

KELCAMP STEEL FENCING LIMITED

Abbreviated accounts

31 December 1999

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**



REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

RE Dewberry
J Humphries
AD Smith

SECRETARY

J Humphries

REGISTERED OFFICE

Nevada Lane
Burslem
Stoke on Trent
Staffs
ST6 2BN

BANKERS

Barclays Bank plc
PO Box 5
Queens Square
Wolverhampton
WV1 1DS

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is the manufacture and sale of security fencing.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the trading results for the year to be satisfactory and expect to continue to trade profitably in the future.

DIVIDENDS AND TRANSFER TO RESERVES

The results for the year are set out in detail on page 4. The directors do not recommend the payment of a dividend and the retained profit for the year of £119,223 (1998: £167,842) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with their interests in the share capital of the company, are as follows:

	Ordinary shares of £1 each	
	1999 No.	1998 No.
RE Dewberry	1,000	1,000
J Humphries	1,000	1,000
AD Smith	1,000	1,000

AUDITORS

Deloitte & Touche have expressed their willingness to continue as auditors of the company and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J Humphries
Secretary



AUDITORS' REPORT

TO KELCAMP STEEL FENCING LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 17 together with the financial statements of Kelcamp Steel Fencing Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A(3) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with that section and whether the abbreviated accounts have been properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include *examining or dealing with events after the date of our report on the full financial statements.*

Opinion

In our opinion the company is entitled under sections 247, 247A and 249 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, in respect of the year ended 31 December 1999, and the abbreviated accounts on pages 4 to 17 have been properly prepared in accordance with those provisions.

Chartered Accountants and Registered Auditors

4 September 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £	1998 £
GROSS PROFIT		1,387,682	1,371,722
Distribution costs		(208,101)	(186,820)
Administrative expenses		(960,625)	(899,223)
Operating profit	2	218,956	285,679
Interest payable and similar charges	3	(37,764)	(46,653)
Profit on ordinary activities before taxation		181,192	239,026
Tax on profit on ordinary activities	4	(61,969)	(71,184)
Retained profit for the year	17	119,223	167,842

All of the above results derive from continuing operations.

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 December 1999

	Note	£	1999 £	£	1998 £
FIXED ASSETS					
Intangible assets	6		800		1,200
Tangible assets	7		620,760		681,431
Investments	5		15,000		15,000
			<u>636,560</u>		<u>697,631</u>
CURRENT ASSETS					
Stocks	8	504,719		809,523	
Debtors	9	2,514,382		2,388,576	
Cash at bank and in hand		234,893		216,592	
			<u>3,253,994</u>	<u>3,414,691</u>	
CREDITORS: amounts falling due within one year	10	(2,985,788)		(3,274,820)	
Net current assets			<u>268,206</u>		<u>139,871</u>
Total assets less current liabilities			904,766		837,502
CREDITORS: amounts falling due after one year	11		(101,876)		(151,128)
PROVISIONS FOR LIABILITIES AND CHARGES	13		(4,837)		(7,544)
Net assets			<u>798,053</u>		<u>678,830</u>
CAPITAL AND RESERVES					
Called up share capital	14		3,000		3,000
Capital redemption reserve	15		13,000		13,000
Profit and loss account	15		782,053		662,830
EQUITY SHAREHOLDERS' FUNDS	17		<u>798,053</u>		<u>678,830</u>

These accounts have been prepared in accordance with the special provisions relating to medium sized companies under Section 246A of the Companies Act 1995 with respect to the delivery of individual accounts.

These financial statements were approved by the Board of Directors on 29 August 2000

Signed on behalf of the Board of Directors

J Humphries

Director

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 1999

	Note	1999 £	1998 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		218,956	285,679
Depreciation charges		150,660	154,881
Amortisation of goodwill		400	400
Profit on sale of fixed assets		(2,122)	(4,742)
Decrease/(increase) in stocks		304,804	(212,823)
(Increase)/decrease in debtors		(125,806)	87,083
(Decrease) in creditors		(264,986)	(272,818)
Net cash inflow from operating activities		<u>281,906</u>	<u>37,660</u>
Cashflow statement			
Net cash inflow from operating activities		281,906	37,660
Returns from investments and servicing of finance	(i)	(37,764)	(46,653)
Taxation paid		(83,176)	(42,630)
Capital expenditure	(i)	(43,156)	(71,601)
		<u>117,810</u>	<u>(123,224)</u>
Financing			
Cash outflow from debt financing	(i)	(99,509)	(90,132)
Increase/(decrease) in cash		<u>18,301</u>	<u>(213,356)</u>
Reconciliation of net cash flow movement in net funds			
Increase/(decrease) in cash in the period	(ii)	18,301	(213,356)
Cash flow from debt financing		99,509	90,132
New finance leases		(44,711)	(108,527)
Change in net funds		<u>73,099</u>	<u>(231,751)</u>
Net debts at 1 January 1999	(ii)	(25,777)	205,974
Net funds at 31 December 1999	(ii)	<u>47,322</u>	<u>(25,777)</u>

