

**BARRETT STEEL ENGINEERING
LIMITED**

Report and Financial Statements

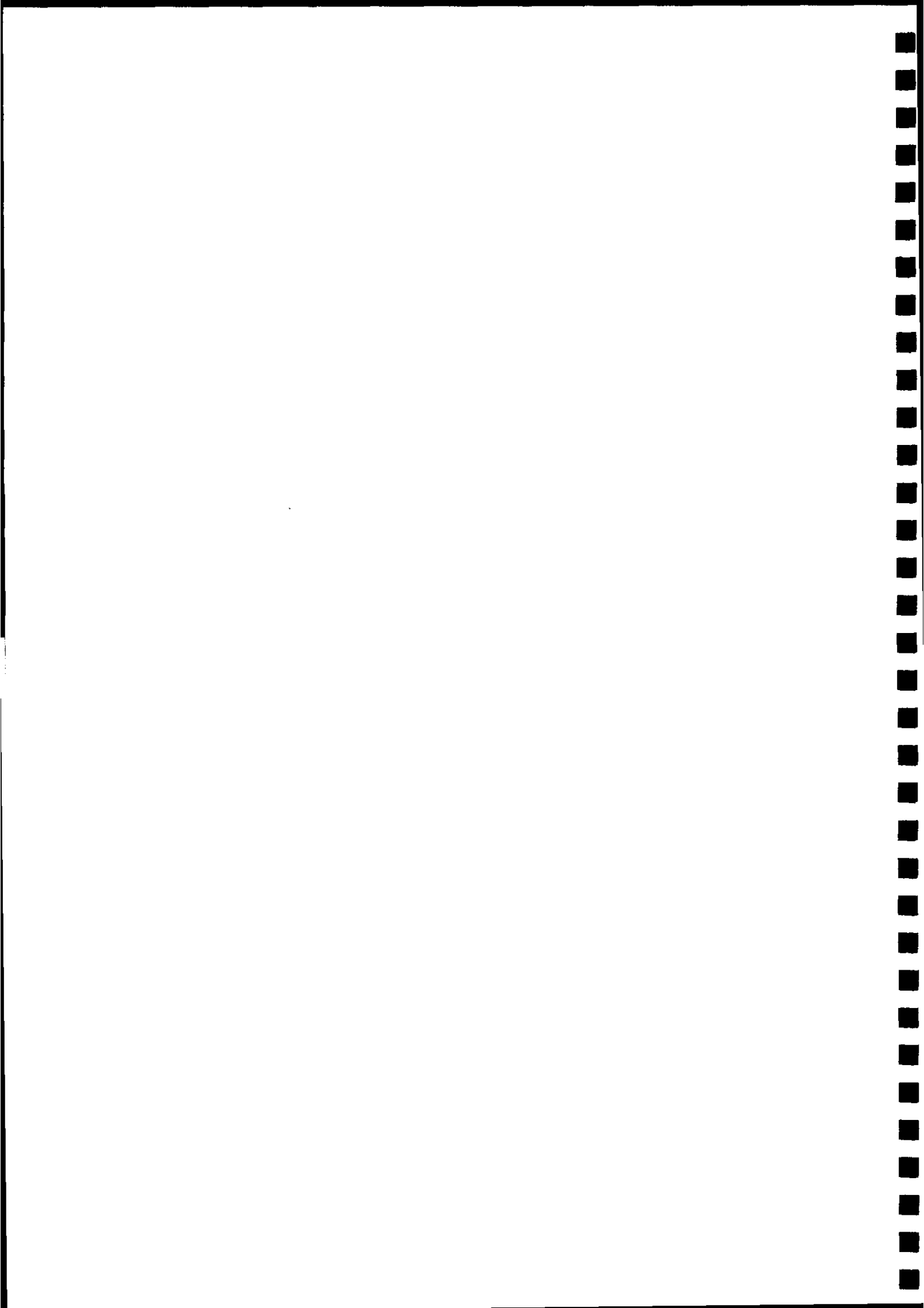
30 September 2000



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

REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Butcher (Chairman)
R B Barrett
J S Barrett
P C Chasney
D G Martin
I M L Jones

