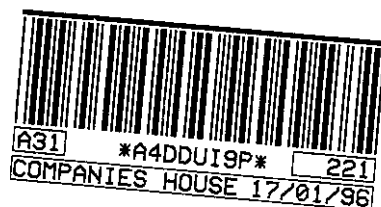


**Steel Supply Company (Western)
Limited**

Directors' report and financial statements

31 March 1995

Registered number 00486993



Steel Supply Company (Western) Limited

Directors' report and financial statements

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Steel Supply Company (Western) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1995.

Principal activities

The principal activities of the company are wharfingers, storers and distributors.

Business review

	1995 £	1994 £
Profit on ordinary activities before taxation	130,369	209,537
Taxation	(26,308)	(89,259)
Profit for the financial year	104,061	120,278
Dividend proposed	-	(20,160)
Retained profit for the financial year	104,061	100,118

Dividends

The directors do not propose to pay a dividend (1994: £20,160).

Significant changes in fixed assets

Movements in tangible fixed assets are set out in note 8 to the financial statements.

Directors and directors' interests

The directors who served during the year were:

I R Jones - Chairman and Managing Director
R S R Jones
R M Robbins

The interests of the directors in the share capital of the company were as follows:

	£1 ordinary shares	
	1995	1994
I R Jones	321,300	321,300
R S R Jones	33,605	33,605

R M Robbins had no interest in the share capital of the company.

Steel Supply Company (Western) Limited

Directors' report *(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:

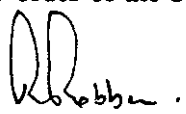
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. A resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


R M Robbins
Secretary

10 St James Crescent
Uplands
Swansea

29th December 1995



Marlborough House
Fitzalan Court
Fitzalan Road
CARDIFF CF2 1TE

Auditors' report to the members of Steel Supply Company (Western) Limited

We have audited the financial statements on pages 5 to 16.

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.

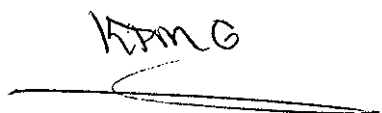
Basis of opinion

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



KPMG

Chartered Accountants
Registered Auditors

29 December 1995



Marlborough House
Fitzalan Court
Fitzalan Road
CARDIFF CF2 1TE

Report of the auditors to the directors of Steel Supply Company (Western) Limited pursuant to Section 248(3) of the Companies Act 1985

We have examined the financial statements of each of its subsidiary undertakings for the year ended 31 March 1995. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

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

KPMG

*Chartered Accountants
Registered Auditors*

29th December 1995

Steel Supply Company (Western) Limited

Profit and loss account for the year ended 31 March 1995

	<i>Note</i>	1995 £	1994 £
Turnover		1,024,878	1,023,065
Cost of sales		(500,919)	(382,467)
Gross profit		523,959	640,598
Administrative expenses		(623,036)	(671,572)
Other operating income		207,996	217,567
Operating profit		108,919	186,593
Interest receivable		22,802	27,864
Interest payable and similar charges	2	(1,352)	(4,920)
Profit on ordinary activities before taxation	3-5	130,369	209,537
Tax on profit on ordinary activities	6	(26,308)	(89,259)
Profit for the financial year		104,061	120,278
Dividend proposed	7	-	(20,160)
Retained profit for the financial year		104,061	100,118
Retained profit brought forward		1,555,608	1,455,490
Retained profit carried forward		1,659,669	1,555,608

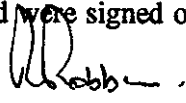
The above results represent the company's total recognised gains and losses in both financial years.

Steel Supply Company (Western) Limited

Balance sheet at 31 March 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Tangible assets	8		771,411		814,687
Investments	9		4,427		4,427
Current assets			775,838		819,114
Stocks	10	23,560		23,560	
Debtors	11	1,714,195		1,349,678	
Investments	12	580		580	
Cash at bank and in hand		291,953		639,358	
		2,030,288		2,013,176	
Creditors: amounts falling due within one year	13	(450,543)		(577,293)	
Net current assets			1,579,745		1,435,883
Total assets less current liabilities			2,355,583		2,254,997
Creditors: amounts falling due after more than one year	14		(5,964)		(15,679)
Provisions for liabilities and charges	15		(48,300)		(40,415)
Accruals and deferred income	16		(4,650)		(6,295)
Net assets			2,296,669		2,192,608
Capital and reserves					
Called up share capital	17		630,000		630,000
Share premium account			7,000		7,000
Profit and loss account			1,659,669		1,555,608
Shareholders' funds	18		2,296,669		2,192,608

These financial statements were approved by the board of directors on 29th December 1995 and were signed on its behalf by:


R M Robbins
Director

Steel Supply Company (Western) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Consolidation

The company has taken advantage of the exemption from producing consolidated financial statements afforded to small and medium sized groups by the Companies Act 1989.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold wharves, buildings and fixed plant	-	20 years
Motor vehicles	-	4 years
Other assets	-	10 years

No depreciation is provided on freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Steel Supply Company (Western) Limited

Notes (continued)

1 Accounting policies (continued)

Grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translations are included in the profit and loss account.

