

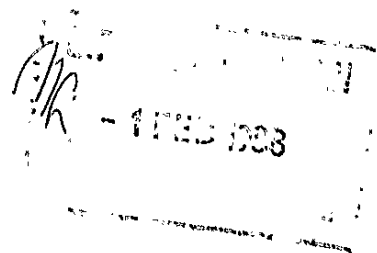
**Report and Accounts**  
**March 31, 1987**



**Arthur Young**

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London



BROWN & TAWSE TUBES LIMITED

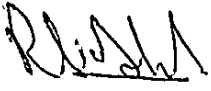
1.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company will be held at St. Leonards Street, London E3 3JQ on Thursday November 26, 1987 at 2.45 p.m. for the following purposes:

1. To receive the Accounts for the year ended March 31, 1987 together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. In accordance with Section 252 of the Companies Act 1985 to pass a special resolution not to appoint auditors.
4. To transact any other ordinary business.

BY ORDER OF THE BOARD

  
R. E. McDONALD  
Secretary

Note:

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company.

LONDON,

November 3, 1987

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended March 31, 1987.

Results and dividends

The directors recommend that a dividend of £2,798,741 (1986 - £1,108,000) be paid out of retained reserves.

Review of business

Following a group reorganisation on April 1, 1986, the company's business was transferred as a going concern to Brown & Tawse Limited. The company has not traded during the year.

Future developments

The directors currently have no plans to recommence trading.

Directors' interests

The following served as directors during the year:

S. Douglas Rae	(Chairman and Managing Director)
D. Keith Rae	
I. B. Rae	
A. J. Brett	
W. Ford	
E. B. Hartley	
D. G. Parkes	

Throughout the year the directors did not hold any shares in the company. Directors, who are not also directors of Brown & Tawse Group PLC the holding company, had the following interests in that company:

	<u>At March 31, 1987</u>	<u>At March 31, 1986</u>
	<u>Ordinary 25p</u>	<u>Ordinary 25p</u>
I. B. Rae	70,288	65,000
A. J. Brett	12,800	9,600
E. B. Hartley	1,166	500
D. G. Parkes	6,666	5,000

BROWN & TAWSE TUBES LIMITED

3.

DIRECTORS' REPORT  
(continued)

Directors' interests  
(continued)

Under the holding company's share option scheme, options have been granted to directors who are not also directors of Brown & Tawse Group PLC to purchase ordinary shares of Brown & Tawse Group PLC, and the following are outstanding at March 31, 1987:

A. J. Brett	61,325
I. B. Rae	51,799
E. B. Hartley	51,237
D. G. Parkes	56,407

The interests and share options of directors who are also directors of Brown & Tawse Group PLC are disclosed in the accounts of that company.

At no time during or at the end of the year had any director any interest in any contract with the company or its subsidiaries.


Taxation status

The company is not a close company within the provisions of the Income and Corporation Taxes Act, 1970.

Auditors

In accordance with Section 252 of the Companies Act 1985, a special resolution not to appoint auditors will be put to the members at the Annual General Meeting. Accordingly, Arthur Young will not be seeking reappointment as auditors.

BY ORDER OF THE BOARD

  
R. E. McDONALD  
Secretary

November 3, 1987



# Arthur Young

Chartered Accountants  
Rolls House, 7 Rolls Buildings,  
Fetter Lane, London EC4A 3NH

## REPORT OF THE AUDITORS TO THE MEMBERS OF BROWN & TAWSE TUBES LIMITED

We have audited the accounts on pages 5 to 14 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, give a true and fair view of the state of the company's affairs at March 31, 1987 and comply with the Companies Act 1985.

ARTHUR YOUNG

November 3, 1987

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Turnover	1	-	35,989,311
Cost of sales		-	26,315,567
Gross profit		-	9,673,744
Operating costs	2	-	7,312,822
Operating profit		-	2,360,922
Income from shares in group company		-	50,000
		-	2,410,922
Interest receivable	3	-	95,392
Profit before interest payable		-	2,506,314
Interest payable	4	-	563,689
Profit on ordinary activities before tax	5	-	1,942,625
Tax on ordinary activities	7	-	784,592
Profit on ordinary activities after tax		-	1,158,033
Dividend	8	(2,798,741)	(1,108,000)
Amortisation of revaluation reserve	16	-	70,797
Retained (loss)/profit for year		£(2,798,741)	£ 120,830

The notes on pages 7 to 14 form part of these accounts

## BROWN &amp; TAWSE TUBES LIMITED

6.