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 1999

	1999 £	1998 £		
(i) GROSS CASH FLOWS				
Returns on investments and servicing of finance				
Interest paid	(37,764)	(46,653)		
Capital expenditure				
Payments to acquire tangible fixed assets	(92,726)	(90,251)		
Receipts from sales of tangible fixed assets	49,570	18,650		
	(43,156)	(71,601)		
Financing				
Loan repayments	(15,710)	(15,711)		
Repayment of hire purchase liabilities	(83,799)	(74,421)		
	(99,509)	(90,132)		
(ii) ANALYSIS OF CHANGES IN NET FUNDS				
	1998 £	Cash Flows £	Other Changes £	1999 £
Cash in hand and at bank	216,592	18,301	-	234,893
Bank loan	(116,705)	15,710	-	(100,995)
Finance leases	(125,664)	83,799	(44,711)	(86,576)
	(242,369)	99,509	(44,711)	(187,571)
	(25,777)	117,810	(44,711)	47,322

NOTES TO THE ACCOUNTS
Year ended 31 December 1999**1. ACCOUNTING POLICIES**

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

In preparing these accounts advantage has been taken of the exemption conferred by Section 248 of the Companies Act 1985 on the grounds that in the directors' opinion the company is entitled to the exemption from the requirement to prepare group accounts.

Goodwill

Goodwill represents the excess of the fair value of the consideration given to acquire a business over the fair value of the separable net assets acquired. Goodwill is amortised over its useful economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	- 2% straight line
Plant and fixtures	- 10% and 20% straight line
Computer equipment	- 25% straight line
Motor vehicles	- 25% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials	- purchase cost on a first-in, first-out basis
Work in progress	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

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

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.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease rentals in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal amounts over the lease term.

Pension costs

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 pension cost charge represents contributions payable by the company to the fund for the year.

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

2. OPERATING PROFIT

is stated after charging:

	1999 £	1998 £
Depreciation: owned fixed assets	59,225	70,565
Depreciation: assets under finance leases	91,435	84,316
Amortisation of goodwill	400	400
Auditors remuneration for audit services	6,200	6,000
Operating lease rentals: on hire of plant and machinery	41,685	40,744
	<u>41,685</u>	<u>40,744</u>

3. INTEREST PAYABLE AND SIMILAR CHARGE

	1999 £	1998 £
Bank loans and overdrafts	26,229	35,047
Finance leases and hire purchase contracts	11,535	11,606
	<u>37,764</u>	<u>46,653</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
UK corporation tax at 30% (1998 31%)	65,000	83,500
Deferred taxation	(2,707)	(8,679)
	<u>62,293</u>	<u>74,821</u>
Adjustments to prior years' tax provision corporation tax	(324)	(3,637)
	<u>61,969</u>	<u>71,184</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

5. FIXED ASSET INVESTMENTS

	£
Cost	
1 January 1999 and 31 December 1999	15,000

The investment relates to a holding of 15,000 £1 Ordinary shares in Aspect Powder Coatings Limited being 75% of the issued share capital of that company, which is incorporated in England and Wales.

As at 31 December 1999 Aspect Powder Coatings Limited had net assets of £420,688 and its retained profit for the period then ended was £112,649. The value attributable to the company's shareholding was £315,516.

6. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
1 January 1999 and 31 December 1999	4,000
Amortisation	
1 January 1999	2,800
Charge for the year	400
At 31 December 1999	3,200
Net book value	
At 31 December 1999	800
At 31 December 1998	1,200

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, fixtures and computer equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 1999	273,576	540,317	375,285	1,189,178
Additions	-	33,658	103,779	137,437
Disposals	-	(5,139)	(124,296)	(129,435)
At 31 December 1999	273,576	568,836	354,768	1,197,180
Depreciation				
At 1 January 1999	20,483	319,804	167,460	507,747
Charge for the year	4,472	61,593	84,595	150,660
Disposals	-	(5,139)	(76,848)	(81,987)
At 31 December 1999	24,955	376,258	175,207	576,420
Net book value				
At 31 December 1999	248,621	192,578	179,561	620,760
At 31 December 1998	253,093	220,513	207,825	681,431

Included above are assets with a net book value of £258,237 (1998 £308,362) which are held under hire purchase agreements.

	1999 £	1998 £
Analysis of freehold land and buildings		
Land	50,000	50,000
Buildings	223,576	223,576
	273,576	273,576

Capital commitments

At 31 December 1999 there were no capital commitments (1998: Nil).

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

8. STOCKS

	1999 £	1998 £
Raw materials	191,499	246,559
Work in progress	102,107	126,908
Finished goods	211,113	436,056
	<u>504,719</u>	<u>809,523</u>

9. DEBTORS

	1999 £	1998 £
Trade debtors	2,494,369	2,378,043
Prepayments and accrued income	20,013	10,533
	<u>2,514,382</u>	<u>2,388,576</u>

All amounts are due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank loans	16,784	17,211
Obligations under finance leases and hire purchase contracts	68,911	74,030
Trade creditors	1,945,998	2,153,148
Amounts owed to related companies	269,395	329,534
Amounts owed to subsidiary undertaking	167,897	217,862
Directors' loan accounts	177,137	160,844
Corporation tax	65,000	83,500
Other taxes and social security	212,533	203,305
Accruals and deferred income	62,133	35,386
	<u>2,985,788</u>	<u>3,274,820</u>

The directors' loan accounts are interest free and have no fixed date for repayment. The maximum amount outstanding during the year was £177,137.