Finance leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Goodwill

Goodwill relating to a business purchased by the company is written off immediately against reserves.

2 Interest payable and similar charges

	1995 £	1994 £
Finance charges payable in respect of finance leases and hire purchase contracts	<u>1,352</u>	<u>4,920</u>

Steel Supply Company (Western) Limited

Notes (continued)

3 Profit on ordinary activities before taxation

	1995	1994
	£	£
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation	96,482	92,243
Hire of plant and machinery	87,452	61,943
Auditors' remuneration	6,900	4,650
Government grants released	(1,645)	(1,720)
Rents receivable	(99,804)	(92,950)
Profit on disposal of tangible fixed assets	-	(145)
Profit on disposal of subsidiary undertaking	(1,085)	-
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of persons (including directors) employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Management	4	4
Administrative	4	3
Handling and despatch	6	5
	<u> </u>	<u> </u>
	14	12
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	423,683	350,665
Social security costs	43,435	28,079
Other pension costs	11,167	30,784
	<u> </u>	<u> </u>
	478,285	409,528
	<u> </u>	<u> </u>

Steel Supply Company (Western) Limited

Notes (continued)

5 Remuneration of directors

	1995 £	1994 £
Directors' emoluments:		
Remuneration as executives	302,210	259,938
Pensions	10,200	30,000
	<u>312,410</u>	<u>289,938</u>

The emoluments, excluding pension contributions, of the chairman and highest paid director were £184,103 (1994: £165,920).

The emoluments, excluding pension contributions, of the directors (including the highest paid director) fell within the following ranges:

	Number of directors	
	1995	1994
£45,001 - £50,000	-	2
£50,001 - £55,000	1	-
£65,001 - £70,000	1	-
£165,001 - £170,000	-	1
£180,001 - £185,000	1	-
	<u>—</u>	<u>—</u>

6 Taxation

	1995 £	1994 £
UK corporation tax at 25% (1994: 33%) on the profit for the year on ordinary activities	13,000	72,403
Deferred taxation	7,885	(6,786)
Group relief	4,500	16,425
	<u>25,385</u>	<u>82,042</u>
Adjustments relating to prior years:		
Current taxation	923	(5,046)
Deferred taxation	-	1,888
Group relief	-	10,375
	<u>26,308</u>	<u>89,259</u>

Steel Supply Company (Western) Limited

Notes (continued)

7 Dividend

<i>Ordinary shares</i>	1995 £	1994 £
Final proposed	-	20,160

8 Tangible fixed assets

	Freehold land	Freehold wharves, buildings and fixed plant	Plant and machinery	Fixtures, fittings, tools and equipment	Total
<i>Cost</i>	£	£	£	£	£
At beginning of year	88,750	1,027,474	617,189	26,152	1,759,565
Additions	-	13,482	28,724	12,603	54,809
Disposals	-	-	(2,397)	-	(2,397)
At end of year	88,750	1,040,956	643,516	38,755	1,811,977
<i>Depreciation</i>					
At beginning of year	-	530,609	391,486	22,783	944,878
Charge for year		46,204	49,206	1,072	96,482
On disposals		-	(794)	-	(794)
At end of year		576,813	439,898	23,855	1,040,566
<i>Net book value</i>					
At 31 March 1995	88,750	464,143	203,618	14,900	771,411
At 31 March 1994	88,750	496,865	225,703	3,369	814,687

Included in plant and machinery are motor vehicles held under hire purchase contracts. The net book value of these assets at 31 March 1995 was £36,871 (1994: £52,909) and the charge to depreciation in the year in respect of these assets was £16,038 (1994: £11,241).

There were no capital commitments at 31 March 1995 or 1994.

Steel Supply Company (Western) Limited

Notes (continued)

9 Investments (held as fixed assets)

	Shares in subsidiary undertakings £	Shares in associated undertaking £	Unlisted invest- ments £	Total £
<i>Cost</i>				
At beginning of year	10,351	50	1,210	11,611
Disposals	(2)	-	-	(2)
At end of year	10,349	50	1,210	11,609
<i>Provisions</i>				
At beginning of year	7,184	-	-	7,184
Disposals	(2)	-	-	(2)
At end of year	7,182	-	-	7,182
<i>Net book value</i>				
At end of year	3,167	50	1,210	4,427
At beginning of year	3,167	50	1,210	4,427

The undertakings in which the company's interest is more than 10% are as follows:

	Principal activity	Class and percentage of shares held	
		Class	% held
<i>Subsidiary undertakings</i>			
Steel Supply (Property) Limited	Property dealing	Ordinary £1 shares	100
SJC Developments Limited	Property dealing	Ordinary £1 shares	100
Rhossili Hotel Limited	Hotelier	Ordinary £1 shares	100
Charterflow Limited	Dormant	Ordinary £1 shares	80
13 Bolingbroke Grove Limited	Property dealing	Ordinary £1 shares	62.5
Neath Abbey Wharf Limited	Wharfingers	Ordinary £1 shares	100
<i>Associated undertaking</i>			
Stevedoring Services (Swansea) Limited	Stevedoring services	Ordinary £1 shares	50

Steel Supply Company (Western) Limited

Notes (continued)

9 Investments (held as fixed assets) (continued)

The following information is relevant to undertakings in which the company's interest was more than 10% in either the current or corresponding financial year.

	1995		1994	
	Capital and reserves at the year end £	Profit for the year after taxation £	Capital and reserves at the year end £	Profit/(loss) for the year after taxation £
<i>Subsidiary undertakings</i>				
Steel Supply (Property) Limited	(449,114)	14,481	(463,595)	11,292
SJC Developments Limited	106,236	42,181	64,055	30,701
Rhossili Hotel Limited	(56,620)	3,910	(60,530)	(42,902)
Im-Ex Logistics Management Limited	n/a	n/a	(79,137)	(128)
Charterflow Limited	(29,201)	-	(29,201)	(32)
13 Bolingbroke Grove Limited	(938)	148	(1,086)	(259)
Neath Abbey Wharf Limited	3,167	4	3,163	(34)
The Telephone Shop Limited	n/a	n/a	2	-
<i>Associated undertakings</i>				
Stevedoring Services (Swansea) Limited	<u>139,398</u>	<u>47,088</u>	<u>92,310</u>	<u>50,172</u>

All of the above companies are registered in England and Wales.

During the year the Telephone Shop Limited was disposed of and Im-Ex Logistics Management Limited was struck off the Register of Companies.

10 Stocks

	1995 £	1994 £
Scrap for resale	<u>23,560</u>	<u>23,560</u>

Steel Supply Company (Western) Limited

Notes (continued)

11 Debtors

	1995 £	1994 £
Trade debtors	199,299	207,003
Amounts owed by subsidiary undertakings	1,338,646	1,013,011
Amounts owed by associated undertaking	158,703	103,873
Other debtors	6,002	10,721
Prepayments and accrued income	5,479	2,714
Advance corporation tax recoverable	6,066	12,356
	<u>1,714,195</u>	<u>1,349,678</u>

The amounts owed by subsidiary and associated undertakings are shown net of provisions. Included within amounts owed by subsidiary undertakings is £232,274 (1994: £153,276) which is receivable after more than one year.

12 Investments (held as current assets)

	1995 £	1994 £
Listed investments	<u>580</u>	<u>580</u>

13 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	2,056	13,974
Directors' loan accounts	70,198	79,927
Trade creditors	95,211	59,049
Amounts owed to subsidiary undertaking	1,590	5,899
Corporation tax	6,891	76,818
Other taxes and social security	110,524	135,118
Accruals and deferred income	131,587	148,822
Hire purchase liabilities	12,326	12,326
Proposed dividends	20,160	45,360
	<u>450,543</u>	<u>577,293</u>

Steel Supply Company (Western) Limited

Notes (continued)

14 Creditors: amounts falling due after more than one year

These represent hire purchase liabilities. No instalments fall due more than 5 years from the balance sheet date.

15 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	40,415
Credit for the year in the profit and loss account	7,885
At end of year	48,300

The provision for deferred taxation, representing the full potential liability calculated on the liability method, comprises tax at 33 % as follows:

	1995 £	1994 £
Accelerated capital allowances	48,300	53,615
Other timing differences	-	(13,200)
	48,300	40,415

16 Accruals and deferred income

	1995 £	1994 £
Government grants	4,650	6,295

17 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<i>Allotted, called up and fully paid</i>		
630,000 ordinary shares of £1 each	630,000	630,000

Steel Supply Company (Western) Limited

Notes *(continued)*

18 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	104,061	120,278
Dividend proposed	-	(20,160)
Net addition to shareholders' funds	104,061	100,118
Opening shareholders' funds	2,192,608	2,092,490
Closing shareholders' funds	2,296,669	2,192,608

19 Contingent liabilities

Steel Supply Company (Western) Limited has guaranteed bank borrowings for both Rhossili Hotel Limited, a subsidiary undertaking and Stevedoring Services (Swansea) Limited, its associated undertaking, with a maximum liability of £100,000 for each company. On 31 March 1995 the potential liability under these guarantees was £20,045.

20 Pensions

The company operates defined contribution pension schemes which are administered by trustees and are independent of the company's finances. The pension costs charged in the year amounted to £11,168 (1994: £30,784).