BALANCE SHEET AT MARCH 31, 1987

	<u>Notes</u>	£	<u>1987</u> £	<u>1986</u> £
Fixed assets:				
Tangible assets	9	-	-	8,326,105
Investment in subsidiary company	10	-	-	60,000
			-----	-----
			-	8,386,105
				-----
Current assets:				
Stocks	11	-	-	5,243,043
Debtors	12	3,548,741	-	200,000
			-----	-----
		3,548,741	-	5,443,043
Current liabilities:				
Creditors: amounts falling due within one year	13	2,798,741	-	6,197,889
			-----	-----
Net current assets/(liabilities)			750,000	(754,846)
			-----	-----
Total assets less current liabilities			750,000	7,631,259
Provision for liabilities and charges:				
Deferred taxation	14	-	-	(425,632)
			-----	-----
			£750,000	£7,205,627
			=====	=====
Capital and reserves:				
Called-up share capital	15	750,000	750,000	750,000
Revaluation reserve	16	-	-	3,656,886
Profit and loss account	17	-	-	2,798,741
			-----	-----
			£750,000	£7,205,627
			=====	=====

S. DOUGLAS RAE )  
D. KEITH RAE ) Directors

November 3, 1987

The notes on pages 7 to 14 form part of these accounts

NOTES TO THE ACCOUNTS AT MARCH 31, 19871. Accounting policiesBasis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings.

Turnover

Turnover represents the amounts receivable for goods sold by the company, including intra-group transactions of £Nil (1986 - £1,150,237) and excluding value added tax.

Stocks and work-in-progress

Stocks and work-in-progress are valued on the following bases:

Industrial distribution products	-	at the lower of average cost and net realisable value
Other products	-	at the lower of cost and net realisable value
Work-in-progress	-	at the lower of cost of materials and labour plus an addition for production overheads and net realisable value

Net realisable value is defined as estimated selling price less all further costs expected to be incurred to completion (for work-in-progress) and disposal.

Debtors

Debts known to be bad are written off and provision is made for any considered to be doubtful.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of fixed assets over their expected useful lives as follows:

Buildings:	
Freehold	- mainly 50 years
Leasehold (over 50 years)	- mainly 50 years
Leasehold (up to 50 years)	- over period of lease
Plant, fixtures and office equipment	- 20 per cent reducing balance
Vehicles	- 25 per cent reducing balance



NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
(continued)1. Accounting policies  
(continued)Deferred taxation

Provision is made for taxation on all material timing differences, except for those which the directors consider will not reverse in the foreseeable future.

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies during the year and liabilities in foreign currencies at the balance sheet date are converted at the rate of exchange obtained on the forward currency market.

Gains and losses on exchange are taken to profit and loss account.

Group accounts

Group accounts are not prepared as Brown & Tawse Tubes Limited is a wholly-owned subsidiary of Brown & Tawse Group PLC.

2. Operating costs

	<u>1987</u> £	<u>1986</u> £
Distribution	-	5,386,916
Administrative	-	1,925,906
	---	-----
	£ -	£7,312,822
	===	=====

BROWN & TAWSE TUBES LIMITED

9.

NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
(continued)

	<u>1987</u> £	<u>1986</u> £
<b>3. <u>Interest receivable</u></b>		
Short term cash deposits	-	60,432
Intra-group	-	30,771
Other	-	4,185
	-----	-----
	£ -	£ 95,392
	===	=====
<b>4. <u>Interest payable</u></b>		
Loans and overdrafts wholly repayable within five years	-	528,900
Hire purchase	-	3,366
Intra-group	-	31,423
	-----	-----
	£ -	£ 563,689
	===	=====
<b>5. <u>Profit on ordinary activities before tax</u></b>		
Is stated after charging:		
Depreciation	-	511,053
Operating lease rentals - plant and motor vehicles	-	84,955
- land and buildings	-	51,156
Auditors' remuneration	-	46,550
Staff costs (see note 6(a))	-	4,094,359
Directors' remuneration (see note 6(b))	-	172,994
	-----	-----
<b>6. <u>Employees</u></b>		
(a) Staff costs amounted to:		
Wages and salaries	-	3,540,240
Social security costs	-	343,500
Other pension costs	-	210,619
	-----	-----
	£ -	£4,094,359
	===	=====
	Number	Number
Average weekly number of employees during the year was	-	495
	===	=====

NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
(continued)

6. Employees  
(continued)

	<u>1987</u> £	<u>1986</u> £
(b) Directors' remuneration:		
Emoluments (including pension contributions)	-	161,308
Pensions to past directors	-	11,686
	-----	-----
£	-	£ 172,994
	=====	=====
Emoluments of the chairman (excluding pension contributions) were	£ -	£ 42,925
	=====	=====

Emoluments (excluding pension contributions) of the other directors were within the following ranges:

	Number	Number
£10,001 - £15,000	-	2
£15,001 - £20,000	-	1
£30,001 - £35,000	-	1

7. Taxation

	<u>1987</u> £	<u>1986</u> £
On the profits for the year:		
Corporation tax at 35 per cent (1986 - 40 per cent)	-	753,497
Deferred tax	-	49,429
	-----	-----
	-	802,926
Adjustments in respect of previous years:		
Corporation tax	-	(20,055)
Deferred tax	-	1,721
	-----	-----
£	-	£ 784,592
	=====	=====