SECRETARY

P C Chasney

REGISTERED OFFICE

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

BANKERS

HSBC plc
47 Market Street
Bradford
BD1 1LW

SOLICITORS

Pinsent Curtis
1 Park Row
Leeds
LS1 5AB

AUDITORS

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

REPORT AND FINANCIAL STATEMENTS 2000**CHAIRMAN'S STATEMENT****RESULTS**

As anticipated in my last statement, trading remained difficult throughout the year. A further fall in industry activity coupled with the extra capacity that has been created in recent years, have ensured that prices remained depressed throughout the year. As a consequence the Group's profit before tax was reduced to £552,000 a fall of 43%. In spite of the weak market, turnover held up well at £13.7m. Although disappointing, pre-tax margins at 4% compare favourably with the best in our industry.

The Group continues to have a strong cash position. The year under review started with cash in hand of £1.2 million and ended the year with cash balances of £1.6 million. The Company paid an interim dividend of 4.74 pence per share to the holders of all 'A' and 'B' Ordinary shares on 4th December 2000. In accordance with the Articles the Company paid a fixed dividend to the 'B' Ordinary shares of 0.83 pence per share during the year and a further fixed dividend of 0.83 pence per share to the same shareholders on 1st December 2000. The Directors have proposed a participating dividend of 5.28 pence per share in respect of the 'B' Ordinary shares in accordance with the Articles.

DEVELOPMENT OF THE COMPANY

The Group has continued to develop its expertise in the design and build sector of the UK Structural Steelwork market. In our core market, a number of warehouse and factory projects were completed, ranging from modest industrial developments through to substantial distribution and manufacturing facilities. Prominent amongst these were projects for Hazelwood Foods at Hull, and a substantial warehouse park at Hounslow for Prologis-Kingspark.

We completed the 14 screen circular Millennium Cinema project at Greenwich. This highly complex project was a major technical challenge, carried out to an excellent standard of design and fabrication. However, the financial outcome was extremely disappointing, as the market price for such projects does not reflect the high technical and production costs. Great success has been achieved in applying our design and build skills to the low-rise office and business park market. A number of these buildings were completed during the year, and the company aims to expand activities in this sector up to 20% of turnover.

The Group's investment in fixed assets during the year has been focused primarily on improving IT facilities in both the office and workshop. We have invested in new hardware in preparation for a new Management Information System, which is under development and is expected to offer major benefits to all parts of the business.

In February 2000, the Group launched its e-commerce initiative, E-asybudget. This on-line budgeting pricing service is unique in our industry, and we now have over 250 registered users of the system. A major expansion of these facilities has been completed which was launched in November 2000.

During the year, the Group made great progress with its customer service initiative. Internal and external customer satisfaction is measured on every project, at all stages of the process from design and drawing, through fabrication and onto site. This work has now been integrated into the Group's active supply chain management system. All key suppliers are partnered, and performance is measured regularly. From these measures, areas of weakness are identified, and improvement activities can be focused.

OUTLOOK

The new year shows no improvement over the conditions in the market during the last two years. Market prices appear to have stabilised at the very low levels reached last year, and a number of competitors have recently announced cutbacks in production and closure of factories. With demand forecast to fall still further, there is little prospect of meaningful recovery in the short to medium term. Therefore, the Board expects continuing difficult trading conditions throughout the financial year but is confident that the strength of the Group will enable it to weather the storm.



R. Butcher
21 December 2000

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2000.

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

A review of developments and future prospects is set out in the Chairman's Statement on page 2.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in the consolidated profit and loss account on page 6.

A dividend of £13,000 (1999: £184,000) was paid during the year in respect of non-equity shares and £nil (1999: £84,000) in respect of equity shares. A dividend of £14,000 (1999: £14,000) in respect of non-equity shares was paid on 1st December 2000. A dividend of £77,000 (1999: £nil) was paid on 4th December 2000 in respect of non-equity shares and a dividend of £38,000 (1999: £nil) was paid on 4th December 2000 in respect of equity shares. The directors have proposed a dividend of £72,000 (1999: £148,000) in respect of the participating dividend on the non-equity shares.

