding VAT. Turnover is recognised at specific points during a contract when individual elements of work done with separately ascertainable values and costs can be identified.

Pension costs

The group contributes to defined contribution pension schemes, the funds of which are maintained separately from the group. Pension costs are charged to the profit and loss account during the year in which they are incurred.


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
2. TURNOVER

All turnover is attributable to the principal activity and derives from the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
Directors' emoluments		
Fees	8	8
Other emoluments	153	197
	<u>161</u>	<u>205</u>
	£	£
Remuneration of the chairman	<u>3,234</u>	<u>3,000</u>
Remuneration of the highest paid director	<u>110,934</u>	<u>99,843</u>
	No	No
Scale of other directors' remuneration		
£ 0 - £ 5,000	2	2
£ 5,001 - £ 10,000	2	-
£ 40,001 - £ 45,000	-	2
	<u>-</u>	<u>2</u>
Average number of persons employed		
Production	72	76
Administration	49	52
	<u>121</u>	<u>128</u>
	£'000	£'000
Staff costs during the period (including directors)		
Wages and salaries	2,702	2,503
Social security costs	272	248
Pension costs	153	113
	<u>3,127</u>	<u>2,864</u>


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
4. OPERATING PROFIT

	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	70	67
Assets held under finance lease and hire purchase agreements	121	94
Hire of plant and machinery	46	74
Other operating leases/rentals	96	89
Profit on sale of fixed assets	(5)	(10)
Auditors' remuneration		
Audit fee	16	15
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
Finance leases and hire purchase contracts	31	13
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
United Kingdom corporation tax at 33% (1995 : 33%)	529	255
Deferred taxation	(10)	116
	<u> </u>	<u> </u>
	519	371
Adjustments to prior year's tax provisions		
Corporation tax	(60)	-
Deferred taxation	(10)	-
Group relief	56	-
	<u> </u>	<u> </u>
	505	371
	<u> </u>	<u> </u>


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
7. DIVIDENDS

	Year ended 5 October 1996 £'000	14 months ended 30 September 1995 £'000
On non-equity shares		
Dividends paid to the holders of 'C' ordinary shares at a rate of 1.66 pence (1995 : 1.66 pence) per annum:	85	82
Special dividend paid on 'C' ordinary shares at a rate of 3.91 pence (1995 : 1.95 pence) per share	200	100
	<u>285</u>	<u>182</u>
On equity shares		
Dividends paid to the holders of 'B' ordinary shares at a rate of 1.66 pence (1995 : 1.66 pence) per annum	27	25
Participating dividend on 'B' ordinary shares at a rate of 5.00 pence per share	81	-
Dividend paid on 'B' ordinary shares at a rate of 8.28 pence per share	135	-
Dividend proposed in respect of 'B' ordinary shares (payable in January 1997) at a rate of 13.18 pence (1995: 3.39 pence) per share	214	55
	<u>457</u>	<u>80</u>
Dividend paid on 'A' ordinary shares at a rate of 8.28 pence per share	65	-
	<u>807</u>	<u>262</u>

8. PROFIT AND LOSS ACCOUNT

As permitted by Section 230 of the Companies Act 1985, a profit and loss account for the Company alone is not presented. The profit for the financial year dealt with in the accounts of the parent company amounts to £818,000 (14 months ended 30 September 1995 : £274,000).


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
9. TANGIBLE FIXED ASSETS

The Group	Plant, machinery and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 October 1995	1,456	36	1,492
Additions	209	-	209
Disposals	(45)	(22)	(67)
At 5 October 1996	1,620	14	1,634
Accumulated depreciation			
At 1 October 1995	621	27	648
Charge for the year	184	7	191
Disposals	(45)	(20)	(65)
At 5 October 1996	760	14	774
Net book value			
At 5 October 1996	860	-	860
At 30 September 1995	835	9	844

Included in the net book value of plant, machinery and equipment at 5 October 1996 are assets held under finance lease and hire purchase agreements amounting to £558,000 (30 September 1995 : £521,000).

10. FIXED ASSET INVESTMENTS

	5 October 1996 £'000	30 September 1995 £'000
The Company		
Shares in subsidiary undertakings	1,117	1,117

The shares in subsidiary undertakings comprise the whole of the ordinary share capital of Barrett Steel Buildings Limited. Barrett Steel Buildings Limited is a company incorporated in Great Britain and registered in England and Wales, whose principal activity is the construction of steel buildings.

11. STOCKS

	The Group		The Company	
	5 October 1996 £'000	30 September 1995 £'000	5 October 1996 £'000	30 September 1995 £'000
Raw materials and consumables	71	41	-	-
Contract work-in-progress	1,751	2,287	-	-
	1,822	2,328	-	-
Progress payments	(1,215)	(1,480)	-	-
	607	848	-	-

There is no significant difference between the replacement cost of stocks and the amounts shown in the financial statements.


