

BOSTON STEELS LIMITED
(Registered Number: 2442611)

Register

DIRECTORS' REPORT AND ACCOUNTS

31 December 1995



BOSTON STEELS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors present their report and the audited accounts of the company for the year ended 31 December 1995.

REVIEW OF THE BUSINESS

The principal activity of the company is that of steel stockholders.

The company has traded satisfactorily during the year and this is expected to continue into the foreseeable future.

RESULTS AND DIVIDENDS

The company's profit for the financial year, which has been transferred to reserves is £36,677 (1994 £35,054).

The directors do not recommend the payment of a dividend.

FIXED ASSETS

Movements in fixed assets are shown in note 8 on page 9.

DIRECTORS AND THEIR INTERESTS

The directors at the year end, all of whom have been directors throughout the year and their interests in the shares of the company at the beginning and end of the year are given below:

	<u>Ordinary shares</u>	
	<u>31 December 1995</u>	<u>31 December 1994</u>
D R Carter - Chairman	-	-
F C Radford	-	-
R A Taylor	-	-
D Varley	-	-
M B R Carter	-	-

BOSTON STEELS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

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

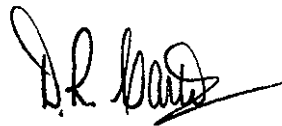
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



D R Carter
Chairman

10 April 1996

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF BOSTON STEELS LIMITED

We have audited the financial statements on pages 4 to 1.1 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 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.

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

10 April 1996

BOSTON STEELS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
TURNOVER - CONTINUING OPERATIONS	2	1,754,596	1,589,439
Cost of sales		<u>(1,322,790)</u>	<u>(1,210,011)</u>
GROSS PROFIT		431,806	379,428
Distribution costs		(101,710)	(88,423)
Administration expenses		<u>(284,163)</u>	<u>(244,301)</u>
OPERATING PROFIT - CONTINUING OPERATIONS	3	45,933	46,704
Interest payable	6	<u>(30)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		45,903	46,704
Taxation	7	<u>(9,226)</u>	<u>(11,650)</u>
RETAINED PROFIT FOR THE YEAR	15	<u>£36,677</u>	<u>£35,054</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

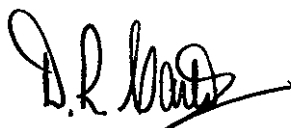
The company has no recognised gains or losses other than the profits reported above.

BOSTON STEELS LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	Notes	1995	1994
FIXED ASSETS			
Tangible assets	8	20,201	26,185
CURRENT ASSETS			
Stocks	9	135,002	173,001
Debtors	10	306,679	363,487
Cash at bank and in hand		<u>45,782</u>	<u>32</u>
		487,463	536,520
CREDITORS - Amounts falling due within one year	11	<u>(331,973)</u>	<u>(334,622)</u>
NET CURRENT ASSETS		<u>155,490</u>	<u>201,898</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		175,691	228,083
CREDITORS - Amounts falling due after more than one year	12	-	(85,000)
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	<u>(4,069)</u>
		£175,691	£139,014
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	<u>174,691</u>	<u>138,014</u>
SHAREHOLDERS' FUNDS	16	£175,691	£139,014

APPROVED BY THE BOARD ON
10 April 1996



D R Carter

DIRECTOR

BOSTON STEELS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Depreciation

The cost of tangible fixed assets is written off over their expected useful lives as follows:

Motor vehicles	4 years
Office fixtures and fittings	10 years
Plant and machinery	10 years
Computer equipment	4 years

(3) Stocks

Stocks are valued at the lower of cost or net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

(4) Deferred taxation

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

(5) Pensions

Pensions have been charged to the profit and loss account as they fall due.

(6) Finance leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at their 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 accordance with the straight line method.

BOSTON STEELS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 TURNOVER

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year excluding value added tax.

In the opinion of the directors turnover constitutes one class of business.

	<u>1995</u>	<u>1994</u>
The geographical analysis by destination is as follows		
UK	1,179,812	1,050,735
Europe	<u>574,784</u>	<u>538,704</u>
	<u>£1,754,596</u>	<u>£1,589,439</u>

3 OPERATING PROFIT

Operating profit is stated after charging the following

Depreciation		
- Owned assets	£7,149	£6,858
- Leased assets	£1,354	£1,354
Auditor's remuneration	£1,400	£1,325
Aggregate finance lease charges (of which part is shown as depreciation, and the balance as interest)	<u>£1,354</u>	<u>£1,354</u>

4 STAFF COSTS

Wages and salaries	82,954	63,451
Social security costs	6,557	5,266
Other pension costs	<u>2,385</u>	<u>3,231</u>
	<u>£91,896</u>	<u>£71,948</u>
	<u>Number</u>	<u>Number</u>