8. Dividends

On ordinary shares	£2,798,741	£1,108,000
	=====	=====

NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
(continued)9. Tangible fixed assets

	<u>Land and buildings</u> £	<u>Plant and vehicles</u> £	<u>Total</u> £
Cost or valuation:			
At March 31, 1986	6,887,758	4,557,280	11,445,038
Additions	-	-	-
Intra-group transfers in	-	-	-
Intra-group transfers out	6,887,758	4,557,280	11,445,038
Disposals	-	-	-
	-----	-----	-----
At March 31, 1987	-	-	-
	-----	-----	-----
Depreciation:			
At March 31, 1986	526,891	2,592,042	3,118,933
Charge for the year	-	-	-
Intra-group transfers in	-	-	-
Intra-group transfers out	526,891	2,592,042	3,118,933
Disposals	-	-	-
	-----	-----	-----
At March 31, 1987	-	-	-
	-----	-----	-----
Net book value:			
At March 31, 1987	£ -	£ -	£ -
	=====	=====	=====
Net book value:			
At March 31, 1986	£6,360,867	£1,965,238	£ 8,326,105
	=====	=====	=====

The cost or valuation of Land and Buildings is made up as follows:

	<u>1987</u> £	<u>1986</u> £
Freehold:		
Valuation 1979	-	4,550,000
Cost	-	527,918
	-----	-----
	-	5,077,918
Leasehold:		
Over 50 years, valuation 1979	-	1,750,000
Under 50 years cost	-	59,840
	-----	-----
	£ -	£6,887,758
	=====	=====

If land and buildings had not been revalued, they would have been included as follows:

	<u>1987</u>	<u>1986</u>
Cost	£ -	£2,946,229
	=====	=====
Aggregate depreciation	£ -	£ 243,313
	=====	=====

NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
(continued)

10. Investment in subsidiary company

	£
At March 31, 1986	60,000
Transferred to holding company at April 1, 1986	(60,000)
	-----
At March 31, 1987	£ -
	=====

The subsidiary, Brown & Tawse Plant Limited is now a wholly owned subsidiary of Brown & Tawse Group PLC.

11. Stocks

	£	1987 £	1986 £
Industrial distribution products		-	5,166,450
			-----
Work-in-progress	-		76,593
Less: Payments on account	-		-
	-----		-----
		-	76,593
		-----	-----
	£	-	£5,243,043
		=====	=====
Estimated replacement cost at March 31,	£	-	£6,285,000
		=====	=====

12. Debtors

Amounts falling due within one year:

Properties for sale	-	200,000
From holding company	3,548,741	-
	-----	-----
	£3,548,741	£ 200,000
	=====	=====

13. Creditors

Amounts falling due within one year:

Due to holding company	-	4,025,375
Due to fellow subsidiaries	-	11,136
Due to subsidiary	-	494,984
Corporation tax	-	558,394
Proposed dividend	2,798,741	1,108,000
	-----	-----
	£2,798,741	£6,197,889
	=====	=====

NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
(continued)14. Deferred taxation

	<u>Provision</u>		<u>Potential unprovided</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£	£	£	£
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	-	425,632	-	682,232
Tax on valuation surplus	-	-	-	432,352
	=====	=====	=====	=====
	£ -	£425,632	£ -	£1,114,584
	=====	=====	=====	=====

15. Share capital

	<u>1987</u>	<u>1986</u>
Authorised:		
750,000 ordinary shares of £1 each	£ 750,000	£ 750,000
	=====	=====
Allotted, called up and fully paid:		
750,000 ordinary shares of £1 each	£ 750,000	£ 750,000
	=====	=====

16. Revaluation reserve

	£
At March 31, 1986	3,656,886
Transferred to holding company	(3,656,886)
	=====
At March 31, 1987	£ -
	=====

17. Profit and loss account

	<u>1987</u>	<u>1986</u>
	£	£
At March 31, 1986	2,798,741	2,677,911
Retained profit for year	-	120,830
Dividends from retained profits	(2,798,741)	-
	=====	=====
At March 31, 1987	£ -	£2,798,741
	=====	=====

18. Capital commitments

Contracted	£ -	£ 105,210
	=====	=====

NOTES TO THE ACCOUNTS AT MARCH 31, 1987  
 (continued)

19. Contingent liabilities

	<u>1987</u>	<u>1986</u>
Guarantee given on behalf of subsidiary in respect of rent agreements	£ - ===	£ 13,500 =====

20. Obligations under non-cancellable operating leases

	<u>£'000</u>	<u>Land and buildings £'000</u>
Expiring within one year	-	-
In second to fifth year	-	-
Over five years	-	60
	---	-----
	-	60
	====	=====

21. Ultimate holding company

The company is a wholly owned subsidiary of Brown & Tawse Group PLC registered in Scotland.