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Bank loans	84,211	99,494
Obligations under finance leases and hire purchase contracts	17,665	51,634
	<u>101,876</u>	<u>151,128</u>
Amounts payable wholly or partly after five years:		
Bank loans	<u>42,106</u>	<u>52,631</u>

12. BORROWINGS

	1999 £	1998 £
Bank loans	100,995	116,705
Obligations under finance leases and hire purchase contracts	86,576	125,664
	<u>187,571</u>	<u>242,369</u>

The maturity of the above amounts is as follows:

In one year or less, or on demand	85,695	91,241
More than one year but not more than two years	28,191	59,982
More than two years but not more than five years	31,579	38,515
More than five years	42,106	52,631
	<u>187,571</u>	<u>242,369</u>

All borrowings which mature in more than five years are repayable by instalments.

Bank borrowings are secured by a fixed and floating charge over the assets of the company, chattel mortgages on certain items of machinery, a charge over a life assurance policy on the life of a director and an unlimited cross guarantee between Aspect Powder Coatings Limited, Kelcamp Steel Fencing Limited, Stoke Galvanising Limited and Widnes Galvanising Limited. The loans are subject to interest at 3% and 3.5% over LIBOR.

Obligations under finance leases and hire purchase agreements are secured against the specific tangible fixed assets to which they relate.

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 1999 £	Credited to profit and loss account £	Applied £	Balance at 31 December 1999 £
Deferred taxation	7,544	(2,707)	-	4,837

The amounts of deferred tax provided and unprovided in the accounts are:

	Provided		Not provided	
	1999 £	1998 £	1999 £	1998 £
Accelerated capital allowances	4,837	7,544	11,178	11,162

14. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
88,000 Ordinary shares of £1 each	88,000	88,000
12,000 'A' Ordinary shares of £1 each	12,000	12,000
	<u>100,000</u>	<u>100,000</u>
Called up allotted and fully paid		
3,000 Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

15. STATEMENT OF MOVEMENT ON RESERVES

	Capital redemption reserve £	Profit and loss account £
1 January 1999	13,000	662,830
Retained profit for year	-	119,223
31 December 1999	<u>13,000</u>	<u>782,053</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

16. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999 £	1998 £
Directors' remuneration		
Emoluments (excluding pension contributions)	389,972	322,281
Company contributions to money purchase and similar pension schemes in respect of directors' services	33,000	25,000
The number of directors who:	1999 No	1998 No
- are members of a money purchase pension scheme	2	2
Remuneration of the highest paid director:	1999 £	1998 £
Aggregate of emoluments (excluding pension contributions)	170,595	134,003
Company contributions to money purchase and similar pension schemes in respect of directors services	23,000	18,000
Average number of persons employed	1999 No	1998 No
Production	52	56
Distribution	7	7
Administration	20	20
	79	83
Staff costs during the year (including directors)	1999 £	1998 £
Wages and salaries	1,611,451	1,595,765
Social security costs	169,323	165,060
Other pension costs	64,118	52,215
	1,844,892	1,813,040

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit attributable to members of the company	119,223	167,842
Opening shareholders' funds	678,830	510,988
Closing shareholders' funds	<u>798,053</u>	<u>678,830</u>

18. RELATED PARTY TRANSACTIONS

The directors of the company are also directors of and have interests in the share capital of Aspect Powder Coatings Limited, Stoke Galvanising Limited and Widnes Galvanising Limited. Kelcamp Steel Fencing Limited traded with these companies during the year as follows:

	Sales 1999 £	Purchases 1999 £	Debtors 1999 £	Creditors 1999 £
Aspect Power Coatings Limited	23,769	990,468	-	167,898
Stoke Galvanising Limited	1,010	176,350	-	29,687
Widnes Galvanising Limited	26,387	902,378	-	239,708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Sales 1998 £	Purchases 1998 £	Debtors 1998 £	Creditors 1998 £
Aspect Power Coatings Limited	13,375	777,159	-	217,862
Stoke Galvanising Limited	246	278,386	-	75,062
Widnes Galvanising Limited	29,117	725,650	-	254,471
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The transactions are on normal commercial terms.

	Manage- ment Charges Received 1999 £	Manage- ment Charges Received 1998 £
Aspect Power Coatings Limited	12,000	12,000
Widnes Galvanising Limited	14,400	14,400
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1999**19. FINANCIAL COMMITMENTS****Operating lease commitments**

At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings 1999 £	Land and Buildings 1998 £
Leases which expire:		
Within two to five years	15,000	15,000
After 5 years	23,400	23,400
	<hr/>	<hr/>
	38,400	38,400
	<hr/>	<hr/>