

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



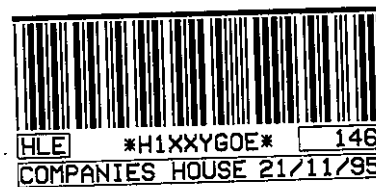
Company Registration No. 2953945

**BARRETT STEEL ENGINEERING
LIMITED**

Report and Financial Statements

30 September 1995

Touche Ross & Co.
10-12 East Parade
Leeds
LS1 2AJ



**REPORT AND FINANCIAL STATEMENTS 1995**

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**REPORT AND FINANCIAL STATEMENTS 1995****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

Touche Ross & Co.
Chartered Accountants
10-12 East Parade
Leeds
LS1 2AJ

CHAIRMAN'S REPORT

RESULTS AND DIVIDEND

The demerger of Barrett Steel Buildings Limited from Barrett Steel Limited took place with effect from 30 September 1995. As the new holding company for Barrett Steel Buildings Limited this is therefore the first set of statutory accounts for the Company.

Profit before tax for the year was £1.1 million on turnover of £14.7 million. The performance in the year has been assisted by a modest improvement in trading conditions for the Company's subsidiary and by recognition in the market place of Barrett Steel Buildings Limited as a leader in the Design and Build of structural steelwork. The Board's policy in these times when the construction market remains depressed by comparison to other parts of the economy is to ensure that subsidiary operations are focused on improvements in efficiency and quality rather than seeking growth in market share.

Dividends of £262,000 have been paid to the funding institutions in accordance with the terms of the Company's funding arrangements. In addition, a dividend of £200,000 was paid to Barrett Steel Limited, a minority shareholder in Barrett Steel Buildings Limited.

The Company has produced a strong cash flow in the year. At the year end cash at bank stood at £1.6 million. Net cash after deduction of all borrowings, including hire purchase obligations stood at £1.3 million. This healthy cash position is being used to strengthen and develop the operating business for the future.

DEVELOPMENT OF THE COMPANY

The Group has invested £391,000 in new plant and equipment during the year. Substantial investment has been made in a saw and drill line and 3-D computer drafting systems have been introduced.

The Board believes that this type of investment will enable the objectives of improving efficiency and quality to be met. A programme of further capital investment has been budgeted for the forthcoming year.

OUTLOOK

Economic commentators appear to be unanimous in the view that the construction market as a whole has failed to improve. There is no doubt that improving profitability will be more difficult in the year ahead. However, based on current forecasts, the Board looks forward to some modest growth and further improved profitability.



R Butcher

6 November 1995

DIRECTORS REPORT

The directors present their annual report and the audited financial statements for the period from 29 July 1994 to 30 September 1995.

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 was incorporated as Simco 652 Limited on 29 July 1994. The company name was changed to Barrett Steel Engineering Limited on 27 October 1994.

The increasing trend towards partnering in the industry is being actively embraced by the group. The Board view partnering as the most efficient way forward for the Design and Build market place, and the group has carried out a number of such projects this year. Notable amongst these have been a 254,000 sq ft distribution warehouse for Sainsbury's in Haydock, a 220,000 sq ft distribution warehouse for Wincanton Distribution in Corby and a leisure complex in Stevenage.

The year has seen a marked increase in investment in new plant and machinery for Barrett Steel Buildings Limited. A computer controlled saw and drill line for processing of beam and column sections has been installed in the workshop. Additionally, over half the drawing office are working on 3-D CAD draughting systems. The company will continue this investment programme in the new financial year, to ensure the very best standards of productivity and efficiency are achieved.

DIVIDENDS AND TRANSFERS TO RESERVES

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

A dividend of £207,000 was paid during the period, £25,000 in respect of equity shares and £182,000 in respect of non-equity shares. The directors propose a final dividend of £55,000 in respect of equity shares and the retained profit of £308,000 has been transferred 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 director on incorporation, who resigned on 8 September 1994, was Simco Director A Limited.

