

Hereford Steels Limited
UNAUDITED FINANCIAL STATEMENTS
for the year ended
31 March 2004



Hereford Steels Limited

FINANCIAL STATEMENTS

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Hereford Steels Limited

DIRECTORS' REPORT

The directors submit their report and unaudited financial statements of Hereford Steels Limited for the year ended 31 March 2004.

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 THE 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 2004	At 1 April 2003
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

By order of the board



Jeannette Hyde

Company Secretary

2/12/04

Hereford Steels Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2004

	<i>Notes</i>	2004 £	2003 £
TURNOVER		698,293	644,888
Cost of sales		<u>372,651</u>	<u>333,179</u>
Gross profit		325,642	311,709
Administrative expenses		292,026	275,554
Other operating income	2	<u>—</u>	<u>(10,000)</u>
OPERATING PROFIT	3	33,616	46,155
Interest receivable		<u>200</u>	<u>4</u>
		33,816	46,159
Interest payable and similar charges		(5,009)	(1,351)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>28,807</u>	<u>44,808</u>
Taxation		<u>6,242</u>	<u>8,584</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>22,565</u>	<u>36,224</u>

Hereford Steels Limited

BALANCE SHEET

31 March 2004

	<i>Notes</i>	2004 £	2003 £
FIXED ASSETS			
Tangible assets	5	<u>324,238</u>	<u>335,565</u>
CURRENT ASSETS			
Stocks		94,900	91,888
Debtors	6	191,037	149,189
Cash at bank and in hand		<u>38,741</u>	<u>8,790</u>
		324,678	249,867
CREDITORS			
Amounts falling due within one year	7	<u>(330,982)</u>	<u>(282,132)</u>
NET CURRENT LIABILITIES		<u>(6,304)</u>	<u>(32,265)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		317,934	303,300
CREDITORS			
Amounts falling due after more than one year	8	<u>(67,767)</u>	<u>(75,576)</u>
		250,167	227,724
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	<u>—</u>	<u>(122)</u>
		<u>250,167</u>	<u>227,602</u>

The Balance sheet continues on the following page.

Hereford Steels Limited

BALANCE SHEET (continued)

31 March 2004

	Notes	2004 £	2003 £
CAPITAL AND RESERVES			
Called up equity share capital	12	5,005	5,005
Profit and loss account	13	245,162	222,597
SHAREHOLDERS' FUNDS		<u>250,167</u>	<u>227,602</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 June 2002).

These financial statements were approved by the directors on the 21/12/04 and are signed on their behalf by:

George V Hyde
Director



Hereford Steels Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

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 June 2002).

TURNOVER

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

FIXED ASSETS

All fixed assets are initially recorded at cost.

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:

Leasehold Property	- 2% Straight Line
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.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Hereford Steels Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

2 OTHER OPERATING INCOME

	2004	2003
	£	£
Management charges receivable	<u>—</u>	<u>10,000</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£	£
Staff pension contributions	7,536	6,936
Depreciation of owned fixed assets	14,283	14,273
Loss on disposal of fixed assets	<u>—</u>	<u>524</u>

4 DIRECTORS' EMOLUMENTS

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

	2004	2003
	£	£
Aggregate emoluments	<u>7,700</u>	<u>12,000</u>

5 TANGIBLE FIXED ASSETS

	Leasehold Land £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 April 2003	305,679	97,303	61,876	43,832	508,690
Additions	<u>—</u>	<u>2,726</u>	<u>230</u>	<u>—</u>	<u>2,956</u>
At 31 March 2004	<u>305,679</u>	<u>100,029</u>	<u>62,106</u>	<u>43,832</u>	<u>511,646</u>
Depreciation					
At 1 April 2003	—	92,173	51,494	29,458	173,125
Charge for the year	<u>3,400</u>	<u>4,684</u>	<u>2,606</u>	<u>3,593</u>	<u>14,283</u>
At 31 March 2004	<u>3,400</u>	<u>96,857</u>	<u>54,100</u>	<u>33,051</u>	<u>187,408</u>
Net book value					
At 31 March 2004	<u>302,279</u>	<u>3,172</u>	<u>8,006</u>	<u>10,781</u>	<u>324,238</u>
At 31 March 2003	<u>305,679</u>	<u>5,130</u>	<u>10,382</u>	<u>14,374</u>	<u>335,565</u>

6 DEBTORS

	2004	2003
	£	£
Trade debtors	140,381	142,117
Other debtors	50,273	7,072
Deferred taxation (note 10)	<u>383</u>	<u>—</u>
	<u>191,037</u>	<u>149,189</u>

Hereford Steels Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2004

7 CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	6,327	4,424
Trade creditors	125,735	73,849
Corporation tax	6,747	9,601
Other taxation and social security	14,146	15,846
Other creditors	178,027	178,412
	<u>330,982</u>	<u>282,132</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.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004	2003
	£	£
Bank loans and overdrafts	<u>6,327</u>	<u>4,424</u>

The £6,327 (2003: £4,424) in Bank loans & overdrafts all relates to Bank loans.

