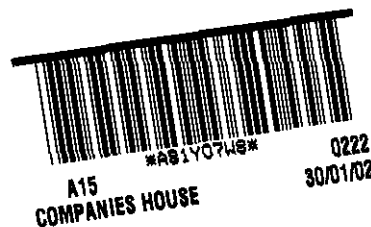


HEREFORD STEELS LIMITED
FINANCIAL STATEMENTS
(UNAUDITED)
31 MARCH 2001

Company Registration Number 1123765



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

HEREFORD STEELS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2001

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 March 2001.

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 2001	At 1 April 2000
George V Hyde	3,850	3,850
Jeannette Hyde	<u>1,155</u>	<u>1,155</u>

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 14/1/02

HEREFORD STEELS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2001

	Note	2001 £	2000 £
Turnover		603,578	607,508
Cost of sales		(308,426)	(308,640)
Gross profit		295,152	298,868
Administrative expenses		(290,478)	(287,467)
Other operating income	2	10,000	25,276
Operating profit	3	14,674	36,677
Interest receivable		-	221
Interest payable		(246)	(9)
Profit on ordinary activities before taxation		14,428	36,889
Tax on profit on ordinary activities	5	(3,666)	(6,413)
Retained profit for the financial year		10,762	30,476
Balance brought forward		165,545	135,069
Balance carried forward		176,307	165,545

HEREFORD STEELS LIMITED

BALANCE SHEET

31 MARCH 2001

	Note	£	2001 £	2000 £
Fixed assets				
Tangible assets	6		49,888	<u>55,475</u>
Current assets				
Stocks		83,527		78,604
Debtors	7	161,689		182,221
Cash at bank and in hand		22,315		<u>18,768</u>
		<u>267,531</u>		<u>279,593</u>
Creditors: amounts falling due within one year	8	<u>(135,103)</u>		<u>(161,279)</u>
Net current assets			132,428	<u>118,314</u>
Total assets less current liabilities			<u>182,316</u>	<u>173,789</u>
Creditors: amounts falling due after more than one year	9		-	<u>(3,239)</u>
			<u>182,316</u>	<u>170,550</u>
Provisions for liabilities and charges				
Deferred taxation	11		(1,004)	<u>-</u>
			<u>181,312</u>	<u>170,550</u>

The balance sheet continues on the following page.

HEREFORD STEELS LIMITED

BALANCE SHEET *(continued)*

31 MARCH 2001

	Note	2001 £	2000 £
Capital and reserves			
Called-up equity share capital	14	5,005	5,005
Profit and loss account		176,307	165,545
Shareholders' funds		<u>181,312</u>	<u>170,550</u>

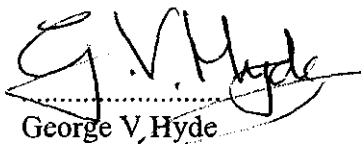
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 14/1/02, and are signed on their behalf by:


George V Hyde

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2001

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

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.

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.

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2001

2. Other operating income

	2001	2000
	£	£
Management charges receivable	10,000	25,000
Other operating income	-	276
	<u>10,000</u>	<u>25,276</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2001	2000
	£	£
Staff pension contributions	4,936	5,696
Depreciation	19,180	12,714
(Profit)/Loss on disposal of fixed assets	<u>(84)</u>	<u>140</u>

4. Directors' emoluments

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

	2001	2000
	£	£
Aggregate emoluments	<u>41,087</u>	<u>52,343</u>

5. Tax on profit on ordinary activities

	2001	2000
	£	£
Corporation Tax based on the results for the year at 20% (2000 - 20%)	2,662	6,385
Tax credit on dividend income	-	28
Increase in deferred tax provision (Note 11):		
Capital allowances	<u>1,004</u>	<u>-</u>
	<u>3,666</u>	<u>6,413</u>

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2001

6. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 April 2000	79,010	48,697	68,971	196,678
Additions	6,964	6,820	-	13,784
Disposals	-	-	(4,500)	(4,500)
At 31 March 2001	<u>85,974</u>	<u>55,517</u>	<u>64,471</u>	<u>205,962</u>
Depreciation				
At 1 April 2000	76,263	39,817	25,123	141,203
Charge for the year	4,417	3,849	10,914	19,180
On disposals	-	-	(4,309)	(4,309)
At 31 March 2001	<u>80,680</u>	<u>43,666</u>	<u>31,728</u>	<u>156,074</u>
Net book value				
At 31 March 2001	<u>5,294</u>	<u>11,851</u>	<u>32,743</u>	<u>49,888</u>
At 31 March 2000	<u>2,747</u>	<u>8,880</u>	<u>43,848</u>	<u>55,475</u>

Hire purchase agreements

Included within the net book value of £49,888 is £7,288 (2000 - £9,717) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £2,429 (2000 - £3,238).

7. Debtors

	2001 £	2000 £
Trade debtors	134,546	142,321
Other debtors	27,143	39,900
	<u>161,689</u>	<u>182,221</u>

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2001

8. Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	105,341	118,418
Hire purchase agreements	3,239	3,239
Other creditors	24,104	24,943
Accruals and deferred income	2,419	14,679
	<u>135,103</u>	<u>161,279</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

	2001 £	2000 £
Hire purchase agreements	-	<u>3,239</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 £4,936 (2000 - £5,696) including contributions in respect of employees. No contributions were payable to the fund at 31 March 2001 (2000 - £Nil).

11. Deferred taxation

	2001 £	2000 £
The movement in the deferred taxation provision during the year was:		
Provision for year	1,004	-
Provision carried forward	<u>1,004</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2001		2000	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>1,004</u>	<u>-</u>	<u>-</u>	<u>919</u>

HEREFORD STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2001

12. Commitments under operating leases

At 31 March 2001 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2001 £	2000 £
Operating leases which expire: After more than 5 years	<u>11,000</u>	<u>11,000</u>

13. 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 £7,878 (2000 - £5,861) and purchases £87,563 (2000 - £82,236).

At 31 March 2001 £2,539 (2000 - £1,699) was included in debtors and £29,014 (2000 - £16,488) in creditors.

At 31 March 2001 the company were owed £11,780 (2000 - £27,416) by Hereford Industrial Supply Company Limited, in respect of management charges for shared personnel services. The management charge for the year was £10,000 (2000 - £25,000).

14. Share capital

Authorised share capital:

	2001 £	2000 £
250,000 Ordinary shares of £1.00 each	<u>250,000</u>	<u>250,000</u>

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	<u>5,005</u>	<u>5,005</u>