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

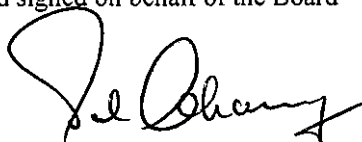
		'A' Ordinary Shares	
		At 30 September 1995	At date of appointment
		No.	No.
R B Barrett	(appointed 8 September 1994)	240,000	-
J S Barrett	(appointed 8 September 1994)	240,000	-
P C Chasney	(appointed 8 September 1994)	120,000	-
R B Butcher	(appointed 30 September 1994)	20,000	-
D G Martin	(appointed 30 September 1994)	-	-
C R Sherling	(appointed 30 September 1994)	-	-

DIRECTORS REPORT (continued)

AUDITORS

Touche Ross & Co. were appointed auditors during the period. They have expressed their willingness to continue in office as auditors and a resolution to reappoint them will 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

6 November 1995

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;
- ♦ 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 which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Touche Ross & Co.
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 23 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 30 September 1995 and of the profit of the group for the fourteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Chartered Accountants and
Registered Auditors

10 November 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period ended 30 September 1995

	Note	14 months to 30 September 1995 £'000
TURNOVER - acquired operations	2	14,748
Cost of sales		(11,186)
Gross profit		<u>3,562</u>
Administrative expenses		<u>(2,460)</u>
OPERATING PROFIT - acquired operations	4	1,102
Interest receivable and similar income		52
Interest payable and similar charges	5	<u>(13)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,141
Tax on profit on ordinary activities	6	<u>(371)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		770
MINORITY INTERESTS		<u>(200)</u>
		570
Dividends paid and proposed	7	<u>(262)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	<u><u>308</u></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 30 September 1995

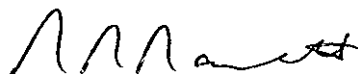
	14 months to 30 September 1995 £'000
Profit attributable to the shareholders of the company	570
Dividends	(262)
	<hr/> 308
Share capital subscribed	1,117
Goodwill arising on acquisition of business	(696)
	<hr/> 729
Closing shareholders' funds	<hr/> <hr/> 729

**CONSOLIDATED BALANCE SHEET
30 September 1995**

	Note	30 September 1995 £'000
FIXED ASSETS		
Tangible assets	9	844
CURRENT ASSETS		
Stocks	11	848
Debtors due within one year	12	2,359
Debtors due after one year	12	282
Cash at bank and in hand		1,583
		5,072
CREDITORS: amounts falling due within one year	13	(4,251)
NET CURRENT ASSETS		821
TOTAL ASSETS LESS CURRENT LIABILITIES		1,665
CREDITORS: amounts falling due after more than one year	14	(234)
NON-EQUITY MINORITY INTERESTS	15	(600)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(102)
		729
CAPITAL AND RESERVES		
Called up share capital	17	75
Share premium account	18	1,042
Profit and loss account	18	308
Goodwill reserve	18	(696)
Total shareholders' funds		729
Shareholders' funds are attributable to:		
Equity shareholders' funds		678
Non-equity shareholders' funds		51
		729

These financial statements were approved by the Board of Directors on 6 November 1995

Signed on behalf of the Board of Directors



R B Barrett
Director

COMPANY BALANCE SHEET
30 September 1995

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

These financial statements were approved by the Board of Directors on 6 November 1995

Signed on behalf of the Board of Directors



R B Barrett

Director


CONSOLIDATED CASH FLOW STATEMENT
Period ended 30 September 1995

	Note	14 months to 30 September 1995 £'000
Net cash inflow from operating activities	21	1,118
Returns on investments and servicing of finance		
Dividends paid		(207)
Dividends paid to minority interests		(200)
Interest element of finance lease rentals		(13)
Interest received		52
Net cash outflow from returns on investments and servicing of finance		(368)
Taxation		
Advance corporation tax		(13)
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)		979
Payments to acquire tangible fixed assets		(49)
Receipts from disposal of tangible fixed assets		20
Net cash inflow from investing activities		950
Net cash inflow before financing		1,687
Financing	22	
Capital element of net finance lease and hire purchase payments		(104)
Net cash outflow from financing		(104)
Increase in cash and cash equivalents	23,24	1,583

