SENIORS REINFORCEMENT LIMITED

Company Number 1368331

A Wholly owned subsidiary of

Ash & Lacy plc

REPORT AND ACCOUNTS

Year 1999

The Directors present their report and accounts for the year ended 31st December 1999.

PRINCIPAL ACTIVITIES

The company cuts, bends and distributes reinforcing bar to customers' specification for use in reinforced concrete.

REVIEW

On 30th June 1999 the trade and assets were transferred to the immediate parent company, Express Reinforcements Limited. The company has not traded since the above date.

YEAR 2000

Some computer processors and program codes throughout the world are not able to cope with the date change to the year 2000 in which case serious malfunctions could occur. To date the company's strategy and contingency plans for dealing with the Year 2000 date changeover have not revealed any operational issues. This is, however, a complex issue and it is not possible to give any guarantees that no problems will arise. No evaluation has been made of the cost of the changes undertaken since many of the solutions are part of the normal re-equipping cycle of the business.

RESULTS

The results for the year are set out in the Profit and Loss Account on page 4.

DIVIDENDS

An interim dividend of £14,000 (1998: £28,000) has been paid during the year.
A final dividend is not recommended (1998: Nil).

DIRECTORS

The directors of the company during the year were:

H C Marshall	Chairman
C J Burr	
S T Armstrong	(resigned 30th June 1999)
R L Payne	(resigned 30th June 1999)
B Goldsmith	(resigned 30th June 1999)
A C Lodge	(resigned 30th June 1999)
P A Evans	(resigned 9th April 1999)

None of the directors has any beneficial interest in the shares of the company.

Messrs Marshall & Burr are directors of Ash & Lacy plc and their interests in the shares of that company are shown in its accounts.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 of the profit or loss of the company 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;
* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
* state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company 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 company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

R Foxall
Secretary

9 March 2000

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independant auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations required for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor

9 March 2000

SENIORS REINFORCEMENT LIMITED

PROFIT AND LOSS ACCOUNT | Year ended 31 December 1999

Note		1999 £000	1998 £000
2	**Turnover**	2,973	5,901
	Cost of sales	(2,588)	(5,192)
	Gross Profit	385	709
	Distribution Costs	(235)	(409)
	Administrative Expenses	(96)	(172)
	Operating Profit	54	128
3	Interest payable	(6)	(15)
4	**Profit on ordinary activities before taxation**	48	113
6	Taxation	(2)	(45)
	Profit on ordinary activities after taxation, **being the profit for the financial year**	46	68
7	Dividends	(14)	(28)
14	**Retained Profit**	32	40

All recognised gains and losses are included in the profit and loss account and arose from discontinued activities.

There is no difference between the results reported above and those on an unmodified historical cost basis.

SENIORS REINFORCEMENT LIMITED

BALANCE SHEET At 31st December 1999

Note		31st December 1999 £000	31st December 1998 £000
	Fixed assets		
8	Tangible assets	-	222
	Current assets		
9	Stocks	-	324
10	Debtors	568	1,407
	Cash at bank and in hand	-	83
		568	1,814
11	Creditors - amounts falling due within one year	-	(1,500)
	Net current assets	568	314
	Total assets less current liabilities	568	536
	Net assets	568	536
	Capital and reserves		
13	Share capital	200	200
14	Profit and loss account	368	336
15	**Equity shareholders' funds**	568	536

The financial statements were approved by the board on 9 March 2000.

H C Marshall
Director

CJ Burr
Director

1 ACCOUNTING POLICIES

The following are the main accounting policies of the Company which are consistent with those applied last year. These Financial Statements are drawn up for the year ended 31 December 1999 and the comparative figures stated are in respect of the year ended 31 December 1998.

Accounting Convention

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Related Party Disclosures

Advantage has been taken of the exemption under Financial Reporting Standard 8 to dispense with the need to disclose transactions with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, consolidated in the group accounts of Ash & Lacy plc.

Stocks

The valuation is at cost or net realisable value whichever is lower. Cost is represented by cost of materials plus applicable factory overhead. Net realisable value is the actual or estimated selling price less all further costs to complete and less selling and distribution expenses.

Depreciation

Depreciation on fixed assets is provided so as to write off the cost or valuation less estimated residual value by the straight line method over their estimated useful lives, as follows:

Plant and Equipment	- 4 to 10 years
Motor Vehicles	- 4 years

No depreciation is provided on assets in course of construction.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. All exchange differences are dealt with through the Profit and Loss Account.

Pensions

The Company participates in pension schemes operated by the Ash & Lacy plc Group for the benefit of its employees. The funds of the schemes are administered by trustees, are separate from the Group and an independent actuary completes valuations every three years. In accordance with the actuary's recommendations, contributions may be adjusted so as to secure the benefits set out in the rules and augmentation of pensions from time to time.
The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives.