8 CREDITORS: Amounts falling due after more than one year

	2004	2003
	£	£
Bank loans and overdrafts	<u>67,767</u>	<u>75,576</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2004	2003
	£	£
Bank loans and overdrafts	<u>67,767</u>	<u>75,576</u>

Of the £67,767 in Bank loans and overdrafts £67,767 relates to Bank loans & £Nil relates to Bank overdrafts. In 2003 all of £75,576 related to Bank loans.

Included within creditors falling due after more than one year is an amount of £38,148 (2003 - £48,197) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

9 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 £7,536 (2003 - £6,936) including contributions in respect of employees. No contributions were payable to the fund at 31 March 2004 (2003 - £Nil).

Hereford Steels Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

10 DEFERRED TAXATION

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	383	(122)
	<u>383</u>	<u>(122)</u>

11 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 £8,039 (2003 - £10,654) and purchases £128,289 (2003 - £111,594).

At 31 March 2004 £1,511 (2003 - £3,509) was included in debtors and £35,024 (2003 - £6,028) in creditors.

At 31 March 2004 the company was owed £38,904 (2003 - £6,645) by Hereford Industrial Supply Company Limited, in respect of management charges for shared personnel services. The company incurred a management charge fee of £20,000 for the year (in 2003 the company charged a management fee of £10,000).

During the year ended 31 March 2003 the company purchased the building at Netherwood at the market value of £170,000 from G V Hyde (director). At the year end the company owed G V Hyde (Director) £175,384 (2003: £175,384).

12 SHARE CAPITAL

	2004	2003
	£	£
Authorised:		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
	2004	2003
	£	£
Allotted, called up and fully paid:		
5,005 Ordinary shares of £1 each	<u>5,005</u>	<u>5,005</u>

13 PROFIT AND LOSS ACCOUNT

	2004	2003
	£	£
At 1 April 2003	222,597	186,373
Retained profit for the financial year	<u>22,565</u>	<u>36,224</u>
At 31 March 2004	<u>245,162</u>	<u>222,597</u>

Hereford Steels Limited
MANAGEMENT INFORMATION
for the year ended 31 March 2004

The following pages do not form part of the statutory financial statements.

Hereford Steels Limited

DETAILED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2004

	2004 £	2003 £
TURNOVER		
Fastening sales	562,740	532,716
Tool hire	81,768	83,645
Gas sales commission	47,407	25,835
Trailer hire commission	6,378	2,692
	<u>698,293</u>	<u>644,888</u>
COST OF SALES		
Opening stock - finished goods	91,888	85,548
Purchases	362,696	327,415
Tool hire maintenance and cross hires	8,283	6,007
Depreciation of plant and machinery	4,684	6,097
	<u>467,551</u>	<u>425,067</u>
Closing stock - finished goods	(94,900)	(91,888)
	<u>372,651</u>	<u>333,179</u>
Gross profit	325,642	311,709
OVERHEADS		
Administrative expenses	292,026	275,554
	<u>33,616</u>	<u>36,155</u>
OTHER OPERATING INCOME		
Management charges receivable	—	10,000
OPERATING PROFIT	<u>33,616</u>	<u>46,155</u>
Interest receivable	200	4
	<u>33,816</u>	<u>46,159</u>
Bank interest payable	(5,009)	(1,351)
PROFIT ON ORDINARY ACTIVITIES	<u>28,807</u>	<u>44,808</u>

Hereford Steels Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2004

	2004 £	2003 £
ADMINISTRATIVE EXPENSES		
Personnel costs		
Directors salaries	7,700	12,000
Directors national insurance contributions	206	323
Wages and salaries	140,701	145,413
Staff national insurance contributions	12,240	11,467
Staff pension contributions	7,536	6,936
	<u>168,383</u>	<u>176,139</u>
Establishment expenses		
Rent	25	7,733
Rates and water	10,374	9,950
Light and heat	3,242	2,921
Insurance	6,174	5,345
Repairs and maintenance (allowable)	15,361	10,431
	<u>35,176</u>	<u>36,380</u>
General expenses		
Motor expenses	17,624	19,112
Telephone	4,070	3,538
Printing and stationery	4,242	5,141
Carriage and postage	211	512
Sundry expenses	3,553	2,423
Donations	100	128
Subscriptions	682	382
Advertising	7,747	10,420
Management charges payable	20,000	—
Legal and professional fees	650	938
Accountancy fees	7,600	3,100
Depreciation of leasehold land	3,400	—
Depreciation of fixtures and fittings	2,606	3,385
Depreciation of motor vehicles	3,593	4,791
Loss on disposal of fixed assets	—	524
	<u>76,078</u>	<u>54,394</u>
Financial costs		
Bad debts written off	1,012	334
Provision for doubtful debts	8,503	4,502
Bank charges	2,874	3,805
	<u>12,389</u>	<u>8,641</u>
	<u>292,026</u>	<u>275,554</u>
INTEREST RECEIVABLE		
Bank interest receivable	197	4
Corporation tax interest	3	—
	<u>200</u>	<u>4</u>