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
12. DEBTORS

	The Group		The Company	
	5 October 1996 £'000	30 September 1995 £'000	5 October 1996 £'000	30 September 1995 £'000
Amounts due within one year:				
Trade debtors	1,607	1,876	-	-
Amounts owed by group undertakings	-	-	249	81
Other debtors	1	417	-	-
Prepayments and accrued income	73	66	-	-
	<u>1,681</u>	<u>2,359</u>	<u>249</u>	<u>81</u>
Amounts due after more than one year:				
Trade debtors	248	282	-	-
	<u>1,929</u>	<u>2,641</u>	<u>249</u>	<u>81</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	5 October 1996 £'000	30 September 1995 £'000	5 October 1996 £'000	30 September 1995 £'000
Payments on account	242	264	-	-
Trade creditors	1,754	2,362	-	-
Obligations under finance lease and hire purchase agreements	106	84	-	-
Proposed dividend	214	55	214	55
Other creditors	16	50	14	14
Other taxes and social security	519	340	-	-
Accruals and deferred income	786	840	20	-
Corporation tax	471	256	9	-
	<u>4,108</u>	<u>4,251</u>	<u>257</u>	<u>69</u>

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

	The Group		The Company	
	5 October 1996 £'000	30 September 1995 £'000	5 October 1996 £'000	30 September 1995 £'000
Trade creditors	12	19	-	-
Obligations under finance lease and hire purchase agreements	246	215	-	-
	<u>258</u>	<u>234</u>	<u>-</u>	<u>-</u>


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
15. NON-EQUITY MINORITY INTEREST

The non-equity minority interests relate to 600,000 Preferred Redeemable Shares of £1 each in Barrett Steel Buildings Limited.

Under the Articles of Association of Barrett Steel Buildings Limited that company has the right at any time to redeem the Preferred Shares after giving one week's notice and subject to the provisions of the Companies Act 1985 and the payment of all Preferred Dividend arrears. Subject to the same provisions, the Preferred shareholders have the right to redeem the Preferred Shares after giving one week's notice to Barrett Steel Buildings Limited. On shares redeemed the amount paid up will be the paid up amount plus any arrears of dividend.

On 9 October 1996 these shares were acquired by Barrett Steel Engineering Limited, as outlined in note 25.

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	The Group		The Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Deferred tax provision	96	116	-	-
Less advance corporation tax	(55)	(14)	-	-
	<u>41</u>	<u>102</u>	<u>-</u>	<u>-</u>
Balance at 1 October 1995	116	-	-	-
(Credit)/charge for the year	(20)	116	-	-
Balance at 5 October 1996	<u>96</u>	<u>116</u>	<u>-</u>	<u>-</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	The Group		The Group	
	Provided 5 October 1996 £'000	Provided 30 September 1995 £'000	Not provided 5 October 1996 £'000	Not provided 30 September 1995 £'000
Capital allowances in advance of depreciation	112	116	-	-
Short term timing differences	(16)	-	-	-
Advance corporation tax	(55)	(14)	-	-
	<u>41</u>	<u>102</u>	<u>-</u>	<u>-</u>

There are no amounts provided or unprovided in the accounts in respect of the Company.


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
17. CALLED UP SHARE CAPITAL

	5 October 1996 £	30 September 1995 £
Authorised		
800,000 'A' ordinary shares of £0.01 each	8,000	8,000
1,624,242 'B' ordinary shares of £0.01 each	16,242	16,242
5,118,615 'C' ordinary shares of £0.01 each	51,186	51,186
	<u>75,428</u>	<u>75,428</u>
Called up, allotted and fully paid		
800,000 (1995 : 790,000) 'A' ordinary shares of £0.01 each	8,000	7,900
1,624,242 'B' ordinary shares of £0.01 each	16,242	16,242
5,118,615 'C' ordinary shares of £0.01 each	51,186	51,186
	<u>75,428</u>	<u>75,328</u>

10,000 'A' ordinary shares of £0.01 each were allotted for cash during the year. The consideration received was £0.28 per share.