The retained profit of £172,000 (1999: £238,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

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

	'A' Ordinary Shares	
	2000	1999
	No	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	-	-
I M L Jones	-	-

AUDITORS

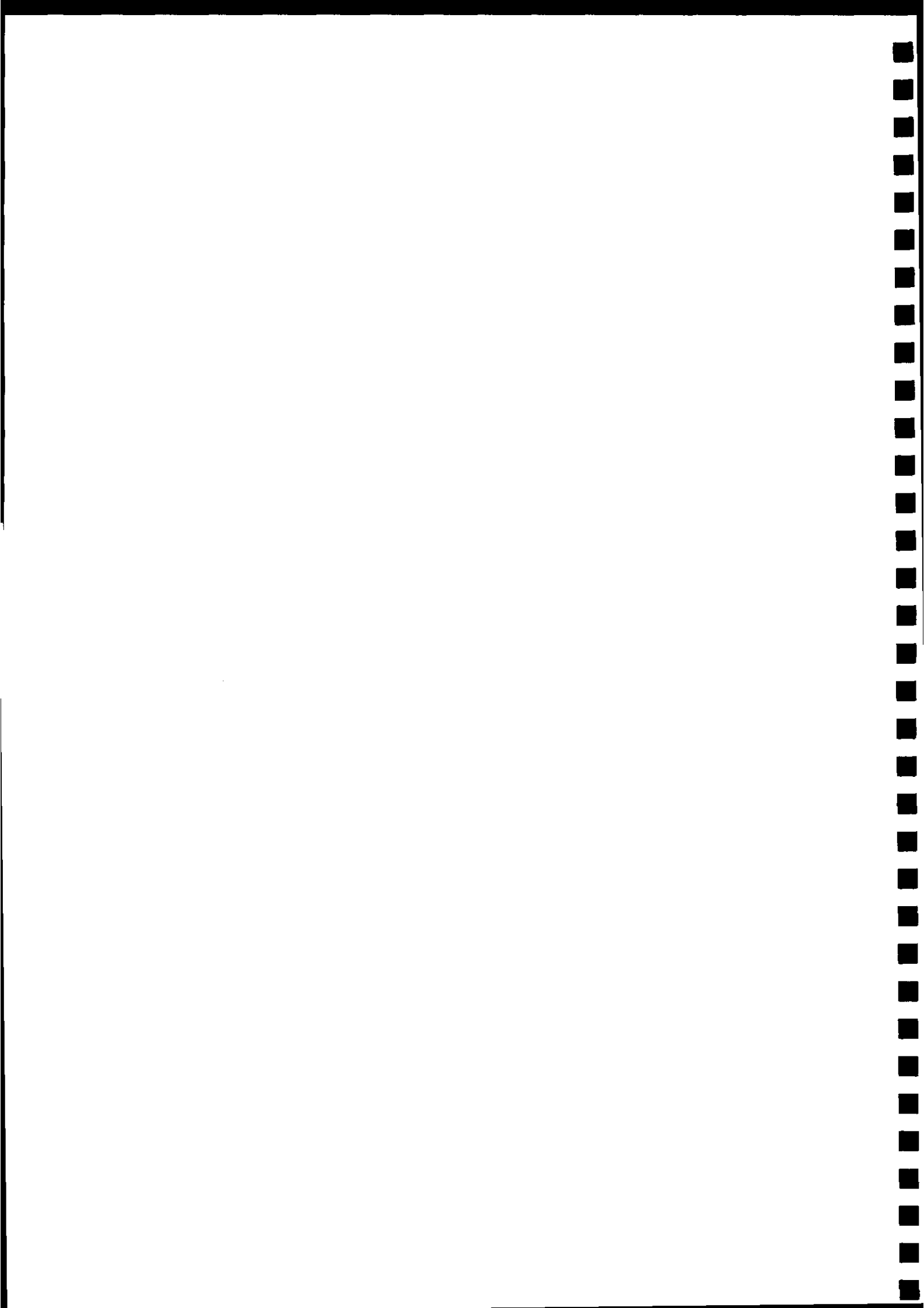
Deloitte & Touche have expressed their willingness to continue in office as auditors of the company. A resolution to reappoint them is to be proposed at the forthcoming Annual General Meeting.

