

HEREFORD STEELS LIMITED
FINANCIAL STATEMENTS
31 MARCH 2000

Company Registration Number 1123765



HLB KIDSONS
Chartered Accountants & Registered Auditors
Elgar House
Holmer Road
Hereford
HR4 9SF

HEREFORD STEELS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2000.

Principal activities

The principal activity of the company during the year was the purchase and distribution of industrial fastenings and the hire of industrial equipment.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2000	At 1 April 1999
George V Hyde	3,850	3,850
Jeannette Hyde	<u>1,155</u>	<u>1,155</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

HEREFORD STEELS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2000

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

Elgar House
Holmer Road
Hereford
HR4 9SF

Signed by order of the directors



Jeannette Hyde
Company Secretary

Approved by the directors on 27-11-2000 .

HEREFORD STEELS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2000

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7 .

Respective responsibilities of the directors and the auditors

As described on page 1, the company's directors are responsible for the preparation of the 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 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Elgar House
Holmer Road
Hereford
HR4 9SF

27/11/00.

HLB Kidsons.

HLB KIDSONS
Chartered Accountants
& Registered Auditors

HEREFORD STEELS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2000

	Note	2000 £	1999 £
Turnover		607,508	526,402
Cost of sales		(308,640)	(267,152)
Gross profit		298,868	259,250
Administrative expenses		(287,467)	(260,344)
Other operating income	2	25,276	25,000
Operating profit	3	36,677	23,906
Interest receivable		221	-
Interest payable		(9)	(570)
Profit on ordinary activities before taxation		36,889	23,336
Tax on profit on ordinary activities	5	(6,413)	(5,585)
Retained profit for the financial year		30,476	17,751
Balance brought forward		135,069	117,318
Balance carried forward		165,545	135,069

The company has no recognised gains or losses other than the results for the
Year as set out above.

All of the activities of the company are classed as continuing.

HEREFORD STEELS LIMITED

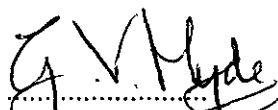
BALANCE SHEET

31 MARCH 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	6	55,475	<u>26,174</u>
Current assets			
Stocks		78,604	74,616
Debtors	7	182,221	154,581
Cash at bank and in hand		18,768	25,495
		<u>279,593</u>	<u>254,692</u>
Creditors: amounts falling due within one year	8	<u>(161,279)</u>	<u>(140,792)</u>
Net current assets		118,314	113,900
Total assets less current liabilities		173,789	140,074
Creditors: amounts falling due after more than one year	9	(3,239)	-
		<u>170,550</u>	<u>140,074</u>
Capital and reserves			
Called-up equity share capital	15	5,005	5,005
Profit and loss account		165,545	135,069
Shareholders' funds	16	<u>170,550</u>	<u>140,074</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 27/11/00, and are signed on their behalf by:


George V Hyde

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Tool Hire Equipment	- 15%-25% Reducing balance
Plant, equipment and fixtures	- 15%-25% Reducing balance
Motor Vehicles	- 25% Reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

1. Accounting policies (*continued*)

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. Other operating income

	2000	1999
	£	£
Management charges receivable	25,000	25,000
Other operating income	276	-
	<u>25,276</u>	<u>25,000</u>

3. Operating profit

Operating profit is stated after charging:

	2000	1999
	£	£
Staff pension contributions	5,696	2,986
Depreciation	12,714	10,507
Loss on disposal of fixed assets	140	-
Auditors' fees	2,175	3,650
Operating lease costs:		
Land and buildings	<u>11,000</u>	<u>11,000</u>

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	<u>52,343</u>	<u>40,745</u>

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

5. Tax on profit on ordinary activities

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (1999 - 21%)	6,385	4,401
Tax credit on dividend income	28	-
	<u>6,413</u>	<u>4,401</u>
Adjustment in respect of previous years:		
Corporation Tax	-	1,184
	<u>6,413</u>	<u>5,585</u>

6. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 April 1999	77,057	47,947	45,261	170,265
Additions	1,953	750	43,030	45,733
Disposals	-	-	(19,320)	(19,320)
At 31 March 2000	<u>79,010</u>	<u>48,697</u>	<u>68,971</u>	<u>196,678</u>
Depreciation				
At 1 April 1999	73,774	36,929	33,388	144,091
Charge for the year	2,489	2,888	7,337	12,714
On disposals	-	-	(15,602)	(15,602)
At 31 March 2000	<u>76,263</u>	<u>39,817</u>	<u>25,123</u>	<u>141,203</u>
Net book value				
At 31 March 2000	<u>2,747</u>	<u>8,880</u>	<u>43,848</u>	<u>55,475</u>
At 31 March 1999	<u>3,283</u>	<u>11,018</u>	<u>11,873</u>	<u>26,174</u>

Hire purchase agreements

Included within the net book value of £55,475 is £9,717 (1999 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £3,238 (1999 - £Nil).

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

7. Debtors

	2000	1999
	£	£
Trade debtors	142,321	119,219
Other debtors	39,900	35,362
	<u>182,221</u>	<u>154,581</u>

8. Creditors: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	118,418	85,588
Corporation Tax	6,385	4,401
Other taxation and social security	13,174	15,294
Other creditors	23,302	35,509
	<u>161,279</u>	<u>140,792</u>

The bank has an unlimited debenture over the assets of the company. There is a group banking facility with Hereford Industrial Supply Company Limited, and a cross-guarantee.

9. Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Other creditors	<u>3,239</u>	<u>-</u>

10. Pensions

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 £5,696 (1999 - £2,986) including contributions in respect of employees. No contributions were payable to the fund at 31 March 2000 (1999 - £Nil).

11. Deferred taxation

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2000	1999
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>919</u>	<u>-</u>

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

12. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2000	1999
	£	£
Amounts payable within 1 year	3,239	-
Amounts payable between 1 and 2 years	3,239	-
	<u>6,478</u>	<u>-</u>

13. Commitments under operating leases

At 31 March 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2000	1999
	£	£
Operating leases which expire:		
After more than 5 years	<u>11,000</u>	<u>11,000</u>

14. Related party transactions

During the year the company traded with Hereford Industrial Supply Company Limited, a company controlled by the same directors. All transactions were at arms length.

Sales for the year were £5,861 (1999 - £5,681) and purchases £82,236 (1999 - £77,456).

At 31 March 2000 £1,699 (1999 - £2,073) was included in debtors and £16,488 (1999 - £18,512) in creditors.

At 31 March 2000 the company were owed £27,416 (1999 - £25,214) by Hereford Industrial Supply Company Limited, in respect of management charges for shared personnel services. The management charge for the year was £25,000 (1999 - £25,000).

G Hyde is also a director of the Hereford United Football Club and during the year Hereford Steels Limited donated £100 (1999 - £Nil).

15. Share capital

Authorised share capital:

	2000	1999
	£	£
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

HEREFORD STEELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

15. Share capital (*continued*)

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	<u>5,005</u>	<u>5,005</u>

16. Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	30,476	17,751
Opening shareholders' equity funds	<u>140,074</u>	<u>122,323</u>
Closing shareholders' equity funds	<u>170,550</u>	<u>140,074</u>