Rights attaching to each class of share
i) Rights to dividends

The profits of the company available for distribution shall be applied:

- first in paying in priority to any other dividends to 'B' and 'C' ordinary shareholders a fixed net cash cumulative dividend ('Fixed Dividend') of 1.66 pence per share, the first payment due on 31 March 1996 and payable half-yearly in every year thereafter;
- next in paying to the 'B' ordinary shareholders a net cash cumulative dividend ('Participating Dividend') determined as specified in the Articles of Association;
- next in paying to the 'C' ordinary shareholders a net cash dividend ('Special Dividend') of the following amounts on the following dates:

	£
30 June 1995	100,000
31 December 1995	100,000
30 June 1996	100,000
31 December 1996	100,000
30 June 1997	278,788
31 December 1997	278,788

- next in paying to the 'A' and 'B' ordinary shares any further profits which the company determines to distribute.

ii) Return of capital

On a return of capital, surplus assets are to be applied:

- first, to holders of 'C' ordinary shares the outstanding Special Dividend to date plus any arrears of the Fixed Dividend
- next to the holders of 'B' ordinary shares an amount of 10p per share plus any arrears of the Fixed Dividend and the Participating Dividend
- next to the 'A' ordinary shareholders an amount of 10p per share


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
17. CALLED UP SHARE CAPITAL (continued)

- for any balance to the holders of 'A' and 'B' ordinary shares
- iii) Voting rights attaching to shares
 - 'C' ordinary shareholders have no voting rights unless:
 - at the date of the notice or requisition to convene a meeting the Fixed Dividend or the Special Dividend is six months in arrears; or
 - the business of the meeting includes the consideration of a resolution for winding up the company, reducing the company's share capital or altering any of the rights of the 'C' ordinary shares.
- iv) Further rights and restrictions for 'C' ordinary shares

On a sale or quotation or upon the company giving one week's notice in writing the 'C' ordinary shareholders shall have the following rights and restrictions:

 - to income, a net cash dividend of the outstanding Special Dividend ('Exit Dividend') and a fixed cash dividend of 5% per annum of the nominal value for any financial year in which adjusted profits exceed £5,000 million
 - to capital, after payment of the Exit Dividend and any other dividend arrears, a return of paid up capital after £10 million has been distributed in respect of each 'A' ordinary share.

18. RESERVES

	The Group		
	Share premium account £'000	Profit and loss account £'00	Goodwill reserve £'000
At 1 October 1995	1,042	308	(696)
Share issue	3	-	-
Retained profit for the financial year	-	(4)	-
At 5 October 1996	<u>1,045</u>	<u>304</u>	<u>(696)</u>

	The Company	
	Share premium account £'000	Profit and loss account £'000
At 1 October 1995	1,042	12
Share issue	3	-
Retained profit for the financial year	-	3
At 5 October 1996	<u>1,045</u>	<u>15</u>


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
19. FINANCIAL COMMITMENTS

	The Group	
	5 October 1996 £'000	30 September 1995 £'000
Capital commitments		
Contracted for but not provided	34	96
Operating lease commitments		
	5 October 1996 £'000	30 September 1995 £'000
The following payments are due within the next year in respect of leases which expire:		
Within one year	17	11
Within 2 to 5 years	63	65
	80	76

20. DIRECTORS' INTERESTS IN CONTRACTS

R Butcher, R B Barrett, J S Barrett and P C Chasney are each directors and shareholders of Barrett Steel Limited and Barrett Steel Engineering Limited. During the year Barrett Steel Limited supplied to Barrett Steel Buildings Limited, a subsidiary of Barrett Steel Engineering Limited, steel with a value of £2,677,000 (1995 : £2,990,000). This supply arrangement is on an arms length basis.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	5 October 1996 £'000	30 September 1995 £'000
Operating profit	1,438	1,102
Depreciation	191	161
Profit on disposal of fixed assets	(5)	(10)
Decrease/(increase) in stocks	241	(532)
Decrease in debtors	302	843
Increase in creditors	(546)	(446)
Net cash inflow from operating activities	1,621	1,118


NOTES TO THE ACCOUNTS
Year ended 5 October 1996
22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) £'000	Loans and finance lease/hire purchase obligations £'000
Balance on incorporation	-	-
Share issue	1,117	-
Acquired on acquisition	-	61
Net cash outflows from financing	-	(104)
Inception of finance leases	-	342
Balance at 30 September 1995	1,117	299
Net cash inflows/(outflows) from financing	3	(99)
Inception of finance leases	-	152
Balance at 30 September 1996	1,120	352

23. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£'000
Balance on incorporation	-
Net cash inflow	1,583
Net cash inflow	1,583
Net cash inflow	756
Balance at 5 October 1996	2,339

**24. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE
BALANCE SHEET**

	5 October 1996 £'000	30 September 1995 £'000	Change in year 1996 £'000	Change in period 1995 £'000
Cash at bank and in hand	2,339	1,583	756	1,583

25. POST BALANCE SHEET EVENT

On 5 November 1996 the company acquired 600,000 Preferred Redeemable Shares of £1 each in its subsidiary, Barrett Steel Buildings Limited. The shares were purchased at par from Barrett Steel Limited.