

AVON STEEL COMPANY LIMITED  
REPORT AND FINANCIAL STATEMENTS  
31st December 1998

Registered number: 1346397

BERKELEY JACKSON  
CHARTERED ACCOUNTANTS



AVON STEEL COMPANY LIMITED

FINANCIAL STATEMENTS

for the year ended 31st December 1998

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 12

The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

## AVON STEEL COMPANY LIMITED

## COMPANY INFORMATION

31st December 1998

NUMBER	1346397
DIRECTORS	T C G Parson J C D Goldschmidt J R Bryant
SECRETARY	T C G Parson
REGISTERED OFFICE	The Old Mill Park Road SHEPTON MALLET Somerset
BANKERS	Bank of Scotland 38 Threadneedle Street LONDON EC2P 2EH
AUDITORS	Berkeley Jackson Chartered Accountants The Old Mill Park Road SHEPTON MALLET Somerset

## AVON STEEL COMPANY LIMITED

## DIRECTORS' REPORT

31st December 1998

The directors present their report and the audited financial statements for the year ended 31st December 1998.

## Principal activity

The principal activity of the company continued to be that of Steel Trading and Stock Holding.

## Review of the Business

Against a background of steadily falling mild and stainless steel prices, the company achieved a 7% increase in turnover to £3,037,906. The company's pre-tax profits were £24,665 and the overdraft fell by £25,693 to £102,865.

## Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31st December 1998		1st January 1998	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares
T C G Parson	60,000	550	77,500	550
J C D Goldschmidt	40,000	205	40,000	205
J R Bryant	-	-	-	-

## Share capital

On 2nd January 1998 the company redeemed 17,500 £1 Preference shares at par. These shares belonged to T C G Parson and had been issued on 16th March 1995. They represented 14.74% of the company's issued share capital.

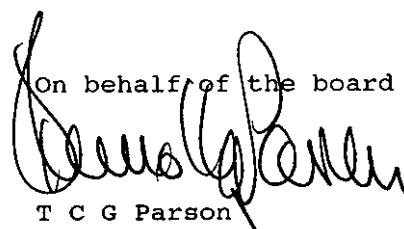
## Auditors

Berkeley Jackson have agreed to offer themselves for re-appointment as auditors of the company.

## Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



T C G Parson  
Secretary

The Old Mill  
Park Road  
SHEPTON MALLETT  
Somerset

Dated:

## AVON STEEL COMPANY LIMITED

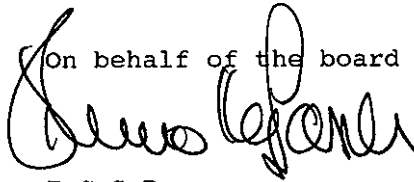
## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

Dated:

On behalf of the board  
  
T C G Parson  
Director

**AUDITORS' REPORT TO THE MEMBERS OF****AVON STEEL COMPANY LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3, 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 error or other irregularity. 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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SHEPTON MALLET

Dated:

25<sup>th</sup> April 1999



Berkeley Jackson  
Registered Auditors  
Chartered Accountants

## AVON STEEL COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1998

	Note	1998 £	1997 £
Turnover	2	3,037,906	2,828,715
Cost of sales		(2,279,888)	(2,108,411)
Gross profit		758,018	720,304
Net operating expenses			
Distribution costs		(82,145)	(74,513)
Administrative expenses		(638,540)	(570,238)
Operating profit	3	37,333	75,553
Interest payable & similar charges		(12,668)	(13,751)
Profit on ordinary activities before taxation		24,665	61,802
Taxation	5	(6,315)	(14,108)
Profit on ordinary activities after taxation		18,350	47,694
Dividends	6	(6,000)	(7,050)
Retained profit for the year	15	12,350	40,644

Movements in reserves are shown in the notes to the financial statements.

## AVON STEEL COMPANY LIMITED

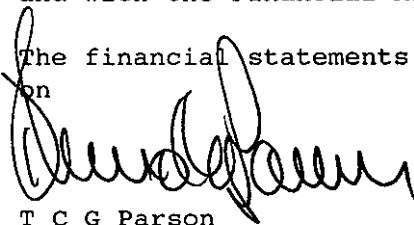
## BALANCE SHEET

at 31st December 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	7	284,937	245,487
<b>Current assets</b>			
Stocks	8	183,442	194,657
Debtors	9	703,130	745,018
Cash at bank and in hand		716	383
		<u>887,288</u>	<u>940,058</u>
Creditors: amounts falling due within one year	10	(893,859)	(929,962)
<b>Net current (liabilities)/assets</b>		<u>(6,571)</u>	<u>10,096</u>
<b>Total assets less current liabilities</b>		<u>278,366</u>	<u>255,583</u>
Creditors: amounts falling due after more than one year	11	(27,933)	-
<b>Net assets</b>		<u>250,433</u>	<u>255,583</u>
<b>Capital and reserves</b>			
Called up share capital	13	101,205	118,705
Share Premium Account	14	29,795	29,795
Profit and loss account	15	119,433	107,083
<b>Total shareholders' funds</b>		<u>250,433</u>	<u>255,583</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 5 to 12 were approved by the board of directors and signed on its behalf by:

  
T C G Parson  
Director



**AVON STEEL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31st December 1998**

**1 Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold Improvements	Over term of the lease
Plant & Machinery	15% Straight line
Motor Vehicles	25% Straight line

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on an average cost basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions**

**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2 Turnover**

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1997 nil).