NOTES TO THE ACCOUNTS

Period ended 30 September 1995

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

2. TURNOVER

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

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

4. OPERATING PROFIT

	14 months to 30 September 1995 £'000
Operating profit is after charging/(crediting):	
Depreciation	
Owned assets	67
Leased assets	94
Hire of plant and machinery	74
Rentals under operating leases	
Other operating leases	89
Profit on sale of fixed assets	(10)
Auditors' remuneration	
Audit fee	<u>15</u>

The operating profit in respect of the Barrett Steel Buildings Limited acquisition (note 10) for the year ended 1 October 1994, its last full year of trading prior to acquisition, was £529,000.

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

5. INTEREST PAYABLE AND SIMILAR CHARGES

14 months
ended
30 September
1995
£'000

Finance leases and hire purchase contracts

13

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

14 months
ended
30 September
1995
£'000

Corporation tax

255

Deferred taxation

116

371

7. DIVIDENDS

14 months to
30 September
1995
£'000

On non-equity shares

The following dividends were paid to the holders of 'C' ordinary shares at a rate of 1.66 pence per annum:

3 April 1995

39

30 September 1995

43

82

Special dividend on 'C' ordinary shares at 1.95 pence per share

100

182

On equity shares

The following dividends were paid to the holders of 'B' ordinary shares at a rate of 1.66 pence per annum:

3 April 1995

12

30 September 1995

13

25

Dividend proposed in respect of 'B' ordinary shares (payable in January 1996) at 3.39 pence per share

55

80

262

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

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 £274,000.

9. TANGIBLE FIXED ASSETS

The Group	Plant, machinery and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
On acquisition of business	1,084	46	1,130
Additions	391	-	391
Disposals	(19)	(10)	(29)
At 30 September 1995	<u>1,456</u>	<u>36</u>	<u>1,492</u>
Accumulated depreciation			
On acquisition of business	494	12	506
Charge for the year	140	21	161
Disposals	(13)	(6)	(19)
At 30 September 1995	<u>621</u>	<u>27</u>	<u>648</u>
Net book value			
At 30 September 1995	<u>835</u>	<u>9</u>	<u>844</u>

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

10. FIXED ASSET INVESTMENTS

The Company	£'000
Acquired during the period	<u>1,117</u>

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

10. FIXED ASSET INVESTMENTS (continued)

On 30 September 1994, the company acquired the whole of the ordinary share capital of Barrett Steel Buildings Limited for a consideration of £1,117,000. 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. The net assets acquired, which were considered by the directors to be at their fair values, are as follows:

	£'000
Fixed assets	624
Stocks	316
Debtors	3,483
Cash	979
Creditors	(4,320)
Loans and finance leases	(61)
Total net assets	1,021
Less attributable to preference shares	(600)
Attributable to ordinary shares	421
Satisfied by Issue of shares	1,117
Goodwill arising	696

11. STOCKS

	The Group 30 September 1995 £'000	The Company 30 September 1995 £'000
Raw materials and consumables	41	-
Contract work-in-progress	2,287	-
	2,328	-
Progress payments	(1,480)	-
	848	-

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


NOTES TO THE ACCOUNTS
Period ended 30 September 1995
12. DEBTORS

	The Group 30 September 1995 £'000	The Company 30 September 1995 £'000
Amounts due within one year:		
Trade debtors	1,876	-
Amounts owed by group undertakings	-	26
Other debtors	417	55
Prepayments and accrued income	66	-
	<u>2,359</u>	<u>81</u>
Amounts due after more than one year:		
Trade debtors	282	-
	<u>2,641</u>	<u>81</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group 30 September 1995 £,000	The Company 30 September 1995 £,000
Payments on account	264	-
Trade creditors	2,362	-
Obligations under finance lease and hire purchase agreements	84	-
Proposed dividend	55	55
Other creditors	50	14
Other taxes and social security	340	-
Accruals and deferred income	840	-
Corporation tax	256	-
	<u>4,251</u>	<u>69</u>

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

	The Group 30 September 1995 £,000	The Company 30 September 1995 £,000
Amounts falling due within five years		
Trade creditors	19	-
Obligations under finance lease and hire purchase agreements	215	-
	<u>234</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

15. NON-EQUITY MINORITY INTERESTS

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.