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



P C Chasney
Secretary

21 December 2000



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 year. 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; and
- ♦ 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 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.



BARRETT STEEL ENGINEERING LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 20, which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 2000 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

15 JANUARY 2001

~~2000~~

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 September 2000

	Note	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
TURNOVER – continuing operations	2	13,700	13,781
Cost of sales		(10,442)	(10,161)
Gross profit		3,258	3,620
Administrative expenses		(2,751)	(2,694)
OPERATING PROFIT - continuing operations	4	507	926
Interest receivable and similar income		61	76
Interest payable and similar charges	5	(16)	(31)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		552	971
Tax on profit on ordinary activities	6	(166)	(303)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		386	668
Dividends	7	(214)	(430)
PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	17	172	238

There are no recognised gains and 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 2000

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Profit attributable to the shareholders of the company	386	668
Dividends	(214)	(430)
(Reduction) / addition to shareholders' funds	172	238
Opening shareholders' funds	1,388	1,150
Closing shareholders' funds	1,560	1,388

CONSOLIDATED BALANCE SHEET

30 September 2000

	Note	30 September 2000 £'000	2 October 1999 £'000
FIXED ASSETS			
Tangible assets	9	717	660
CURRENT ASSETS			
Stocks	11	488	260
Debtors	12	2,783	2,711
Cash at bank and in hand		1,612	1,214
		4,883	4,185
CREDITORS: amounts falling due within one year	13	(4,014)	(3,290)
NET CURRENT ASSETS		869	895
TOTAL ASSETS LESS CURRENT LIABILITIES		1,586	1,555
CREDITORS: amounts falling due after more than one year	14	(15)	(152)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(11)	(15)
		1,560	1,388
CAPITAL AND RESERVES			
Called up share capital	16	75	75
Share premium account	17	1,045	1,045
Profit and loss account	17	440	268
TOTAL SHAREHOLDERS' FUNDS		1,560	1,388
Shareholders' funds are attributable to:			
Equity shareholders' funds		559	387
Non-equity shareholders' funds	18	1,001	1,001
		1,560	1,388

These financial statements were approved by the Board of Directors on 21 December 2000.

Signed on behalf of the Board of Directors



R B Barrett


Director

COMPANY BALANCE SHEET
30 September 2000

	Note	30 September 2000 £'000	2 October 1999 £'000
FIXED ASSETS			
Investments	10	1,717	1,717
CURRENT ASSETS			
Debtors	12	767	311
CREDITORS: amounts falling due within one year	13	(645)	(225)
NET CURRENT ASSETS		122	86
TOTAL ASSETS LESS CURRENT LIABILITIES		1,839	1,803
CREDITORS : amounts falling due after more than one year	14	(600)	(600)
		1,239	1,203
CAPITAL AND RESERVES			
Called up share capital	16	75	75
Share premium account	17	1,045	1,045
Profit and loss account	17	119	83
TOTAL SHAREHOLDERS' FUNDS		1,239	1,203
Shareholders' funds are attributable to:			
Equity shareholders' funds		238	202
Non-equity shareholders' funds	18	1,001	1,001
		1,239	1,203

These financial statements were approved by the Board of Directors on 21 December 2000.

Signed on behalf of the Board of Directors



R B Barrett
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 2000

	Note	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Net cash inflow from operating activities	21	1,213	527
Returns on investments and servicing of finance			
Interest element of finance lease rentals		(16)	(31)
Interest received		61	76
Non-equity dividends paid		(175)	(672)
Net cash outflow from returns on investments and servicing of finance		(130)	(627)
Taxation			
Tax paid		(206)	(579)
Tax paid		(206)	(579)
Capital expenditure			
Payments to acquire tangible fixed assets		(272)	(82)
Net cash outflow from capital expenditure		(272)	(82)
Equity dividends paid			
Equity dividends paid		-	(183)
		-	(183)
Financing			
Capital element of finance lease and hire purchase payments		(207)	(144)
Net cash outflow from financing	22	(207)	(144)
Increase / (decrease) in cash in the year	22,23	398	(1,088)

NOTES TO THE ACCOUNTS**Year ended 30 September 2000****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.

