

121171

# Report and Accounts

*Steelhouse Metals Limited*

31 December 1996



# Steelhouse Metals Limited

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Registered No 1211971

## **DIRECTORS**

P C Nix (Chairman)

D Jervis

J G Burns

## **SECRETARY**

J G Burns

## **AUDITORS**

Ernst & Young

City Gate

Toll House Hill

Nottingham

NG1 5FY

## **BANKERS**

Lloyds Bank plc

Fountain Square

Hanley

Stoke on Trent

ST1 1LE

## **SOLICITORS**

Rees, Jones, Hunbach & Phoenix

6-10 Bagnall Street

Hanley

Stoke on Trent

SG1 3AG

## **REGISTERED OFFICE**

Radnor Park Industrial Estate

Congleton

Cheshire

CW12 4XE

# Steelhouse Metals Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1996.

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £114,608 (1995 - profit of £9,170) The directors do not recommend the payment of a dividend.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is retailing of metals.

### FIXED ASSETS

Details of the company's fixed assets are set out in note 7 to the accounts.

### 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:

|           |                         | <i>Ordinary shares<br/>of £1 each</i> |             |
|-----------|-------------------------|---------------------------------------|-------------|
|           |                         | <i>1996</i>                           | <i>1995</i> |
| P C Nix   |                         | 1                                     | 1           |
| D Jervis  | (resigned 22 July 1997) | -                                     | -           |
| J G Burns |                         | -                                     | -           |

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

### CLOSE COMPANY

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

### AUDITORS

Price Waterhouse resigned as auditors during the year and Ernst & Young were appointed to fill a casual vacancy. A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

J G Burns  
Secretary

Date

  
23/10/97

## Steelhouse Metals Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**REPORT OF THE AUDITORS**  
**to the members of Steelhouse Metals Limited**

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Ernst & Young  
Chartered Accountants  
Registered Auditor  
Nottingham

Date 23 October 1997

## Steelhouse Metals Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

|                                                                 | <i>Notes</i> | <i>1996</i><br>£ | <i>1995</i><br>£ |
|-----------------------------------------------------------------|--------------|------------------|------------------|
| <b>TURNOVER</b>                                                 | 2            | 1,413,471        | 1,197,499        |
| Cost of sales                                                   |              | (1,512,811)      | (1,092,958)      |
| <b>GROSS PROFIT</b>                                             |              | (99,340)         | 104,541          |
| Distribution costs and administrative expenses                  |              | (80,830)         | (86,741)         |
| <b>OPERATING (LOSS)/PROFIT</b>                                  | 3            | (180,170)        | 17,800           |
| Interest payable                                                | 4            | (16,475)         | (5,302)          |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |              | (196,645)        | 12,498           |
| Tax on (loss)/profit on ordinary activities                     | 6            | 82,037           | (3,328)          |
| <b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>            | 13           | (114,608)        | 9,170            |

#### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

# Steelhouse Metals Limited

## BALANCE SHEET at 31 December 1996

|                                                       | Notes | 1996<br>£        | 1995<br>£       |
|-------------------------------------------------------|-------|------------------|-----------------|
| <b>FIXED ASSETS</b>                                   |       |                  |                 |
| Tangible assets                                       | 7     | 33,127           | 34,857          |
| <b>CURRENT ASSETS</b>                                 |       |                  |                 |
| Stocks                                                | 8     | 46,865           | 105,295         |
| Debtors                                               | 9     | 338,411          | 177,808         |
| Cash at bank and in hand                              |       | 795              | 13,158          |
|                                                       |       | <u>386,071</u>   | <u>296,261</u>  |
| <b>CREDITORS: amounts falling due within one year</b> | 10    | (527,436)        | (323,039)       |
| <b>NET CURRENT LIABILITIES</b>                        |       | <u>(141,365)</u> | <u>(26,778)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>(108,238)</u> | <u>8,079</u>    |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         | 11    | -                | (1,709)         |
|                                                       |       | <u>(108,238)</u> | <u>6,370</u>    |
| <b>CAPITAL AND RESERVES</b>                           |       |                  |                 |
| Called up equity share capital                        | 12    | 100              | 100             |
| Profit and loss account                               | 13    | (108,338)        | 6,270           |
| <b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>               |       | <u>(108,238)</u> | <u>6,370</u>    |



P C Nix

Director

Date 23/10/97

# Steelhouse Metals Limited

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## NOTES TO THE ACCOUNTS at 31 December 1996

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *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 |

#### *Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

|                                                 |   |                                                                                                      |
|-------------------------------------------------|---|------------------------------------------------------------------------------------------------------|
| Raw materials, consumables and goods for resale | - | purchase cost on a first-in, first-out basis.                                                        |
| Work in progress and finished goods             | - | cost of direct materials and labour plus attributable overheads based on a normal level of activity. |

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *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.