The average number of persons employed by the company (including executive directors) during the year was

Office management	7	7
Warehousing	<u>2</u>	<u>2</u>
	<u>9</u>	<u>9</u>

BOSTON STEELS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5	DIRECTORS' EMOLUMENTS	<u>1995</u>	<u>1994</u>
	As directors	£16,000	£8,000
	Emoluments excluding pension scheme contributions		
	Chairman and highest paid director	£9,000	£5,000
	Directors' emoluments fall into the following ranges	<u>Number</u>	<u>Number</u>
	£Nil - £5,000	4	5
	£5,001 - £10,000	1	-
6	INTEREST PAYABLE		
	Bank interest	£30	£-
7	TAXATION		
	Corporation tax on profit on ordinary activities at 25.4% (1994 at 33%)	13,308	12,836
	Deferred taxation	(769)	(1,186)
	Prior year adjustments		
	Corporation tax	(13)	-
	Deferred taxation	(3,300)	-
		£9,226	£11,650

BOSTON STEELS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	<u>Plant and machinery</u>	<u>Computer and office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost				
31 December 1994	10,570	17,489	28,522	56,581
Additions	<u>2,519</u>	<u>-</u>	<u>-</u>	<u>2,519</u>
31 December 1995	£13,089	£17,489	£28,522	£59,100
Depreciation				
31 December 1994	4,297	9,044	17,055	30,396
Charge for the year	<u>1,076</u>	<u>1,693</u>	<u>5,734</u>	<u>8,503</u>
31 December 1995	£5,373	£10,737	£22,789	£38,899
Net book value				
31 December 1995	<u>£7,716</u>	<u>£6,752</u>	<u>£5,733</u>	<u>£20,201</u>

The cost of motor vehicles includes £11,000 (1994 £11,000) in respect of assets held under finance leases, on which depreciation of £9,647 (1994 £8,293) has been provided.

	<u>1995</u>	<u>1994</u>
Authorised future capital expenditure amounts to		
Contracted for	£-	£-
Authorised but contracts not placed	£-	£-

9 STOCKS

Finished goods	£135,002	£173,001
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10 DEBTORS

Trade debtors	289,203	308,278
Other debtors	13,402	21,568
Amounts due from fellow subsidiary undertakings	<u>4,074</u>	<u>33,641</u>
	£306,679	£363,487

BOSTON STEELS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

11	CREDITORS - Amounts falling due within one year	1995	1994
	Bank overdraft	-	8,157
	Trade creditors	151,180	140,408
	Other creditors	35,362	28,614
	Other taxation and social security	9,419	7,006
	Corporation tax	13,308	12,836
	Amounts due to parent undertaking	83,594	137,601
	Amounts due to fellow subsidiary undertakings	39,110	-
		<u>£331,973</u>	<u>£334,622</u>

12	CREDITORS - Amounts falling due after more than one year		
	Loan from parent undertaking	£-	£85,000
		<u>£-</u>	<u>£85,000</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

31 December 1994	4,069
Profit and loss account	<u>(4,069)</u>

31 December 1995	£-
	<u>£-</u>

	1995		1994	
	Potential (asset)	Provision made	Potential liability	Provision made
Corporation tax deferred by				
Short term timing differences	(2,898)	(1,944)	893	893
Capital allowances	<u>1,944</u>	<u>1,944</u>	<u>3,176</u>	<u>3,176</u>
	<u>£(954)</u>	<u>£-</u>	<u>£4,069</u>	<u>£4,069</u>

The potential (asset)/liability and provision made are based on a corporation tax rate of 33% (1994 33%).

BOSTON STEELS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

14	CALLED UP SHARE CAPITAL	<u>1995</u>		<u>1994</u>	
		<u>Number</u>		<u>Number</u>	
	Authorised, allotted, called up and fully paid				
	Ordinary shares of £1 each	1,000	£1,000	1,000	£1,000
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 PROFIT AND LOSS ACCOUNT

31 December 1994	138,014
Retained profit for year	<u>36,677</u>
31 December 1995	<u>£174,691</u>

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
Shareholders' funds at beginning of year	139,014	103,960
Retained profit for the year	<u>36,677</u>	<u>35,054</u>
Shareholders' funds at balance sheet date	<u>£175,691</u>	<u>£139,014</u>

17 PENSION SCHEME

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge in the accounts in respect of pensions represents contributions payable by the company to the fund and amounted to £2,385 (1994 £3,231).

18 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking, into whose financial statements this company is consolidated, is Struthers & Carter Limited a company registered in England and Wales.