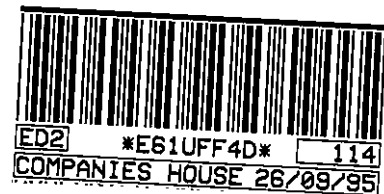


Walter Heselwood Limited
Directors' Report and Financial Statements
for the year ended 31 January 1995



Walter Heselwood Limited

Company Information

| | |
|-------------------|---|
| Directors | W Heselwood S W B Heselwood G E Turner B Lake A G Heselwood |
| Secretary | G E Turner |
| Company Number | 598338 (England and Wales) |
| Registered Office | Stevenson Road Sheffield S9 2SG |
| Auditors | Haines Watts 11 Omega Court 350 Cemetery Road Sheffield S11 8FT |
| Bankers | Midland Bank plc 17 Church Street Sheffield S1 1HH |

Walter Heselwood Limited

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Walter Heselwood Limited

Directors' Report for the year ended 31 January 1995

The directors present their report and the financial statements for the year ended 31 January 1995.

Principal Activities and Review of the Business

The company's principal activity during the year was that of iron and steel merchants within the United Kingdom. The company has again generated good growth during the year producing satisfactory results.

Results and Dividends

The results for the year are set out on page 4.

The directors recommend payment of a dividend amounting to £24,000.

It is proposed that the retained profit of £248,640 is transferred to reserves.

Fixed Assets

The significant changes in fixed assets during the year are explained in notes 8 and 9 to the financial statements.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

| | Class of share | Number of shares | |
|-----------------|-----------------|------------------|-------|
| | | 1995 | 1994 |
| W Heselwood | Ordinary shares | 2 | 2 |
| S W B Heselwood | Ordinary shares | 4,665 | 4,665 |
| G E Turner | Ordinary shares | 4,665 | 4,665 |
| B Lake | Ordinary shares | - | - |
| A G Heselwood | Ordinary shares | - | - |

Walter Heselwood also holds one share in Heppenstall Metal Co. Limited, a subsidiary of Walter Heselwood Ltd.

Political and Charitable Contributions

During the year the company contributed £325 to charities .

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Haines Watts be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' Report for the year ended 31 January 1995 (continued)

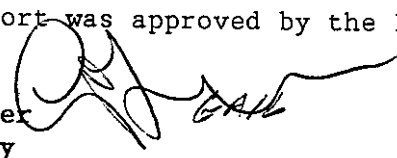
Directors' Responsibilities

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 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.

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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 11 September 1995


G E Turner
Secretary

Walter Heselwood Limited

**Auditors' Report
to the shareholders of Walter Heselwood Limited**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. 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 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 January 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.



Haines Watts

**Chartered Accountants
Registered Auditors**

22 September 1995

11 Omega Court
350 Cemetery Road
Sheffield
S11 8FT

Walter Heselwood Limited

Profit and Loss Account
for the year ended 31 January 1995

| | Notes | 1995 £ | 1994 £ |
|---|-------|-------------|-------------|
| Turnover | 2 | 5,844,883 | 4,853,720 |
| Cost of sales | | (5,340,112) | (4,374,198) |
| Gross profit | | 504,771 | 479,522 |
| Administrative expenses | | (308,355) | (277,698) |
| Other operating income | | 39,810 | 39,925 |
| Operating profit | 3 | 236,226 | 241,749 |
| Other interest receivable and similar income | 4 | 173,738 | 161,558 |
| Interest payable and similar charges | 5 | (2,631) | (1,758) |
| Profit on ordinary activities before taxation | | 407,333 | 401,549 |
| Tax on profit on ordinary activities | 6 | (134,693) | (142,380) |
| Profit on ordinary activities after taxation | | 272,640 | 259,169 |
| Dividends | 7 | (24,000) | (24,000) |
| Retained profit for the year | 17 | £ 248,640 | £ 235,169 |

There are no recognised gains and losses other than those passing through the profit and loss account.

