

1211971

Report and Accounts

Steelhouse Metals Limited

31 December 1998



Steelhouse Metals Limited

Registered No 1211971

DIRECTORS

P C Nix (Chairman)

J G Burns

V J Glover

SECRETARY

J G Burns

AUDITORS

Ernst & Young

City Gate

Toll House Hill

Nottingham

NG1 5FY

PRINCIPAL 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 1998.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £31,220 (1997 - profit of £431). 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.

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 of £1 each</i>	
	<i>1998</i>	<i>1997</i>
P C Nix	1	1
J G Burns	-	-
V J Glover	-	-

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

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved. The total cost of modifications to our computer systems is not anticipated to be material. All costs relating to modifications will be expensed as incurred and those costs relating to enhancement will be capitalised.

Steelhouse Metals Limited

DIRECTORS' REPORT

AUDITORS

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

Secretary



Date

21/12/99

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 confirm that they have complied with the above requirements in preparing the accounts.

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 7 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Registered Auditor
Nottingham

Date *8 October 1999*

Steelhouse Metals Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
TURNOVER	2	854,681	611,795
Cost of sales		(790,108)	(519,498)
GROSS PROFIT		64,573	92,297
Distribution costs and administrative expenses		(98,417)	(74,587)
OPERATING (LOSS)/PROFIT	3	(33,844)	17,710
Net interest payable	4	(17,046)	(17,179)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(50,890)	531
Tax on (loss)/profit on ordinary activities	6	19,670	(100)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	13	(31,220)	431

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 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
FIXED ASSETS			
Tangible assets	7	18,734	25,525
CURRENT ASSETS			
Stocks	8	115,739	74,743
Debtors	9	170,999	219,274
Cash at bank and in hand		788	3,512
		<u>287,526</u>	<u>297,529</u>
CREDITORS: amounts falling due within one year	10	(445,287)	(430,861)
NET CURRENT LIABILITIES		<u>(157,761)</u>	<u>(133,332)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(139,027)</u>	<u>(107,807)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	(139,127)	(107,907)
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	<u>(139,027)</u>	<u>(107,807)</u>

Approved by the Board

Director



Date

21/10/99

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

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

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

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in a foreign currency are translated at the rate ruling at the balance sheet date or if appropriate the forward contract rate. Exchange 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.

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 1998

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 £258,137 (1997 - £163,318).

3. OPERATING PROFIT/(LOSS)

This is stated after charging:

	1998 £	1997 £
Staff costs:		
Wages and salaries	23,692	21,325
Social security costs	2,467	2,291
Other pension costs	840	840
	<u> </u>	<u> </u>
Depreciation of owned tangible fixed assets	6,791	7,602
Auditors' remuneration for audit services	5,000	2,000
Auditors' remuneration for other services	1,000	-
Operating leases - property	10,500	10,500
Management charge	50,250	42,000
	<u> </u>	<u> </u>
	<i>No</i>	<i>No</i>
Average number of employees	3	3
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	1998 £	1997 £
Bank overdraft interest payable	47	14
Group interest	17,185	17,165
Interest received	(186)	-
	<u> </u>	<u> </u>
	17,046	17,179
	<u> </u>	<u> </u>

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 1998

5. DIRECTORS' EMOLUMENTS

	1998	1997
	£	£
Emoluments	12,429	28,206
Company contributions paid to defined contribution scheme	1,488	2,223
	<u>13,917</u>	<u>30,429</u>

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

	1998	1997
	£	£
Current year:		
UK corporation tax	-	709
Amount credited in respect of current year group relief	(14,264)	-
Adjustment relating to prior years:		
Group relief	(5,406)	100
Losses brought forward	-	(709)
	<u>(19,670)</u>	<u>100</u>

Losses for taxation purposes, available for set off against future trading profits at the corporation tax rate then in force, amount to approximately £4,000 (1997 - £21,000). Group relief is payable at the group tax rate.

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 1998

7. TANGIBLE ASSETS

	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost at 1 January 1998 and 31 December 1998	35,655	32,090	67,745
Depreciation:			
At 1 January 1998	16,229	25,991	42,220
Charge for the year	4,971	1,820	6,791
At 31 December 1998	21,200	27,811	49,011
Net book amount:			
At 31 December 1998	14,455	4,279	18,734
At 1 January 1998	19,426	6,099	25,525

8. STOCKS

	<i>1998</i> £	<i>1997</i> £
Raw materials and consumables	115,739	74,743

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>1998</i> £	<i>1997</i> £
Trade debtors	138,446	88,682
Amounts owed by group undertakings	-	45,966
Prepayments and accrued income	3,205	3,418
Corporation tax recoverable	-	3,480
Others debtors	9,678	-
Amounts receivable in respect of group relief	19,670	77,728
	170,999	219,274

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 1998

10. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	2,512	-
Trade creditors	240,942	193,083
Amounts owed to group undertakings	196,733	226,532
Other taxation and social security costs	-	7,945
Accruals and deferred income	5,100	3,301
	<u>445,287</u>	<u>430,861</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

	1998	Provided 1997	1998	Not provided 1997
	£	£	£	£
Accelerated of capital allowances	1,007	1,556	-	-
Less: taxation losses	(1,007)	(1,556)	(154)	(4,965)
	<u>-</u>	<u>-</u>	<u>(154)</u>	<u>(4,965)</u>

12. CALLED UP EQUITY SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted and fully paid:		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 1998

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 1997	100	(108,338)	(108,238)
Profit for the year	-	431	431
At 31 December 1997	100	(107,907)	(107,807)
Loss for the year	-	(31,220)	(31,220)
At 31 December 1998	100	(139,127)	(139,027)

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:

	<i>1998</i> £	<i>Property 1997</i> £
Between one and five years	10,500	10,500

15. CONTINGENT LIABILITIES

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 1998 amounted to £331,702 (1997 - £ 732,909) and in respect of short term loan agreements secured on debtors of £3,510,332 (1997 - £3,420,394).

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.

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