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	The Group 1995 £'000	The Company 1995 £'000
On incorporation		
Charge for the year	116	-
Advance corporation tax	(14)	-
	<hr/>	<hr/>
Balance at 30 September 1995	102	-
	<hr/>	<hr/>

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

	The Group	
	Provided 30 September 1995 £'000	Not provided 30 September 1995 £'000
Capital allowances in advance of depreciation	116	-
Advance corporation tax	(14)	-
	<hr/>	<hr/>
	102	-
	<hr/>	<hr/>

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

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

17. CALLED UP SHARE CAPITAL

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

On incorporation the authorised share capital of the company was £1,000, divided into 1,000 ordinary shares of £1 each.

On 17 October 1994, the 1,000 £1 ordinary shares were subdivided into 100,000 ordinary shares of £0.01 each. On the same date the authorised share capital was increased to £75,428 divided into 7,542,857 ordinary shares of £0.01.

On the same date these ordinary shares were reclassified into 800,000 'A' ordinary shares, 1,624,242 'B' ordinary shares and 5,118,615 'C' ordinary shares, all of £0.01 each.

The shares were allotted on 17 October 1994, the consideration for which being 1,113,000 ordinary shares of £1 each in Barrett Steel Buildings Limited.

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 1995 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:

	£
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.

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

17. CALLED UP SHARE CAPITAL (continued)

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
- 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
Share issue	1,042	-	-
Acquisition of business	-	-	(696)
Retained profit for the financial year	-	308	-
At 30 September 1995	1,042	308	(696)

NOTES TO THE ACCOUNTS
Period ended 30 September 1995

18. RESERVES (continued)

	The Company Share premium account £'000	Profit and loss account £'000
Share issue	1,042	-
Retained profit for the financial year	-	12
At 30 September 1995	<u>1,042</u>	<u>12</u>

19. FINANCIAL COMMITMENTS

	The Group 30 September 1995 £'000
Capital commitments	
Contracted for but not provided	96
Authorised but not yet contracted for	-
Operating lease commitments	
	30 September 1995 £'000
The following payments are due within the next year in respect of leases which expire:	
Within one year	11
Within 2 to 5 years	65
	<u>76</u>

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 £2,990,000 (1994 : £3,572,000). This supply arrangement is on an arms length basis.


NOTES TO THE ACCOUNTS
Period ended 30 September 1995
21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30 September 1995 £'000
Operating profit	1,102
Depreciation	161
Profit on disposal of fixed assets	(10)
Decrease in stocks	(532)
Decrease in debtors	843
Increase in creditors	(446)
Net cash inflow from operating activities	<u>1,118</u>

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) £'000	Loans and finance lease/hire purchase obligations £'000
Share issue	1,117	-
Acquired on acquisition	-	61
Net cash outflows from financing	-	(104)
Inception of finance leases	-	342
Balance at 30 September 1995	<u>1,117</u>	<u>299</u>

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

	£'000
Net cash inflow	1,583
Balance at 30 September 1995	<u>1,583</u>

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

	1995 £'000	On incorporation £'000	Change in period 1995 £'000
Cash at bank and in hand	<u>1,583</u>	<u>-</u>	<u>1,583</u>

**NOTES TO THE ACCOUNTS**
Period ended 30 September 1995**25. ANALYSIS OF THE INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE
PURCHASE OF BUSINESS**

	£'000
Cash consideration	-
Cash acquired	979
	<hr/>
	979
	<hr/>

The business acquired during the period contributed £1,221,000 to the Group's net operating cash flows, paid £161,000 in respect of net returns on investment and servicing of finance, paid £29,000 for investing activities and paid £104,000 in respect of financing.