

SENIORS REINFORCEMENT (NORTHERN)  
LIMITED  
REPORT AND ACCOUNTS  
YEAR ENDED 30TH JUNE, 1987

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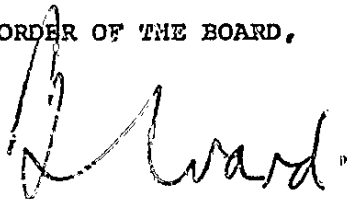
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NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company for the year 1987 will be held at the Registered Office of the Company on Wednesday 21st October 1987 at 12.05 p.m. to transact the following business:

1. To receive and consider the Report of the Directors and the Financial Statements together with the Report of the Auditors for the year ended 30th June, 1987.
2. To confirm that no dividend be declared.
3. To re-elect as a Director Mr. R. Sketchley who retires by rotation.
4. To re-elect as a Director Mr. B. Ward who was appointed on 30th October, 1986.
5. To re-elect Messrs. MacIntyre Hudson as Auditors.
6. To authorise the Directors to fix the remuneration of the Auditors.
7. To transact any other ordinary business.

BY ORDER OF THE BOARD,



Secretary

NOTE:

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company. Notices relating proxies must be received by the secretary at least 48 hours before the meeting.

#### **DIRECTORS**

T. B. Crabtree, F.C.A. (Chairman)  
A. Sketchley  
B. Goldsmith  
B. Ward, F.C.A. (appointed 30th October, 1986)  
A. W. Lumb (resigned 30th October, 1986)  
C. Lumb (resigned 30th October, 1986)

#### **SECRETARY**

B. Ward, F.C.A.

#### **REGISTERED OFFICE**

High Street  
Newburn  
Newcastle-upon-Tyne  
NE15 8LN

#### **BANKERS**

Midland Bank plc  
2 Cloth Hall Street  
Huddersfield  
HD1 2ED

#### **AUDITORS**

MacIntyre Hudson  
Redlands  
Cliftonville  
Northampton  
NN1 5BE

The Directors submit herewith their Annual Report, together with audited financial accounts for the year ended 30th June 1987.

## 1. REVIEW OF THE BUSINESS

The principal activity of the Company continues to be the sale and the cutting and bending of steel reinforcement.

The Company was subject to a 'Management Buy Out' on 30th October, 1986 from the A. W. Lumb & Company Limited Group.

## 2. RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £23,051.

In order to preserve working capital, it is proposed that no dividend be paid.

## 3. FUTURE DEVELOPMENTS

Continuation and development of present activities.

## 4. FIXED ASSETS

Details of movements of tangible fixed assets are shown on page 12 of the accounts.

In the opinion of the Directors the market value of the freehold land and buildings is not significantly different from the net book value.

## 5. DIRECTIONS AND THEIR INTERESTS

No Director held any beneficial interest in the Company's shares during the year.

The Directors during the year and their interests, including those of their families, in the share capital of the Holding Company were as follows:-

	<u>£1 Ordinary Shares</u>	
	<u>30.6.87</u>	<u>30.6.86</u>
T. E. Crabtree, F.C.A.	60,000	6,885
R. Sketchley	25,000	694
B. Gollsmith	25,000	694
B. Ward (appointed 30th October, 1986)	20,000	
A. W. Lumb - personal holding (resigned 30th October 1986)	-	91,300
- family holding	-	500
D. Lumb (resigned 30th October, 1986)	-	39,916

The Company is a wholly owned subsidiary of Seniors Holdings Limited (A. W. Lumb & Company Limited to 30th October, 1986).

The Directors had no interest in contracts with the Company.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 1987 (CONT.)

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6. TAX STATUS

The Company is a close company as defined by the Income and Corporation Taxes Act 1970.

7. AUDITORS

The Auditors, Messrs. McIntyre Hudson, have signified their willingness to be re-appointed.

BY ORDER OF THE BOARD,

A handwritten signature in dark ink, appearing to read 'R. Ward', is written over the printed name 'Secretary'.

Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
TURNOVER	2	2,833,118	2,213,231
Cost of sales		<u>2,515,877</u>	<u>1,979,296</u>
GROSS PROFIT		317,241	233,937
Net operating expenses	3	<u>294,205</u>	<u>249,816</u>
OPERATING PROFIT/(LOSS)	4	23,036	(15,879)
Interest payable	5	<u>5,437</u>	<u>6,531</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		17,599	(22,410)
Taxation charge/(credit) on profit/(loss) on ordinary activities	6	<u>(5,452)</u>	<u>(4,831)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>£ 23,051</u>	<u>£(17,579)</u>

STATEMENT OF RETAINED PROFITS/(ACCUMULATED LOSSES)

Retained profits at the beginning of the year	20,035	37,614
Retained profit/(net loss) for the year, as above	<u>23,051</u>	<u>(17,579)</u>
Retained profits at the end of the year	<u>£ 43,086</u>	<u>£ 20,035</u>

BALANCE SHEET AT 30TH JUNE, 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	130,165	134,857
<b>CURRENT ASSETS</b>			
Stocks	9	208,843	207,142
Debtors	10	782,767	571,261
Cash in hand		<u>422</u>	<u>306</u>
		992,038	778,709
<b>CREDITORS: Amounts falling due within one year</b>			
Bank overdraft	11	248,566	202,255
Creditors	12	<u>598,368</u>	<u>441,760</u>
		846,934	644,015
<b>NET CURRENT ASSETS</b>		<u>145,104</u>	<u>134,694</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		275,269	269,551
<b>CREDITORS: Amounts falling due after more than one year</b>			
Secured loans	13	23,812	25,708
Other creditors	12	<u>271</u>	<u>4,008</u>
		24,083	29,716
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	14	<u>8,100</u>	<u>32,183</u>
		19,800	49,516
<b>NET ASSETS</b>		£ 243,086	£ 220,035
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	200,000	200,000
Profit and loss account		<u>43,086</u>	<u>20,035</u>
<b>SHAREHOLDERS' FUNDS</b>		£ 243,086	£ 220,035

Approved by the Board on .....

29th September 1987.

*[Signature]*

Directors

*[Signature]*

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with Section 228 of, and Schedule 4 to, the Companies Act 1985.

### a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

### b) DEPRECIATION

Depreciation is provided on all tangible fixed assets (excluding land) by the reducing balance method at rates calculated to write off the cost, less estimated residual value, of each asset systematically over its expected useful life, as follows:-

Freehold buildings	2%
Concrete yard	33½%
Plant and machinery	15%
Office fixtures and fittings	10%
Office equipment	10%
Computer equipment	20%
Motor vehicles	25%

### c) STOCKS

Stocks, consisting solely of raw materials, are stated at the lower of purchase cost, on a first-in first-out basis, and net realisable value.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

### d) DEFERRED TAXATION

Deferred taxation is provided to take account of timing differences arising between the treatment of certain items for accounts purposes and their treatment for taxation purposes.

Provision is made at the rate of Corporation Tax anticipated to be in force in the year in which the timing difference is expected to reverse. No provision is made where, in the opinion of the directors, it is expected that no such liability to taxation will crystallise in the foreseeable future.

### e) GROUP RELIEF PAYMENTS

The group takes advantage of the provisions within the Taxes Acts which enable certain tax benefits available in one group company to be transferred to another group company. No consideration is to pass for these benefits.

### f) LEASED ASSETS AND ASSETS HELD UNDER HIRE PURCHASE AGREEMENTS

The fair value of an asset acquired under a finance lease is included under tangible fixed assets and depreciation is provided in accordance with the Company's accounting policy for the class of asset concerned (see note b) above). The interest cost is charged over the term of the lease agreement using a constant periodic rate of charge or methods approximating thereto.

Rentals paid under an operating lease are charged to the profit and loss account on a straight line basis over the term of the lease agreement.

Hire purchase agreements, depending on their nature, are dealt with under one of the two methods outlined above.