Leased Assets

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease.
All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

2 TURNOVER

Turnover is the total amount receivable by the Company (excluding VAT) in the ordinary course of business for goods sold to third parties.
The destination of the turnover is all in the United Kingdom.

3 INTEREST PAYABLE

	1999 £000	1998 £000
Bank interest payable	(6)	(15)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1999 £000	1998 £000
Auditors remuneration	1	3
Other non-audit fees paid to the auditors and their associates	1	1
Depreciation - owned fixed assets	18	34
Operating lease rentals - buildings	8	16

5 DIRECTORS AND OTHER EMPLOYEES

The average number of persons, including directors, employed by the company during the year was:

	1999 No.	1998 No.
Manufacturing and distribution	7	15
Sales and administration	3	5
	10	20

Their costs during the year were:	1999 £000	1998 £000
Wages and salaries	181	349
Social security costs	14	30
Other pension costs	8	15
	203	394

Aggregate Directors' Remuneration	1999 £000	1998 £000
Emoluments	25	46

Number of directors who are:

	1999	1998
Members of defined benefit pension schemes	1	1

6 TAXATION

	1999 £000	1998 £000
UK Corporation tax at 30.25% (1998 : 31.25%)	17	44
Deferred taxation	(10)	-
Current year	7	44
Adjustments in respect of previous years	(5)	1
	2	45

7 DIVIDENDS

	1999 £000	1998 £000
Interim dividend paid	14	28

8 TANGIBLE FIXED ASSETS

Cost	Plant, equipment & vehicles £000	Total £000
At 31st December 1998	562	562
Additions	18	18
Intra Group transfers	(580)	(580)
At 31st December 1999	-	-
Depreciation		
At 31st December 1998	340	340
Provided in the year	18	18
Intra Group transfers	(358)	(358)
At 31st December 1999	-	-
Net book value		
At 31st December 1999	-	-
At 31st December 1998	222	222

9 STOCKS

	1999 £000	1998 £000
Raw materials and consumables	-	324

10 DEBTORS

	1999 £000	1998 £000
Trade debtors	-	912
Amounts owed by group undertakings	568	485
Other debtors	-	-
Prepayments and accrued income	-	10
	568	1,407

11 CREDITORS DUE WITHIN ONE YEAR

	1999 £000	1998 £000
Trade creditors	-	1,395
Bank loan	-	12
Taxation and social security	-	27
Corporation tax	-	48
Accruals and deferred income	-	18
	-	1,500

There is an arrangement with the Company's bankers whereby bank balances and overdrafts of the Company, the parent undertaking and certain fellow subsidiary undertakings are offset.
All companies within the group are party to an upstream/downstream guarantee of group bank balances with the company's bankers.

12 DEFERRED TAXATION

	£000
At 31st December 1998	-
Credited in profit and loss account	(10)
Intra Group transfer	10
At 31st December 1999	-

The unprovided deferred taxation and actual provision, calculated at 30% are as follows:

	Unprovided		Provided	
	At 31.12.99 £000	At 31.12.98 £000	At 31.12.99 £000	At 31.12.98 £000
Accelerated capital allowances	-	27	-	-
Other short term timing differences	-	(7)	-	-
	-	20	-	-

13 SHARE CAPITAL

	1999 £000	1998 £000
Ordinary shares of £1 each :		
Authorised	250	250
Allotted and fully paid	200	200

14 PROFIT AND LOSS ACCOUNT

	£000
At 31st December 1998	336
Retained profit for the year	32
At 31st December 1999	368

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1999 £000	1998 £000
Profit for the year	46	68
Dividends	(14)	(28)
Net increase in equity shareholders' funds	32	40
Opening equity shareholders' funds	536	496
Closing equity shareholders' funds	568	536

16 PENSIONS

The company contributes to defined contribution and defined benefit pension schemes operated within the Group. Details of the most recent actuarial information about the schemes are contained in the accounts of Ash & Lacy plc.
The total pension cost in the year was £8,000 (1998 : £15,000)

17 CAPITAL EXPENDITURE

	1999 £000	1998 £000
Contracted for but not provided in the accounts	-	-

18 LEASING COMMITMENTS

	1999		1998	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Leases which expire:				
After five years	-	-	16	-
	-	-	16	-

19 CASH FLOW STATEMENT

In view of the exemptions made under FRS1 , no cash flow statement has been prepared because the ultimate parent undertaking included a consolidated cash flow statement in its accounts for the year ended 31 December 1999.

20 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Ash & Lacy plc incorporated in Great Britain.
Copies of the group accounts may be obtained from the Company Secretary, Ash & Lacy plc, Alma Street, Smethwick, West Midlands, B66 2RP.

21 TRANSFER OF TRADE

On 30th June 1999 the trade and assets were transferred to the immediate parent company, Express Reinforcements Limited. The net assets were transferred into the company at the following book values:

	£000
Fixed assets	222
Stock	1,009
Debtors	1,557
Bank	137
Creditors	(2,357)
Net assets	568