## AVON STEEL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

## 3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting:		
Profit on sale of assets	—	2,500
and after charging:		
Auditors' Remuneration	4,000	4,000
Loss on sale of assets	2,507	—
Depreciation of tangible fixed assets (note 7):		
Owned assets	32,977	31,151
Leased assets	16,208	2,792
	49,185	33,943

## 4 Directors

	1998 £	1997 £
Directors' emoluments	92,165	93,873
During the year the following number of directors accrued retirement benefits under:	Number	Number
Money purchase pension schemes	2	2

**Defined contribution pension scheme**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £767 (1997 £767) for directors, and £1,101 (1997 £1,101) for other employees.

Contributions totalling £0 (1997 £0) were payable to the fund at 31st December 1998 and are included in creditors.

## 5 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997 21.7%)	6,315	14,108

## 6 Dividends

	1998 £	1997 £
Preference Dividends	6,000	7,050

## AVON STEEL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

## 7 Tangible fixed assets

Cost	Land and Buildings £	Plant and Machinery etc £	Total £
1st January 1998	210,230	155,660	365,890
Additions	-	94,643	94,643
Disposals	-	(14,213)	(14,213)
31st December 1998	210,230	236,090	446,320
<b>Depreciation</b>			
1st January 1998	25,299	95,104	120,403
Charge for the year	8,433	40,752	49,185
Disposals	-	(8,205)	(8,205)
31st December 1998	33,732	127,651	161,383
<b>Net book amount</b>			
31st December 1998	176,498	108,439	284,937
1st January 1998	184,931	60,556	245,487

The net book amount of fixed assets includes £49,363 (1997 £2,792) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

## 8 Stocks

	1998 £	1997 £
Stocks	183,442	194,657

## 9 Debtors

	1998 £	1997 £
<b>Amounts falling due within one year</b>		
Trade debtors	691,032	736,551
Other debtors	12,098	8,467
	703,130	745,018

## AVON STEEL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

## 10 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank overdrafts	102,865	128,558
Trade creditors	687,022	692,823
Obligations under finance leases and hire purchase contracts	15,444	250
Corporation tax	6,316	13,819
Other taxation and social security	30,628	51,501
Other creditors	51,584	43,011
	<u>893,859</u>	<u>929,962</u>

The Bank Overdraft is secured by a fixed and floating charge on all the company's assets.

Included in creditors above is £118,309 which is secured.

## 11 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	27,933	-
	<u>27,933</u>	<u>-</u>

The above amount is secured.

## 12 Deferred taxation

	1998		1997	
	Amount unprovided £	Amount provided £	Amount unprovided £	Amount provided £
Corporation tax deferred by				
Capital allowances in excess of depreciation	(2,300)	-	7,333	-
	<u>(2,300)</u>	<u>-</u>	<u>7,333</u>	<u>-</u>

Deferred taxation is based on a corporation tax rate of 21% (1997 21.7%).

## AVON STEEL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

## 13 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary Shares of £1 Each	5,000	5,000	5,000	5,000
Preference Shares of £1 Each	250,000	250,000	250,000	250,000
		<u>255,000</u>		<u>255,000</u>
<b>Allotted, called up and fully paid</b>				
Ordinary Shares of £1 Each	1,205	1,205	1,205	1,205
Preference Shares of £1 Each	100,000	100,000	117,500	117,500
		<u>101,205</u>		<u>118,705</u>

The Preference Shares are non-voting and are redeemable at par at any time after 5 years have elapsed from the date of issue, subject to one years notice by either party, or earlier by agreement of the members.

The Preference Share dividend is paid in 2 equal instalments and in priority to any ordinary share dividend. If unpaid in any year it will be accumulated and paid in future. In the event of a winding up the preference shareholders will take priority to any entitlements over ordinary shareholders.

Mr T C G Parson redeemed 17,500 Preference shares on 2nd January 1998 which had been issued on 16th March 1995.

## 14 Share premium account

	1998 £
1st January 1998	
and	
31st December 1998	<u>29,795</u>

## 15 Profit and loss account

	1998 £
1st January 1998	107,083
Retained profit for the year	<u>12,350</u>
31st December 1998	<u>119,433</u>

## AVON STEEL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1998

## 16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 1999

	1998 £	1997 £
Expiring		
After five years	54,000	53,300
	<u>54,000</u>	<u>53,300</u>

## 17 Related parties

The company was controlled throughout the current and previous year by a director Mr T C G Parson who owns 41% of the ordinary share capital of the company and members of his close family who together own a further 41%.

During the year the company paid £53,300 (1997 £45,600) to Mr T C G Parson (Director) and his wife, Mrs V E E Parson, to rent premises. It also paid £ 9,300 (1997 £11,909) to Wimbledon Park Consulting a business controlled by J C D Goldschmidt (Director) for consultancy work and included in the Directors emoluments disclosure in these accounts.

During the year the company paid dividends on its cumulative preference shares to the following directors - T C G Parson £3,600 (1997 £4,650) and J C D Goldschmidt £2,400 (1997 £2,400).