

STEELHOUSE METALS LIMITED

1211971

Report and Accounts

31 December 2000



Steelhouse Metals Limited

Registered No 1211971

DIRECTORS

P C Nix (Chairman)

J G Burns

V J Glover

SECRETARY

J G Burns

AUDITORS

Ernst & Young LLP

City Gate West

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 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £24,683 (1999: loss of £11,649). 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>	
	2000	1999
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.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



J G Burns
Secretary

Date

9/8/01

Steelhouse Metals Limited

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 5 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 3 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 judgments 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

Date *9 August 2001*

Steelhouse Metals Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	<i>Notes</i>	<i>2000</i> £	<i>1999</i> £
TURNOVER	2	2,648,263	2,095,404
Cost of sales		(2,427,560)	(1,934,412)
GROSS PROFIT		220,703	160,992
Distribution costs and administrative expenses		(167,607)	(153,870)
OPERATING PROFIT	3	53,096	7,122
Net interest payable	5	(21,867)	(18,771)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		31,229	(11,649)
Tax on profit/(loss) on ordinary activities	6	(6,546)	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	24,683	(11,649)

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 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	46,874	27,178
CURRENT ASSETS			
Stocks	8	188,114	217,705
Debtors	9	552,592	542,743
Cash at bank and in hand		2,802	1,291
		743,508	761,739
CREDITORS: amounts falling due within one year	10	(915,692)	(939,593)
NET CURRENT LIABILITIES		(172,184)	(177,854)
TOTAL ASSETS LESS CURRENT LIABILITIES		(125,310)	(150,676)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(683)	-
		(125,993)	(150,676)
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	(126,093)	(150,776)
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	(125,993)	(150,676)

Approved by the Board



PC Nix

(Chairman)



J G Burns

(Director)

Date

9/8/01

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Going concern

The company is dependent on continuing finance being made available by its parent company to enable it to meet its liabilities as they fall due.

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:

Freehold buildings	-	
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.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 2000

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 £548,124 (1999: £404,694).

3. OPERATING PROFIT

This is stated after charging:

	2000	1999
	£	£
Staff costs:		
Wages and salaries	32,625	30,293
Social security costs	3,263	3,096
Other pension costs	816	816
	<u>36,704</u>	<u>34,205</u>
Depreciation of owned tangible fixed assets	8,780	5,255
Auditors' remuneration - audit services	2,000	2,000
- other services	1,000	1,500
Operating leases - property	10,500	10,500
Management charge (including staff costs)	68,400	70,600
	<u>No</u>	<u>No</u>
Average number of employees	5	4

4. DIRECTORS' EMOLUMENTS

The directors do not receive remuneration from the company

5. INTEREST PAYABLE

	2000	1999
	£	£
Bank interest payable	14,703	1,704
Group interest	7,164	17,067
	<u>21,867</u>	<u>18,771</u>

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 2000

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

	2000	1999
	£	£
Current year:		
UK corporation tax 30% (1999 : 30%)	5,863	-
Deferred tax (note 10)	683	-
	<u>6,546</u>	<u>-</u>

Losses for taxation purposes, available for set off against future trading profits at the corporation tax rate then in force, amount to approximately £nil (1999: £8,000). Group relief is payable at the group tax rate.

7. TANGIBLE ASSETS

	<i>Freehold buildings</i>	<i>Fixtures and fittings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2000	-	399	39,405	33,890	73,694
Additions	6,505	-	9,105	13,974	29,584
Disposals	-	-	-	(20,090)	(20,090)
At 31 December 2000	<u>6,505</u>	<u>399</u>	<u>48,510</u>	<u>27,774</u>	<u>83,188</u>
Depreciation:					
At 1 January 2000	-	57	17,195	29,264	46,516
Charge for the year	-	80	4,884	3,816	8,780
Disposals	-	-	-	(18,982)	(18,982)
At 31 December 2000	<u>-</u>	<u>137</u>	<u>22,079</u>	<u>14,098</u>	<u>36,314</u>
Net book amount:					
At 31 December 2000	<u>6,505</u>	<u>262</u>	<u>26,431</u>	<u>13,676</u>	<u>46,874</u>
At 1 January 2000	<u>-</u>	<u>342</u>	<u>22,210</u>	<u>4,626</u>	<u>27,178</u>

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 2000

8. STOCKS

	2000	1999
	£	£
Raw materials and consumables	188,114	217,705

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

9. DEBTORS

	2000	1999
	£	£
Trade debtors	527,299	503,646
Amounts owed by group undertakings	19,759	26,473
Prepayments and accrued income	3,897	2,414
Others debtors	1,637	10,210
	552,592	542,743

10. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	27,275	46,087
Trade creditors	483,478	470,618
Amounts owed to group undertakings	295,624	117,875
Corporation tax	5,863	-
Other taxes and social security	13,880	-
Accruals and deferred income	3,947	15,663
Other creditors	85,625	289,150
	915,692	939,393

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.

Trade creditors include an amount of £85,525 (1999 - £332,353) due to the company's factoring agent which is secured by a fixed charge on all the debts of the company.

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS at 31 December 2000

11. DEFERRED TAXATION

	<i>Provided</i>		<i>Not provided</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	£	£	£	£
Acceleration of capital allowances	683	311	-	-
Less: taxation losses	-	(311)	-	(2,333)
	<u>683</u>	<u>-</u>	<u>-</u>	<u>(2,333)</u>

12. EQUITY SHARE CAPITAL

	<i>2000</i>	<i>1999</i>
	£	£
Authorised, called up, allotted and fully paid Ordinary shares of £1 each	100	100

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 1999	100	(139,127)	(139,027)
Loss for the year	-	(11,649)	(11,649)
At 31 December 1999	<u>100</u>	<u>(150,776)</u>	<u>(150,676)</u>
Profit for the year	-	24,683	24,683
At 31 December 2000	<u>100</u>	<u>(126,093)</u>	<u>(125,993)</u>

Steelhouse Metals Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

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>Land and buildings</i>	
	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Within two to 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 2000 amounted to £46,487 (1999: £833,288) and in respect of short term loan agreements secured on debtors of £4,124,405 (1999: £5,154,443).

16. PENSION COMMITMENTS

The company operates various pension schemes, the assets of which are held in separately administered funds. The profit and loss account charge for pension costs is made in accordance with the accounting policy in Note 1.

The schemes are all defined contribution arrangements. The net pension cost charged to the profit and loss account during the year in respect of defined contribution schemes was £816 (1999: £816).

17. 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.

18. 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