Note of historical cost profits and losses

| | 1995 £ | 1994 £ |
|--|-----------|-----------|
| Reported profit on ordinary activities before taxation | 407,333 | 401,549 |
| Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 47,072 | 47,444 |
| Historical cost profit on ordinary activities before taxation | £ 454,405 | £ 448,993 |
| Historical cost profit for the year retained after taxation, extraordinary items and dividends | £ 295,712 | £ 282,613 |

Walter Heselwood Limited

Balance Sheet
as at 31 January 1995

| | Notes | £ | 1995 £ | £ | 1994 £ |
|--|-------|------------------|--------------------|------------------|--------------------|
| Fixed Assets | | | | | |
| Tangible assets | 8 | | 798,336 | | 768,146 |
| Investments | 9 | | 17,470 | | 17,470 |
| | | | <u>815,806</u> | | <u>785,616</u> |
| Current Assets | | | | | |
| Stocks | 10 | 201,800 | | 119,960 | |
| Debtors | 11 | 1,520,383 | | 1,231,421 | |
| Cash at bank and in hand | | 2,402,319 | | 2,530,834 | |
| | | <u>4,124,502</u> | | <u>3,882,215</u> | |
| Creditors: amounts falling due within one year | 12 | (1,185,894) | | (1,147,400) | |
| Net Current Assets | | | <u>2,938,608</u> | | <u>2,734,815</u> |
| Total Assets Less Current Liabilities | | | <u>3,754,414</u> | | <u>3,520,431</u> |
| Provision for Liabilities and Charges | 13 | | (12,220) | | (26,877) |
| | | | <u>£ 3,742,194</u> | | <u>£ 3,493,554</u> |
| Capital and Reserves | | | | | |
| Called up share capital | 15 | | 40,000 | | 40,000 |
| Revaluation reserve | 16 | | 188,675 | | 432,148 |
| Other reserves | | | 229,060 | | 229,060 |
| Profit and loss account | 17 | | 3,284,459 | | 2,792,346 |
| Shareholders' Funds | 18 | | <u>£ 3,742,194</u> | | <u>£ 3,493,554</u> |

The financial statements were approved by the Board on 11 September 1995

W Heselwood...
Director

G E Turner...
Director

Walter Heselwood Limited

Cash Flow Statement
for the year ended 31 January 1995

| | 1995 | 1994 |
|--|------------|-----------|
| | £ | £ |
| Net cash outflow from operating activities | (32,382) | 231,736 |
| Returns on investments and servicing of finance | | |
| Interest received | 166,061 | 161,558 |
| Interest paid | (2,631) | (1,758) |
| Dividends paid | (24,000) | - |
| Net cash inflow from returns on investments and servicing of finance | 139,430 | 159,800 |
| Taxation | | |
| Corporation tax paid (including advance corporation tax) | (156,910) | (110,042) |
| Corporation tax repaid | 9,132 | - |
| Tax paid | (147,778) | (110,042) |
| Investing activities | | |
| Payments to acquire tangible assets | (190,227) | (153,321) |
| Receipts from sales of tangible assets | 48,881 | 20,321 |
| Net cash outflow from investing activities | (141,346) | (133,000) |
| Net cash outflow before financing | (182,076) | 148,494 |
| Financing | | |
| Net cash inflow from financing | - | - |
| Decrease in cash and cash equivalents | £(182,076) | £ 148,494 |