Basis of consolidation

The financial statements consolidate the accounts of the company and its subsidiary for the year ended 30 September 2000.

Goodwill

On the acquisition of a business, fair values are attributed to the company's share of tangible net assets. Where the cost of acquisition exceeds the value attributable to such net assets, the difference is treated as goodwill.

Goodwill arising on acquisitions prior to 1 October 1999 has been written off to the balance sheet reserves in the period of acquisition. Goodwill written off to reserves is reinstated in the profit and loss account when the related business is sold. In line with Financial Reporting Standard No. 10, goodwill arising on acquisitions made after the financial year ended 2 October 1999 is capitalised and amortised over the shorter of its estimated economic life and 20 years.

Tangible fixed assets

Fixed assets are stated at cost to the group. 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 unless 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	5-10 years
Computer equipment	Up to 5 years
Motor vehicles	Up to 4 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.

Long-term contracts

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Contract work in progress is recorded as turnover by reference to the value of work carried out to date. No profit is recognised until the contract work exceeds 90 per cent completion and the total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses on contracts.

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.

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

1. ACCOUNTING POLICIES (continued)

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.

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

Turnover represents the cumulative sales value of contracts excluding VAT. All turnover is attributable to the principal activity and derives from the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Directors' remuneration		
Emoluments	212	186
Pension contributions	32	28
	<u>244</u>	<u>214</u>
Highest paid director		
Emoluments	149	123
Pension contributions	32	28
	<u>181</u>	<u>151</u>
	No.	No.
Number of directors accruing benefits with the company under a defined contribution pension scheme	<u>1</u>	<u>1</u>
	No.	No.
Average number of persons employed (including directors)		
Production	53	59
Administration	48	44
	<u>101</u>	<u>103</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Staff costs during the period (including directors)		
Wages and salaries	2,519	2,615
Social security costs	233	233
Pension costs	117	144
	<u>2,869</u>	<u>2,992</u>

4. OPERATING PROFIT

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Operating profit is after charging:		
Depreciation		
Owned assets	87	58
Assets held under finance lease and hire purchase agreements	124	176
Loss on sale of tangible fixed assets	4	-
Hire of plant and machinery	125	109
Other operating lease rentals	101	96
Auditors' remuneration		
Audit fee	12	13
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Finance leases and hire purchase contracts	<u>16</u>	<u>31</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
United Kingdom corporation tax at 30% (1999: 30%)	172	325
Deferred taxation	(4)	(22)
	<u>168</u>	<u>303</u>
Adjustments to prior year's tax provisions		
Corporation tax	(2)	-
	<u>166</u>	<u>303</u>

7. DIVIDENDS

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
On non-equity shares		
Dividends paid to the holders of 'B' ordinary shares at a rate of 0.83 pence (1999: 0.83 pence) per share	13	13
Dividends approved but unpaid to the holders of 'B' ordinary shares at a rate of 0.83 pence (1999: £0.83) per share	14	14
Dividend paid on 'B' ordinary shares at a rate of nil (1999: 10.5 pence) per share	-	171
Participating dividend proposed in respect of 'B' ordinary shares at a rate of 5.28 pence (1999: 9.09 pence) per share	72	148
Dividend approved but unpaid to the holders of 'B' ordinary shares at a rate of 4.74 pence per share (1999: nil)	77	-
	<u>176</u>	<u>346</u>
On equity shares		
Dividend paid on 'A' ordinary shares at a rate of nil (1999: 10.5 pence) per share	-	84
Dividends approved but unpaid to the holders of 'A' ordinary shares at a rate of 4.74 pence per share (1999: nil)	38	-
	<u>214</u>	<u>430</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 £250,000 (1999: £469,000).