## 2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided in the United Kingdom stated net of Value Added Tax.

3. NET OPERATING EXPENSES	1987 £	1986 £
Distribution costs	145,428	113,983
Administrative expenses	<u>148,777</u>	<u>135,833</u>
	£ 294,205	£ 249,816
	<u><u>          </u></u>	<u><u>          </u></u>
4. OPERATING PROFIT/(LOSS)		
Operating profit/(loss) is arrived at after charging:-		
Directors' remuneration (see below)	22,271	22,092
Auditors' remuneration	1,700	1,500
Depreciation of fixed assets		
- owned assets	10,369	14,486
- assets held under hire purchase agreements	4,363	3,593
Hire of other assets - operating lease rentals	<u>509</u>	<u>-</u>
	<u><u>          </u></u>	<u><u>          </u></u>
DIRECTORS AND EMPLOYEES		
<u>Staff costs (including Directors)</u>		
Wages and salaries	178,771	142,628
Social security costs	17,131	12,283
Other pension costs	<u>4,435</u>	<u>3,961</u>
	£ 200,337	£ 158,872
	<u><u>          </u></u>	<u><u>          </u></u>
The average weekly number of persons employed by the Company was:-	<u>Number</u>	<u>Number</u>
Category:		
Office and management	7	10
Manufacturing	<u>15</u>	<u>12</u>
	22	22
	<u><u>          </u></u>	<u><u>          </u></u>
<u>Directors' Emoluments</u>		
Remuneration for services as a Director	20,000	20,000
Pension contributions	<u>2,271</u>	<u>2,092</u>
	22,271	22,092
Taxable benefits in kind	<u>2,162</u>	<u>1,886</u>
	£ 24,433	£ 23,978
	<u><u>          </u></u>	<u><u>          </u></u>
Emoluments (excluding pension contributions) of the Chairman	£ -	£ -
Emoluments (excluding pension contributions) of highest paid Director	£ <u>22,162</u>	£ <u>21,886</u>
The emoluments (excluding pension contributions) of the other Directors fell in the following range:		
£0 5,000	<u>Two</u>	<u>Three</u>

	£	<u>1987</u>	£	£	<u>1986</u>	£
<b>5. INTEREST PAYABLE</b>						
Interest payable on loans wholly repayable within 5 years			647			747
Interest payable on loans not wholly repayable within 5 years			3,153			3,183
Interest payable on hire purchase loans wholly repayable within 5 years			<u>1,637</u>			<u>2,601</u>
			£ 5,437			£ 6,531
			<u>          </u>			<u>          </u>
<b>6. TAXATION CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>						
UK Corporation Tax based on the profit for the year at 29.1%			6,248			-
Overprovision in previous years			-			(631)
Transfer from deferred tax due to:						
- change in timing difference and release of balance (see note 14)	(11,700)			(2,100)		
- change in rate of corporation tax	<u>-</u>		<u>(11,700)</u>	<u>(2,100)</u>		<u>(4,200)</u>
			£(5,452)			£(4,831)
			<u>          </u>			<u>          </u>
<b>7. TANGIBLE FIXED ASSETS</b>						
Details of tangible fixed assets are shown on page 12.						
<b>8. CAPITAL COMMITMENTS AND OPERATING LEASE COMMITMENTS</b>						
Apart from normal replacement expenditure for plant and machinery and motor vehicles, capital commitments are as follows:-						
Capital expenditure contracted for but not included in the Financial Statements amounted to			£ Nil			£ Nil
Capital expenditure authorised but not contracted for amounted to			£ Nil			£ Nil
Payments for operating lease commitments in the forthcoming year are:-						
Commitment: expiring within one year			-			-
within 2-5 years			1,527			-
after more than 5 years			<u>-</u>			<u>-</u>
			£ 1,527			£ -
			<u>          </u>			<u>          </u>

## 9. STOCKS

Stocks represent steel purchased for resale and for use in production.

The replacement cost of stock is not materially different from the balance sheet value.

	£	1987	£	1986	£
<b>10. DEBTORS</b>					
Due within one year:					
Trade debtors		767,437		555,107	
Other debtors		825		4,900	
Prepayments		14,505		10,529	
		<u>782,767</u>		<u>570,536</u>	
Due in more than one year:					
Other debtors		-		725	
		<u>£ 782,767</u>		<u>£ 571,261</u>	

# **11. BANK OVERDRAFT**

The bank overdraft is secured by a fixed charge over book debts and a floating charge over all other assets.

# **12. CREDITORS**

Due within one year:

Trade creditors	479,705	363,293
Current account with Holding Company	8,802	9,626
Current account with fellow subsidiary	59,292	45,060
Corporation tax	6,248	-
Hire purchase creditor	6,728	6,172
Loans (see note 13)	1,897	2,433
Accruals	20,898	10,259
Other taxation and social security	<u>14,798</u>	<u>4,917</u>
	<u>£ 598,368</u>	<u>£ 441,760</u>

Due after more than one year:

Hire purchase creditor	<u>£ 271</u>	<u>£ 4,008</u>
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All hire purchase creditors are repayable within five years.