Walter Heselwood Limited

Notes to the Cash Flow Statement
for the year ended 31 January 1995

| | | | | |
|---|---|-----------------------|---|------------------------|
| 1 | Reconciliation of operating profit to net cash outflow from operating activities | 1995 £ | 1994 £ | |
| | Operating profit | 236,226 | 241,749 | |
| | Depreciation of tangible assets | 122,365 | 110,546 | |
| | Profit on disposal of tangible assets | (11,208) | - | |
| | Increase in stocks | (81,840) | (77,868) | |
| | Increase in debtors | (282,253) | (410,219) | |
| | Decrease in creditors due within one year | (15,672) | 367,528 | |
| | Net cash outflow from operating activities | £ (32,382) | £ 231,736 | |
| 2 | Analysis of changes in cash and cash equivalents during the year | 1995 £ | 1994 £ | |
| | Balance at 1 February 1994 | 2,530,834 | 2,382,340 | |
| | Net cash outflow | (182,076) | 148,494 | |
| | Balance at 31 January 1995 | £ 2,348,758 | £ 2,530,834 | |
| 3 | Analysis of the balances of cash and cash equivalents as shown in the balance sheet | 1995 £ | 1994 £ | Change in year £ |
| | Cash at bank and in hand | 2,402,319 | 2,530,834 | (128,515) |
| | Bank overdrafts | (53,561) | - | (53,561) |
| | | £ 2,348,758 | £ 2,530,834 | £ (182,076) |
| 4 | Analysis of changes in financing during the year | Share capital £ | Loans and finance lease obligations £ | |
| | Balance at 1 February 1994 | 40,000 | - | |
| | Balance at 31 January 1995 | £ 40,000 | £ - | |

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

| | | |
|----------------------------------|---|--------------------------------|
| Land and buildings | - | Straight line over fifty years |
| Plant and machinery | - | Straight line over 7 years |
| Fixtures, fittings and equipment | - | Straight line over 10 years |
| Motor vehicles | - | Straight line over 7 years |

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.8 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by Section 248 of the Companies Act 1985.

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

3. Operating Profit

| | 1995 £ | 1994 £ |
|--|-----------|-----------|
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 122,365 | 110,546 |
| Hire of plant and machinery | 10,855 | 6,213 |
| Auditors' remuneration | 2,200 | 2,200 |
| and after crediting: | | |
| Rents receivable | 39,810 | 39,925 |

4. Other Interest Receivable and Similar Income

| | 1995 £ | 1994 £ |
|--------------------------------------|------------------|------------------|
| Bank interest receivable | 2,394 | 21,287 |
| Building Society interest receivable | 161,708 | 128,356 |
| Loan interest receivable | 9,636 | 11,915 |
| | <u>£ 173,738</u> | <u>£ 161,558</u> |

5. Interest Payable

| | 1995 £ | 1994 £ |
|------------------------------|----------------|----------------|
| On bank loans and overdrafts | 2,631 | 1,758 |
| | <u>£ 2,631</u> | <u>£ 1,758</u> |

6. Taxation

| | 1995 £ | 1994 £ |
|--|------------------|------------------|
| U.K. Current year taxation | | |
| U.K. Corporation tax at 33% (1994 - 33%) | 148,332 | 113,461 |
| Transfer from deferred taxation | (14,657) | 26,877 |
| | <u>133,675</u> | <u>140,338</u> |
| Prior years | | |
| U.K. Corporation tax | 1,018 | 2,042 |
| | <u>£ 134,693</u> | <u>£ 142,380</u> |

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

7. Dividends

| | 1995 £ | 1994 £ |
|-------------------------|---------------|---------------|
| Ordinary final proposed | <u>24,000</u> | <u>24,000</u> |

8. Tangible Assets

| | Land and buildings Freehold £ | Plant and machinery £ | Fixtures, fittings & equipment £ | Motor vehicles £ | Total £ |
|--------------------------|--|-----------------------------|---|------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 February 1994 | 304,471 | 662,255 | 43,259 | 81,300 | 1,091,285 |
| Additions | 139,263 | 5,800 | 744 | 44,420 | 190,227 |
| Disposals | (35,672) | - | - | (5,000) | (40,672) |
| At 31 January 1995 | <u>408,062</u> | <u>668,055</u> | <u>44,003</u> | <u>120,720</u> | <u>1,240,840</u> |
| Depreciation | | | | | |
| At 1 February 1994 | 16,256 | 237,200 | 36,370 | 33,313 | 323,139 |
| On disposals | - | - | - | (3,000) | (3,000) |
| Charge for year | 6,184 | 94,607 | 4,400 | 17,174 | 122,365 |
| At 31 January 1995 | <u>22,440</u> | <u>331,807</u> | <u>40,770</u> | <u>47,487</u> | <u>442,504</u> |
| Net book values | | | | | |
| At 31 January 1995 | <u>£ 385,622</u> | <u>£ 336,248</u> | <u>£ 3,233</u> | <u>£ 73,233</u> | <u>£ 798,336</u> |
| At 31 January 1994 | <u>£ 288,215</u> | <u>£ 425,055</u> | <u>£ 6,889</u> | <u>£ 47,987</u> | <u>£ 768,146</u> |