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

9. TANGIBLE FIXED ASSETS

The Group	Plant, machinery and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 3 October 1999	2,001	69	2,070
Additions	272	-	272
Disposals	(121)	-	(121)
At 30 September 2000	2,152	69	2,221
Accumulated depreciation			
At 3 October 1999	1,405	5	1,410
Charge for the year	198	13	211
Disposals	(117)	-	(117)
At 30 September 2000	1,486	18	1,504
Net book value			
At 30 September 2000	666	51	717
At 2 October 1999	596	64	660

Included in the net book value of plant, machinery and equipment at 30 September 2000 are assets held under finance lease and hire purchase agreements amounting to £403,692 (1999: £527,304).

There were no tangible fixed assets in the Company.

10. FIXED ASSET INVESTMENTS

The Company	£'000
Shares in subsidiary undertakings	
Cost	
At 3 October 1999 and 30 September 2000	1,717

At 30 September 2000 shares in subsidiary undertakings comprised the whole of the Ordinary Share capital of Barrett Steel Buildings Limited, and 600,000 Preferred Redeemable Shares of £1 each in Barrett Steel Buildings Limited, representing the remaining issued share capital of that company, and the entire share capital of Barrettonline Limited, which is wholly dormant.

Barrett Steel Buildings Limited is a company incorporated in Great Britain and registered in England and Wales, whose principal activity is the design and construction of steel buildings. Barrettonline Limited is a company incorporated in Great Britain and registered in England and Wales.

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

11. STOCKS

	The Group		The Company	
	30 September 2000 £'000	2 October 1999 £'000	30 September 2000 £'000	2 October 1999 £'000
Raw materials and consumables	53	57	-	-
Long-term contract balances				
Net cost less foreseeable losses	829	698	-	-
Progress payments	(394)	(495)	-	-
	<u>488</u>	<u>260</u>	<u>-</u>	<u>-</u>

In the directors' opinion there is no significant difference between the replacement cost of stocks and the amounts shown in the financial statements.

12. DEBTORS

	The Group		The Company	
	30 September 2000 £'000	2 October 1999 £'000	30 September 2000 £'000	2 October 1999 £'000
Amounts due within one year:				
Trade debtors	2,542	2,365	-	-
Amounts recoverable on contracts	162	241	-	-
Amounts owed by group undertakings	-	-	748	292
Other debtors	-	-	18	18
Prepayments and accrued income	62	105	1	1
	<u>2,766</u>	<u>2,711</u>	<u>767</u>	<u>311</u>
Amounts due after more than one year:				
Trade debtors	17	-	-	-
	<u>2,783</u>	<u>2,711</u>	<u>767</u>	<u>311</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	30 September 2000 £'000	2 October 1999 £'000	30 September 2000 £'000	2 October 1999 £'000
Obligations under finance lease and hire purchase agreements	137	207	-	-
Payments received on account	1	139	-	-
Trade creditors	1,807	1,904	-	-
Amounts owed to group undertakings	-	-	-	-
Corporation tax	85	121	10	10
Other taxes and social security	414	145	15	14
Other creditors	409	28	382	-
Accruals and deferred income	960	584	37	39
Proposed dividends	201	162	201	162
	<u>4,014</u>	<u>3,290</u>	<u>645</u>	<u>225</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

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

	The Group		The Company	
	30 September 2000 £'000	2 October 1999 £'000	30 September 2000 £'000	2 October 1999 £'000
Amounts due from subsidiary company	-	-	600	600
Obligations under finance lease and hire purchase agreements within five years	15	152	-	-
	<u>15</u>	<u>152</u>	<u>600</u>	<u>600</u>

The loan from subsidiary company is interest free and repayable on demand. The subsidiary company has indicated that repayment will not be demanded within the next twelve months.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	The Group		The Company	
	30 September 2000 £'000	2 October 1999 £'000	30 September 2000 £'000	2 October 1999 £'000
Deferred tax provision	11	15	-	-
Balance at 3 October 1999	15	37	-	-
Credit for the year	(4)	(22)	-	-
Balance at 30 September 2000	<u>11</u>	<u>15</u>	<u>-</u>	<u>-</u>

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

	The Group			
	Provided		Not provided	
	30 September 2000 £'000	2 October 1999 £'000	30 September 2000 £'000	2 October 1999 £'000
Capital allowances in advance of depreciation	11	15	-	-

