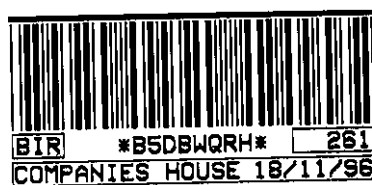


STEELHOUSE METALS LIMITED
(REGISTERED NUMBER 1211971)

DIRECTORS' REPORT AND ACCOUNTS

31 December 1995



STEELHOUSE METALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors present their annual report and the financial statements of the company for the year ended 31 December 1995.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the retailing of metals.

RESULTS AND DIVIDENDS

The results for the year are set out in the attached profit and loss account. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the company's share capital at the beginning and at the end of the year are given below:

		Ordinary shares of £1 each	
		<u>1995</u>	<u>1994</u>
PC Nix	(Chairman)	1	1
D Jervis		-	-
JG Burns		-	-

The interests of the directors in the parent undertaking are shown in its accounts.

TANGIBLE ASSETS

The movements in tangible fixed assets during the year are set out in note 7 to the accounts.

CLOSE COMPANY

The company is a close company within the terms of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint the auditors, Price Waterhouse, will be proposed at the forthcoming Annual General Meeting.

STEELHOUSE METALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each 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 assume 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 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.

By Order of the Board



JG BURNS
Secretary

8 August 1996

Registered Office:

Radnor Park Industrial Estate
Congleton
Cheshire
CW12 4XE

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF STEELHOUSE METALS LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 mis-statement, 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 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse.

**PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors**

8 August 1996

STEELHOUSE METALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	1995	1994
TURNOVER	2	1,197,499	928,510
Cost of sales		<u>(1,092,958)</u>	<u>(927,492)</u>
GROSS PROFIT		104,541	1,018
Distribution costs and administrative expenses		(86,741)	(59,238)
Net interest (payable)/receivable	3	<u>(5,302)</u>	<u>34</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	12,498	(58,186)
Tax on profit/(loss) on ordinary activities	6	<u>(3,328)</u>	<u>428</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	<u>£9,170</u>	<u>(£57,758)</u>

The movements in reserves are shown in note 13 to the financial statements.

All profits arise from continuing operations.

STEELHOUSE METALS LIMITED

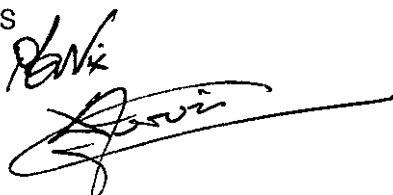
BALANCE SHEET - 31 DECEMBER 1995

	Notes	1995	1994
FIXED ASSETS			
Tangible assets	7	34,857	11,706
CURRENT ASSETS			
Stocks	8	105,295	29,842
Debtors	9	177,808	80,112
Cash at bank and in hand		13,158	19,060
		296,261	129,014
CREDITORS (amounts falling due within one year)	10	(323,039)	(142,639)
NET CURRENT ASSETS		(26,778)	(13,625)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,079	(1,919)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(1,709)	(881)
		£6,370	(£2,800)
CAPITAL AND RESERVES			
Called up equity share capital	12	100	100
Profit and loss account	13	6,270	(2,900)
Total equity shareholders' funds		£6,370	(£2,800)

Approved by the Board on 8 August 1996 and signed on its behalf

DIRECTORS

PC Nix
D Jervis



STEELHOUSE METALS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1995

There is no difference between the retained loss for the financial year, as shown in the profit and loss account, and total recognised gains and losses relating to the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the loss before taxation and the retained loss for the year, as shown in the profit and loss account, and their historical equivalents.

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>1995</u>	<u>1994</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>9,170</u>	<u>(57,758)</u>
NET INCREASE/(REDUCTION) TO SHAREHOLDERS' FUNDS	9,170	(57,758)
OPENING SHAREHOLDERS' FUNDS	<u>(2,800)</u>	<u>54,958</u>
CLOSING SHAREHOLDERS' FUNDS	<u>£6,370</u>	<u>(£2,800)</u>

STEELHOUSE METALS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting and financial reporting standards.

(2) Turnover

Turnover represents the value of goods and services invoiced to customers, less returns, and excludes Value Added Tax.

(3) Fixed assets and depreciation

Fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives. The following rates have been used:

Plant and machinery - 10% straight line
Motor vehicles - 25% reducing balance

(4) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the stocks to their present location and condition, including an appropriate proportion of overheads.

(5) Deferred taxation

Provision is made for deferred taxation, using the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. Provision is made only where there is a reasonable probability that taxation will become payable in the foreseeable future.

(6) Foreign currency

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. At the balance sheet date, all monetary assets and liabilities denominated in a foreign currency are translated at the rate ruling at that date or that at which it is contracted to settle the transaction in the future. Exchange differences are taken to the profit and loss account.

(7) Pensions

For the company's defined contribution pension schemes, contributions are charged to the profit and loss account in the year in respect of which they become payable.

(8) Cash flow statement

In accordance with paragraph 8(c) of Financial Reporting Standard No 1, a cash flow statement has not been included within these accounts as the parent company, FE Mottram Limited, has included a group cash flow statement in its consolidated accounts.

STEELHOUSE METALS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 TURNOVER

A geographical analysis of the company's turnover is as follows:

	<u>1995</u>	<u>1994</u>
United Kingdom	1,197,499	384,286
Europe	<u>-</u>	<u>544,224</u>
	<u>£1,197,499</u>	<u>£928,510</u>

United Kingdom turnover includes sales to group undertakings of £383,427 (1994 - £6,224).