Plant and machinery was revalued in the year ended 31 January 1991 at £552,000.

The comparable amounts determined under the historic cost rules for items including revalued amounts are as follows:

| | Plant and Machinery 1995 | 1994 |
|--------------------------|-----------------------------|----------------|
| Cost | 684,541 | 678,741 |
| Accumulated depreciation | (536,968) | (489,433) |
| Net Book Value | <u>147,573</u> | <u>189,308</u> |

Walter Heselwood Limited

**Notes to the Financial Statements
for the year ended 31 January 1995**

| 9. Fixed Asset Investments | 1995 £ | 1994 £ |
|----------------------------|-----------------|-----------------|
| Subsidiary undertakings | 14,470 | 14,470 |
| Other investments | 3,000 | 3,000 |
| | <u>£ 17,470</u> | <u>£ 17,470</u> |

Investment in subsidiary undertakings

| | Shares £ |
|--|---------------|
| Cost and Net Book Value | |
| At 1 February 1994 & at 31 January 1995 | <u>14,470</u> |

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Other investments

| | Unlisted £ |
|--|---------------|
| Cost and Net Book Value | |
| At 1 February 1994 & at 31 January 1995 | <u>3,000</u> |

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

| Company | Country of registration or incorporation | Shares held Class | % |
|--------------------------------|---|----------------------|-----|
| Subsidiary undertakings | | | |
| Heppenstall Metal Co. Ltd | England and Wales | Ordinary | 97 |
| Heselwood Steel | | | |
| Stockholders Ltd | England and Wales | Ordinary | 100 |
| A King (Metals) Ltd | England and Wales | Ordinary | 98 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | Capital and reserves | Profit for the year |
|---------------------------|----------------------|---------------------|
| Heppenstall Metal Co. Ltd | £625,755 | £57,073 |
| Heselwood Steel | | |
| Stockholders Ltd | £59,873 | £3,590 |
| A King (Metals) Ltd | £100 | £- |

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

| 10. Stocks | 1995 £ | 1994 £ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | £ 201,800 | £ 119,960 |

| 11. Debtors | 1995 £ | 1994 £ |
|------------------------------------|--------------------|--------------------|
| Trade debtors | 1,264,933 | 966,019 |
| Amounts owed by group undertakings | 1,044 | 16,158 |
| ACT recoverable | 6,000 | 6,968 |
| Other debtors | 107,618 | 111,458 |
| Prepayments and accrued income | 140,788 | 130,818 |
| | <u>£ 1,520,383</u> | <u>£ 1,231,421</u> |

Amounts falling due after more than one year and included in the debtors above are:

| | 1995 £ | 1994 £ |
|-----------------|-----------------|------------------|
| ACT recoverable | 6,000 | 6,968 |
| Other debtors | 86,458 | 98,958 |
| | <u>£ 92,458</u> | <u>£ 105,926</u> |

| 12. Creditors: amounts falling due within one year | 1995 £ | 1994 £ |
|--|--------------------|--------------------|
| Bank loans and overdrafts | 53,561 | - |
| Trade creditors | 466,422 | 574,295 |
| Amounts owed to group undertakings | 399,777 | 283,579 |
| Corporation tax | 121,034 | 120,429 |
| Other taxes and social security costs | 102,231 | 90,203 |
| Other creditors | 6,784 | 33,587 |
| Accruals and deferred income | 12,085 | 21,307 |
| Proposed dividend | 24,000 | 24,000 |
| | <u>£ 1,185,894</u> | <u>£ 1,147,400</u> |