#### *Cash flow statement*

In accordance with FRS1, the company has not presented its own cash flow statement as more than 90% of the voting rights are controlled by the holding company, FE Mottram Limited.

# Steelhouse Metals Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover, which relates entirely to the UK, is attributable to one continuing activity, the retailing of metals.

Turnover includes sales to group undertakings of £830,747 (1995 - £383,427).

### 3. OPERATING (LOSS)/PROFIT

This is stated after charging:

|                                             | 1996<br>£ | 1995<br>£ |
|---------------------------------------------|-----------|-----------|
| Staff costs:                                |           |           |
| Wages and salaries                          | 31,037    | 68,666    |
| Depreciation of owned tangible fixed assets | 8,508     | 7,385     |
| Auditors' remuneration for audit services   | 2,500     | 2,000     |
| Auditors' remuneration for other services   | 2,000     | -         |
| Operating leases - property                 | 10,956    | 10,500    |
|                                             | No        | No        |
| Average number of employees                 | 3         | 6         |

### 4. INTEREST PAYABLE

|                                 | 1996<br>£ | 1995<br>£ |
|---------------------------------|-----------|-----------|
| Bank overdraft interest payable | 33        | 4,084     |
| Group interest                  | 16,442    | 1,218     |
|                                 | 16,475    | 5,302     |

# Steelhouse Metals Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 5. DIRECTORS' EMOLUMENTS

|                                                                                          | 1996<br>£  | 1995<br>£  |
|------------------------------------------------------------------------------------------|------------|------------|
| Directors' emoluments, including pension contributions                                   | 35,417     | 35,812     |
| Directors' emoluments, excluding pension contributions fell within the following ranges: |            |            |
|                                                                                          | 1996<br>No | 1995<br>No |
| £Nil - £5,000                                                                            | 2          | 2          |
| £30,001 - £35,000                                                                        | 1          | 1          |

Directors' emoluments of £35,417 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 £35,417 from FE Mottram (Non-Ferrous) Limited in respect of his services as a director of Steelhouse Metals Limited.

### 6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

|                                                         | 1996<br>£ | 1995<br>£ |
|---------------------------------------------------------|-----------|-----------|
| Corporation tax at 33% based on profits for the year    | (3,480)   | 2,500     |
| Amount credited in respect of current year group relief | (51,147)  | -         |
| Deferred tax (note 11)                                  | (1,709)   | 828       |
| Adjustment relating to prior years - corporation tax    | 980       | -         |
| - group relief                                          | (26,681)  | -         |
|                                                         | (82,037)  | 3,328     |

Losses for taxation purposes, available for set off against future trading profits at the corporation tax rate then in force amount to approximately £23,000 (1995 - £Nil).

# Steelhouse Metals Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 7. TANGIBLE ASSETS

|                     | <i>Plant and<br/>machinery</i> | <i>Motor<br/>vehicles</i> | <i>Total</i> |
|---------------------|--------------------------------|---------------------------|--------------|
|                     | £                              | £                         | £            |
| Cost:               |                                |                           |              |
| At 31 December 1995 | 28,877                         | 32,090                    | 60,967       |
| Additions           | 6,778                          | -                         | 6,778        |
| At 31 December 1996 | 35,655                         | 32,090                    | 67,745       |
| Depreciation:       |                                |                           |              |
| At 31 December 1995 | 6,537                          | 19,573                    | 26,110       |
| Charge for the year | 4,714                          | 3,794                     | 8,508        |
| At 31 December 1996 | 11,251                         | 23,367                    | 34,618       |
| Net book amount:    |                                |                           |              |
| At 31 December 1996 | 24,404                         | 8,723                     | 33,127       |
| At 31 December 1995 | 22,340                         | 12,517                    | 34,857       |

### 8. STOCKS

|                               | <i>1996</i> | <i>1995</i> |
|-------------------------------|-------------|-------------|
|                               | £           | £           |
| Raw materials and consumables | 46,865      | 105,295     |

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

### 9. DEBTORS

|                                                                 | <i>1996</i> | <i>1995</i> |
|-----------------------------------------------------------------|-------------|-------------|
|                                                                 | £           | £           |
| Trade debtors                                                   | 88,090      | 73,698      |
| Amounts owed by group undertakings                              | 166,124     | 100,955     |
| Prepayments and accrued income                                  | 2,700       | 3,155       |
| Other debtors (including corporation tax recoverable of £3,480) | 3,669       | -           |
| Amounts receivable in respect of group relief                   | 77,828      | -           |
|                                                                 | 338,411     | 177,808     |