3 NET INTEREST PAYABLE/RECEIVABLE

	<u>1995</u>	<u>1994</u>
Bank interest receivable	-	34
Bank overdraft interest payable	(4,084)	-
Group interest	<u>(1,218)</u>	<u>-</u>
	<u>(£5,302)</u>	<u>£34</u>

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	<u>1995</u>	<u>1994</u>
Staff costs:		
Wages and salaries	£68,666	£62,495
	<u> </u>	<u> </u>
	<u>Number</u>	<u>Number</u>
Average number of employees (including directors)	6	6
	<u> </u>	<u> </u>
	£	£
Depreciation of tangible fixed assets - owned	7,385	2,778
Auditors' remuneration for audit services	2,000	2,000
Auditors' remuneration for other services	-	-
Operating leases - property	10,500	10,500
	<u> </u>	<u> </u>

STEELHOUSE METALS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 DIRECTORS EMOLUMENTS

	<u>1995</u>	<u>1994</u>
Directors' emoluments including pension contributions	£35,812	£35,912
	<u> </u>	<u> </u>

The emoluments of the directors, excluding pension contributions, were as follows:

Chairman	£-	£-
	<u> </u>	<u> </u>
Highest paid director	£32,762	£32,942
	<u> </u>	<u> </u>

Directors' emoluments fell into the following bands:

	<u>Number</u>	<u>Number</u>
£0 - £5,000	2	2
£30,001 - £35,000	1	1
	<u> </u>	<u> </u>

Directors' emoluments of £35,812 comprise the amount recharged from FE Mottram (Non-Ferrous) Limited for the services of D Jervis. D Jervis received total emoluments, including pension contributions, of £35,812 from FE Mottram (Non-Ferrous) Limited in respect of his services as a director of Steelhouse Metals Limited.

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1995</u>	<u>1994</u>
Corporation tax	2,500	-
Deferred tax (note 11)	828	37
Adjustment relating to prior years	<u> </u>	<u>(465)</u>
	£3,328	(£428)
	<u> </u>	<u> </u>

Tax losses generated in 1994 group relieved with the parent undertaking, for which no credit was taken.

STEELHOUSE METALS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 TANGIBLE ASSETS

	<u>Plant and machinery</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>			
At 31 December 1994	10,341	20,090	30,431
Additions	<u>18,536</u>	<u>12,000</u>	<u>30,536</u>
At 31 December 1995	<u>28,877</u>	<u>32,090</u>	<u>60,967</u>
<u>Depreciation</u>			
At 31 December 1994	4,656	14,069	18,725
Charge for the year	<u>1,881</u>	<u>5,504</u>	<u>7,385</u>
At 31 December 1995	<u>6,537</u>	<u>19,573</u>	<u>26,110</u>
<u>Net book amount</u>			
At 31 December 1995	<u>£22,340</u>	<u>£12,517</u>	<u>£34,857</u>
At 31 December 1994	<u>£5,685</u>	<u>£6,021</u>	<u>£11,706</u>

8 STOCKS

	<u>1995</u>	<u>1994</u>
Raw materials	105,295	24,074
Finished goods	<u>-</u>	<u>5,768</u>
	<u>£105,295</u>	<u>£29,842</u>

In the opinion of the directors there is no material difference between the replacement cost of stocks and the amounts stated above.

STEELHOUSE METALS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

9 DEBTORS

	<u>1995</u>	<u>1994</u>
Trade debtors	73,698	73,434
Amounts owed by subsidiary undertakings	100,955	6,678
Prepayments	<u>3,155</u>	<u>-</u>
	<u>£177,808</u>	<u>£80,112</u>

10 CREDITORS (amounts falling due within one year)

	<u>1995</u>	<u>1994</u>
Trade creditors	216,507	129,497
Amounts owed to group undertakings	86,944	260
Corporation tax	2,500	-
Other taxation and social security	3,942	4,809
Accruals and deferred income	<u>13,146</u>	<u>8,073</u>
	<u>£323,039</u>	<u>£142,639</u>

11 PROVISION FOR LIABILITIES AND CHARGES

	<u>1995</u>	<u>1994</u>
Deferred taxation	<u>£1,709</u>	<u>£881</u>
	<u>1995</u>	<u>1994</u>
Deferred taxation:		
At 31 December 1994	881	844
Profit and loss account (note 6)	<u>828</u>	<u>37</u>
At 31 December 1995	<u>£1,709</u>	<u>£881</u>

The amount provided for deferred taxation is the full potential liability at 33% and is all attributable to accelerated capital allowances.

STEELHOUSE METALS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

12 CALLED UP EQUITY SHARE CAPITAL

	<u>1995 and 1994</u>
Authorised:	
Ordinary shares of £1 each	£100
	<u> </u>
Allotted and fully paid:	
Ordinary shares of £1 each	£100
	<u> </u>

13 PROFIT AND LOSS ACCOUNT

At 31 December 1994	(2,900)
Profit for the year	<u>9,170</u>
At 31 December 1995	£6,270
	<u> </u>

14 PARENT UNDERTAKING

The ultimate parent undertaking is FE Mottram Limited, a company registered in England. A copy of the group accounts can be obtained from the Secretary, FE Mottram Limited, Radnor Park Industrial Estate, Congleton, Cheshire, CW12 4XE.