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

13. Provisions for Liabilities and Charges

Deferred tax is provided at 33% (1994 - 33%) analysed over the following timing differences:

| | Fully Provided | |
|--------------------------------|-------------------|-----------------|
| | 1995 | 1994 |
| | £ | £ |
| Accelerated capital allowances | 12,220 | 26,877 |
| | <u>£ 12,220</u> | <u>£ 26,877</u> |

Movements on the provision for deferred taxation are:

| | £ |
|--|-------------------|
| At 1 February 1994 | 26,877 |
| Transferred to profit and loss account | 14,657 |
| | <u> </u> |
| At 31 January 1995 | <u>£ 12,220</u> |

14. Pension Costs

The company operates a defined contribution scheme for a director. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge for the period is £ 4842 (1994 :- £5062).

15. Share Capital

| | 1995 | 1994 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Authorised | | |
| 40,000 Ordinary shares of £1 each | <u>40,000</u> | <u>40,000</u> |
| Allotted, called up and fully paid | | |
| 40,000 Ordinary shares of £1 each | <u>40,000</u> | <u>40,000</u> |

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

16. Revaluation Reserve

| | 1995 £ | 1994 £ |
|--|------------------|------------------|
| Balance brought forward at 1 February 1994 | 432,148 | 432,148 |
| Transfer to profit and loss account | (243,473) | - |
| Balance carried forward at 31 January 1995 | <u>£ 188,675</u> | <u>£ 432,148</u> |

The transfer to profit and loss account represents the excess of depreciation on the revalued amount compared to historic cost of fixed assets.

17. Profit And Loss Account

| | 1995 £ | 1994 £ |
|-------------------------------------|--------------------|--------------------|
| Retained profits at 1 February 1994 | 2,792,346 | 2,557,177 |
| Retained profit for the year | 248,640 | 235,169 |
| Transfer from revaluation reserve | 243,473 | - |
| Retained profits at 31 January 1995 | <u>£ 3,284,459</u> | <u>£ 2,792,346</u> |

18. Reconciliation of Movements in Shareholders' Funds

| | 1995 £ | 1994 £ |
|-------------------------------------|-------------------|-------------------|
| Profit for the financial year | 272,640 | 259,169 |
| Dividends | (24,000) | (24,000) |
| Net addition to shareholders' funds | <u>248,640</u> | <u>235,169</u> |
| Opening shareholders' funds | 3,493,554 | 3,258,385 |
| Closing shareholders' funds | <u>£3,742,194</u> | <u>£3,493,554</u> |

Walter Heselwood Limited

Notes to the Financial Statements
for the year ended 31 January 1995

19. Directors' Emoluments

| | 1995 £ | 1994 £ |
|---|-----------------|-----------------|
| Remuneration | <u>76,925</u> | <u>58,150</u> |
| Emoluments disclosed above (excluding pension contributions) include amounts paid to: | | |
| The chairman | <u>£ 29,909</u> | <u>£ 25,000</u> |
| The highest-paid director | <u>£ 35,311</u> | <u>£ 30,500</u> |
| Other directors' emoluments (excluding pension contributions) were in the following ranges: | | |
| | Number | Number |
| £Nil - £5,000 | 2 | 3 |
| £5,001 - £10,000 | <u>1</u> | <u>-</u> |

20. Employees

Number of employees

The average weekly number of employees (including
directors) during the year was:

| | 1995 Number | 1994 Number |
|---------------------------|------------------|------------------|
| Management and production | <u>21</u> | <u>22</u> |
| Employment costs | | |
| | £ | £ |
| Wages and salaries | 233,999 | 239,000 |
| Social security costs | 27,720 | 22,631 |
| Other pension costs | 4,842 | 5,062 |
| | <u>£ 266,561</u> | <u>£ 266,693</u> |