# **13. SECURED LOANS**

	Due within twelve months	Due after more than twelve months	Due within twelve months	Due after more than twelve months
Repayable in part in more than five years:				
a) By half yearly instalments to 23.6.98 with interest at 13 1/2%	728	15,604	924	16,332
b) By half yearly instalments to 23.12.98 with interest at 14%	<u>218</u> 946	<u>5,249</u> 20,853	<u>281</u> 1,205	<u>5,467</u> 21,799
Repayable wholly within five years:				
c) By half yearly instalments to 23.12.98 with interest at 13 5/8%	<u>951</u>	<u>2,959</u>	<u>1,228</u>	<u>3,909</u>
	<u>£ 1,897</u>	<u>£ 23,812</u>	<u>£ 2,433</u>	<u>£ 25,708</u>

NOTES ON THE ACCOUNTS (CONT.)

Of the amounts falling due after more than twelve months £15,592 is repayable after more than five years (1986 - £17,167).

The Loans are secured by a fixed charge over the Company's land and buildings.

14. DEFERRED TAXATION

Deferred taxation provided in the accounts and the potential amounts, including the amounts for which provision has been made, are as follows:-

	£	1987	£	£	1986	£
Amount provided at 1st July, 1986		19,800			24,000	
Transfer to profit and loss account		(11,700)			(4,200)	
Amount provided at 30th June, 1987		£ 8,100			£ 19,800	
		=====			=====	
<u>Provision for Deferred Tax</u>		<u>Amount not</u>	<u>Amount</u>		<u>Amount not</u>	<u>Amount</u>
		<u>provided</u>	<u>provided</u>		<u>provided</u>	<u>provided</u>
Attributable to:						
- operation of capital allowances	11,700	8,300		-	20,500	
- short term timing differences	-	(200)		-	(700)	
	£ 11,700	£ 8,100		£ -	£ 19,800	
	=====	=====		=====	=====	

Following the 'Management Buy Out' the Directors have re-assessed the level of deferred taxation which may crystallise in the foreseeable future and the surplus amounting to £11,700 has been credited to profit and loss account.

All amounts are calculated at 35% (1986 - 35%) using the liability method.

15. SHARE CAPITAL

Authorised

250,000 Ordinary shares of £1 each	£ 250,000	£ 250,000
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Issued and fully paid

200,000 Ordinary shares of £1 each	£ 200,000	£ 200,000
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16. HOLDING COMPANY

The Company is a wholly owned subsidiary of Seniors Holdings Limited (A. W. Lumb & Company Limited to 30th October, 1986), a company incorporated in England.

17. CONTINGENT LIABILITIES

- a) The Company has given guarantees in respect of bank overdrafts and loans of the Holding Company and fellow subsidiaries.
- b) There is a contingent liability in respect of deferred taxation not provided in the accounts as shown in note 14.

**STATEMENT OF TANGIBLE FIXED ASSETS AT 30TH JUNE, 1987**

Net Book Values of assets held under Hire Purchase agreements included above

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30TH JUNE, 1987

	<u>1987</u>		<u>1986</u>	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
<b>RESULTS FROM ORDINARY ACTIVITIES</b>				
Profit/(loss) before taxation		17,599		(22,410)
Adjustments for item not involving the movement of funds - depreciation		<u>14,732</u>		<u>18,079</u>
Funds derived from/(applied to) ordinary activities		32,331		(4,331)
<b>FUNDS FROM OTHER SOURCES</b>				
Increase in share capital	-		199,000	
Proceeds from sale of fixed assets	5,600		13,161	
Government grants	-	<u>5,600</u>	<u>2,268</u>	<u>214,429</u>
		37,931		210,098
<b>APPLICATION OF FUNDS</b>				
Corporation Tax paid	-		35,669	
Purchase of fixed assets	15,640		39,057	
Repayment of loan capital	<u>2,432</u>	<u>(18,072)</u>	<u>1,352</u>	<u>(76,078)</u>
<b>INCREASE IN WORKING CAPITAL</b>		£ 19,859		£ 134,020
		=====		=====
<b>INCREASE IN WORKING CAPITAL CONSISTS OF:</b>				
Stock		1,707		(51,196)
Debtors		211,506		(21,835)
Creditors		(133,751)		277,725
Current account with Holding Company		824		62,760
Current account with fellow subsidiary		(14,237)		3,598
Bank overdraft and cash in hand		<u>(46,195)</u>		<u>(137,122)</u>
		£ 19,859		£ 134,020
		=====		=====

REPORT OF THE AUDITORS TO THE MEMBERS OF  
SENIORS REINFORCEMENT (NORTHERN) LIMITED

We have audited the Financial Statements on pages 5 to 13. Our audit was conducted in accordance with approved Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs at 30th June, 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*MacIntyre Hudson*

Chartered Accountants  
Northampton

1 OCT 1987