

Monarch Tubes Limited

**Directors' report and financial
statements**

Registered number 5128003

30 September 2007

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Officers and professional advisers

Directors

P C Chasney
J S Barrett

Secretary

T D Waters

Registered office

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

Bankers

HSBC Bank plc
33 Park Row
Leeds
LS1 1LD

Solicitors

Watson Burton
1 City Square
Leeds
LS1 2ES

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 September 2007

Principal activities

The principal activity of the company is steel stockholding. Throughout the year the company acted as an agent for Barrett Steel Limited. All transactions entered into have been transferred to Barrett Steel Limited in accordance with the terms of the agency agreement.

Dividends and transfers to reserves

The results of the company for the period are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend for the period and, as a result of the transfer of all transactions to Barrett Steel Limited, the company made neither a profit nor a loss in the financial period.

Directors and directors' interests

The directors of the company who served throughout the period are shown on page 1.

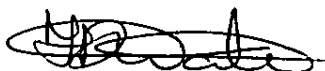
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



T D Waters
Secretary

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

7 July 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Monarch Tubes Limited

We have audited the financial statements of Monarch Tubes Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Monarch Tubes Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

7 July 2008

Profit and loss account
for the year ended 30 September 2007

	2007 £000	2006 £000
Turnover	207	417
Less amounts transferred to parent	(207)	(417)
	<hr/>	<hr/>
	-	-
Cost of sales	144	417
Less amounts transferred to parent	(144)	(417)
	<hr/>	<hr/>
	-	-
Administrative expenses	15	-
Other operating expenses	26	-
Less amounts transferred to parent	(41)	-
	<hr/>	<hr/>
Results for the financial period	-	-
	<hr/>	<hr/>

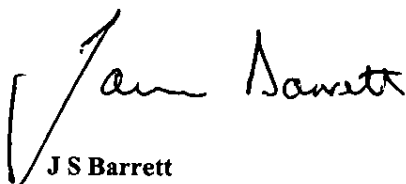
There are no recognised gains or losses other than as stated in the profit and loss account Accordingly no statement of total recognised gains and losses is given

There are no movements in shareholders' funds in the current period

Balance sheet
at 30 September 2007

	<i>Note</i>	2007 £	2006 £
Current assets			
Cash at bank and in hand		1	1
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	2	1	1
		<u> </u>	<u> </u>

These financial statements were approved by the board of directors on 7 July 2008 and were signed on its behalf by


J S Barrett
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption

FRS 28 'Corresponding amounts' has not material effect as it imposes the same requirements for comparatives hitherto required by the Companies Act 1985

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Barrett Steel Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

2 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Called up, allotted and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

3 Contingent liabilities

The company is party to a multilateral-guarantee dated 15 January 2001 which secures all the borrowings of the group with HSBC Bank plc. At 30 September 2007, the maximum contingent liability arising under this guarantee was £6,346,010 (2006 £7,000,000)

4 Ultimate parent company

The company is a wholly owned subsidiary of Barrett Steel Limited, incorporated in Great Britain and registered in England and Wales which is also the ultimate parent company. Copies of the group financial statements of Barrett Steel Limited may be obtained from Companies House, Crown Way, Mandy, Cardiff