# Steelhouse Metals Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 10. CREDITORS: amounts falling due within one year

|                                          | 1996           | 1995           |
|------------------------------------------|----------------|----------------|
|                                          | £              | £              |
| Bank overdraft                           | 65,073         | -              |
| Trade creditors                          | 238,342        | 216,507        |
| Amounts owed to group undertakings       | 204,519        | 86,944         |
| Corporation tax                          | -              | 2,500          |
| Other taxation and social security costs | 15,489         | 3,942          |
| Accruals and deferred income             | 4,013          | 13,146         |
|                                          | <u>527,436</u> | <u>323,039</u> |

The bank overdraft is secured by a debenture on the undertaking and assets of the company and a reciprocal guarantee between the company, its holding company and a fellow subsidiary undertaking. Hire purchase and finance lease liabilities are secured on the related assets.

### 11. PROVISION FOR LIABILITIES AND CHARGES

|                              | 1996     | 1995         |
|------------------------------|----------|--------------|
|                              | £        | £            |
| Deferred taxation:           |          |              |
| At 31 December 1995          | 1,709    | 881          |
| Charge for the year (note 6) | (1,709)  | 828          |
|                              | <u>-</u> | <u>1,709</u> |
| At 31 December 1996          |          |              |

|                                   | <i>Provided</i> |              | <i>Not provided</i> |          |
|-----------------------------------|-----------------|--------------|---------------------|----------|
|                                   | 1996            | 1995         | 1996                | 1995     |
|                                   | £               | £            | £                   | £        |
| Accelerated of capital allowances | 1,909           | 1,709        | -                   | -        |
| Other timing differences          | -               | -            | -                   | -        |
|                                   | <u>1,909</u>    | <u>1,709</u> | <u>-</u>            | <u>-</u> |
| Less: taxation losses             | (1,909)         | -            | (4,506)             | -        |
|                                   | <u>-</u>        | <u>1,709</u> | <u>(4,506)</u>      | <u>-</u> |

# Steelhouse Metals Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 12. CALLED UP EQUITY SHARE CAPITAL

|                            | 1996<br>£         | 1995<br>£         |
|----------------------------|-------------------|-------------------|
| Authorised:                |                   |                   |
| Ordinary shares of £1 each | 100               | 100               |
|                            | <u>          </u> | <u>          </u> |
| Allotted and fully paid:   |                   |                   |
| Ordinary shares of £1 each | 100               | 100               |
|                            | <u>          </u> | <u>          </u> |

### 13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

|                     | Share<br>capital<br>£ | Profit and<br>loss account<br>£ | Total<br>£        |
|---------------------|-----------------------|---------------------------------|-------------------|
| At 1 January 1995   | 100                   | (2,900)                         | (2,800)           |
| Profit for the year | -                     | 9,170                           | 9,170             |
|                     | <u>          </u>     | <u>          </u>               | <u>          </u> |
| At 31 December 1995 | 100                   | 6,270                           | 6,370             |
| Loss for the year   | -                     | (114,608)                       | (114,608)         |
|                     | <u>          </u>     | <u>          </u>               | <u>          </u> |
| At 31 December 1996 | 100                   | (108,338)                       | (108,238)         |
|                     | <u>          </u>     | <u>          </u>               | <u>          </u> |

### 14. OPERATING LEASE COMMITMENTS

At the year end the company had commitments to make the following payments during the next year under operating leases which expire:

|                            | Property rental<br>leases<br>£ | Equipment and<br>vehicle leases<br>£ |
|----------------------------|--------------------------------|--------------------------------------|
| Between one and five years | 10,500                         | -                                    |
|                            | <u>          </u>              | <u>          </u>                    |

# Steelhouse Metals Limited

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## NOTES TO THE ACCOUNTS at 31 December 1996

### 15. CONTINGENT LIABILITIES

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 1996 amounted to £499,706 (1995 - £71,954) and in respect of other group companies loans of £4,126,656 (1995 - £1,154,886).

### 16. RELATED PARTIES

The company is taking advantage of the exemption in Financial Reporting Standard No. 8, not to disclose transactions with other group companies on the grounds that it is a 99% owned subsidiary undertaking of FE Mottram Limited, for which consolidated group accounts are prepared.

During the year the company was involved in sales transactions to the value of £17,822 and purchases of £16,318 with a company owned by the son of D Jervis, a director.

The company occupies buildings owned by the personal pension plan of one of the directors, Mr P C Nix. Annual rentals for the buildings of £10,500 are paid to the pension plan.

### 17. ULTIMATE PARENT COMPANY

The company's ultimate parent company 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