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

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

16. CALLED UP SHARE CAPITAL

The Group and the Company	30 September 2000 £	2 October 1999 £
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 Deferred shares of £0.01 each	51,186	51,186
	<u>75,428</u>	<u>75,428</u>
Called up, allotted and fully paid		
Equity shares		
800,000 'A' ordinary shares of £0.01 each	8,000	8,000
Non-equity shares		
1,624,242 'B' ordinary shares of £0.01 each	16,242	16,242
5,118,615 Deferred shares of £0.01 each	51,186	51,186
	<u>67,428</u>	<u>67,428</u>
	<u>75,428</u>	<u>75,428</u>

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' ordinary shareholders a fixed net cash cumulative dividend ('Fixed Dividend') of 1.66 pence per share, payable half-yearly on 31 March and on 30 September;
- next in paying to the 'B' ordinary shareholders a net cash cumulative dividend ('Participating Dividend') in respect of the financial year ended 2 October 2000, and each subsequent financial year, determined as specified in the Articles of Association; and
- 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 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; and
- for any balance to the holders of 'A' and 'B' ordinary shares.

iii) Voting rights attaching to shares

Deferred shareholders have no voting rights.

iv) Further rights and restrictions for Deferred shares

- to income, a non-cumulative dividend of 5% per annum of the nominal value for any financial year in which adjusted profits exceed £5,000 million; and
- to capital, a return of paid up capital after £10 million has been distributed in respect of each 'A' ordinary share.

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

17. RESERVES

	Group	
	Share premium account £'000	Profit and loss account £'000
At 3 October 1999	1,045	268
Retained profit for the financial year	-	172
At 30 September 2000	<u>1,045</u>	<u>440</u>

	The Company	
	Share premium account £'000	Profit and loss account £'000
At 3 October 1999	1,045	83
Retained profit for the financial year	-	36
At 30 September 2000	<u>1,045</u>	<u>119</u>

18. NON-EQUITY SHAREHOLDERS' FUNDS

The Group and the Company	30 September 2000 £'000	2 October 1999 £'000
In respect of 'B' ordinary shares	241	241
In respect of Deferred shares	760	760
Non-equity shareholders' funds	<u>1,001</u>	<u>1,001</u>

19. OPERATING LEASE COMMITMENTS

	30 September 2000 £'000	2 October 1999 £'000
The following payments are due within the next year in respect of leases which expire:		
Within one year	8	7
Within 2 to 5 years	73	82
	<u>81</u>	<u>89</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

20. RELATED PARTY TRANSACTIONS

R Butcher, R B Barrett, J S Barrett and P C Chasney are all 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 £3,795,997 (1999: £2,575,366). This supply arrangement is on an arms length basis. Barrett Steel Buildings Limited also incurred rental costs of £150,000 (1999: £100,000) and service charges of 103,200 (1999: £100,000) from Barrett Steel Limited.

At 30 September 2000 Barrett Steel Buildings Limited owed Barrett Steel Limited an amount of £999,588 (1999: £729,502).

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

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Operating profit	507	926
Depreciation	211	234
Loss on sale of tangible fixed assets	4	-
(Increase) / decrease in stocks	(228)	409
Decrease / (increase) in debtors	153	(461)
Increase / (decrease) in creditors	566	(581)
Net cash inflow from operating activities	1,213	527

22. ANALYSIS OF CHANGES IN NET FUNDS

	Balance as at 3 October 1999 £'000	Cash flows £'000	Other changes £'000	Balance as at 30 September 2000 £'000
Cash in hand and at bank	1,214	398	-	1,612
Finance lease and hire purchase agreements	(359)	207	-	(152)
	855	605	-	1,460

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year ended 30 September 2000 £'000	Year ended 2 October 1999 £'000
Increase / (decrease) in cash in the year	398	(1,088)
Cash outflow from reduction in finance lease and hire purchase agreements	207	144
Change in net funds arising from cash flows	605	(944)
New finance lease and hire purchase agreements	-	(97)
Movement in net funds in the year	605	(1,041)
Opening net funds	855	1,896
Closing net funds	1,460	855