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**STEEL BROTHERS AND COMPANY LIMITED**

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**DIRECTORS' REPORT**

Directors: D Nolan (appointed 18 May 1995)  
M J Taylor (appointed 13 January 1994)  
Secretary: M J Taylor

Registered office: One St Paul's Churchyard London EC4M 8AJ

The directors present their report and the accounts for the year ended 31 December 1994.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS**

During 1994 the company continued in its role as a holding company for various interests of its immediate holding company, Bricom Holdings Limited. The company has remained unable to complete the closure of its branches in Myanmar (formerly Burma), India and Pakistan.

**RESULTS AND DIVIDEND**

The results for the year are set out in the attached accounts. The directors do not recommend the payment of a dividend.

**DIRECTORS**

The present directors of the company are listed above. In addition Mr R D Thurston and Mr J B Hay served as directors until their resignations on 13 January 1994 and 18 May 1995 respectively.

**DIRECTORS' INTERESTS**

In accordance with the register maintained for the purposes of sections 324 to 328 Companies Act 1985 none of the directors had any interests requiring disclosure.

**AUDITORS**

On 6 February 1995 the auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

As the company has resolved to dispense with the obligation to appoint auditors annually, KPMG will continue in office.

By order of the board

*M J Taylor*

M J TAYLOR  
Secretary  
2 June 1995



## SUPPLEMENTARY NOTE TO THE FINANCIAL STATEMENTS OF STEEL BROTHERS AND COMPANY LIMITED

The directors regret that there was an error in the classification of reserves in the 1993 financial statements in that "other reserves" of the company were incorrectly classified as "share premium account". For purposes of clarification, the amendment only affects the Balance Sheet and note 11 to the financial statements. This supplementary note revises the original 1993 financial statements and is to be treated as part of them.

In accordance with the regulations of the Companies Act, the 1993 financial statements are revised as at 30 March 1994 and not at the date of this note. Therefore, under the regulations, the 1993 financial statements do not deal with events between 30 March 1994 and 2 June 1995. The Companies Act requires that where a supplementary note is issued, a revised Auditors' Report be issued as well and this is attached.

By order of the Board

*M J Taylor*

M J Taylor  
Secretary

The Balance Sheet and note 11 to the financial statements should read as follows:

### Capital and reserves

	1993 £'000	1992 £'000
Called up share capital	1,300	1,300
Other reserves	2,806	2,806
Profit and loss account	<u>(242)</u>	<u>(122)</u>
	3,864	3,984

### Note 11

	Profit and loss account £'000	Other reserves £'000
At 1 January 1993	(122)	2,806
Loss for the year	<u>(120)</u>	—
At 31 December 1993	(242)	2,806

The supplementary note was approved by the Board of Directors' and signed on its behalf by Mr M J Taylor on 2 June 1995.

## REPORT OF THE AUDITORS TO THE MEMBERS OF STEEL BROTHERS AND COMPANY LIMITED

We have audited the revised financial statements of Steel Brothers and Company Limited for the year ended 31 December 1993 in accordance with Auditing Standards. The revised financial statements replace the original financial statements approved by the directors on 30 March 1994 and consist of the attached supplementary note together with those original financial statements. They have been prepared under the Companies (Revision of Defective Accounts and Report) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

In our opinion:

1. The original financial statements on which we reported on 22 April 1994 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the Directors and described in the supplementary note.
2. The revised financial statements give a true and fair view, seen as at the date the original financial statements were approved by the directors, of the state of affairs of the company at 31 December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990.

*W J M G*

*2 Feb 1995*

KPMG  
Chartered Accountants  
Registered Auditors

London

## STEEL BROTHERS AND COMPANY LIMITED

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements 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 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; and
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

STEEL BROTHERS AND COMPANY LIMITED

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AUDITORS' REPORT TO THE MEMBERS OF STEEL BROTHERS AND COMPANY LIMITED

We have audited the financial statements on pages 4 to 11

**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 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 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 1994 and of its profit for the year the ended and have been properly prepared in accordance with the Companies Act 1985.

*V. Paul G*

KPMG

Chartered Accountants

Registered Auditors

2 June 1995

London

# STEEL BROTHERS AND COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	1994 £000	1993 £000
Net operating income	2	44	35
Provision against investment		(3)	(135)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		41	(100)
Tax on profit/(loss) on ordinary activities	4	(22)	(20)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		19	(120)

Movements on reserves are set out in note 11.

The company's results are all from continuing operations. There were no newly acquired or discontinued operations during the year.

A statement of recognised gains and losses is not shown separately as the company has no recognised gains and losses other than those passing through the profit and loss account.

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1994 £000	1993 £000
Profit/(loss) for the financial year	19	(120)
Opening shareholders' funds	3,864	3,984
Closing shareholders' funds	<u>3,883</u>	<u>3,864</u>

# STEEL BROTHERS AND COMPANY LIMITED

## BALANCE SHEET - 31 DECEMBER 1994

	Note	1994 £000	1993 £000
FIXED ASSETS			
Tangible assets	5	1	1
Investments	6	133	136
		<u>134</u>	<u>137</u>
CURRENT ASSETS			
Debtors	7	3,901	4,155
Cash at bank	12	8	40
		<u>3,909</u>	<u>4,195</u>
CREDITORS - amounts falling due within one year	8	<u>-</u>	<u>(308)</u>
NET CURRENT ASSETS		<u>3,909</u>	<u>3,887</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,043</u>	<u>4,024</u>
PROVISION FOR LIABILITIES AND CHARGES	9	<u>(160)</u>	<u>(160)</u>
NET ASSETS		<u>3,883</u>	<u>3,864</u>
CAPITAL AND RESERVES			
Called-up share capital	10	1,300	1,300
Other reserves	11	2,806	2,806
Profit and loss account	11	<u>(223)</u>	<u>(242)</u>
		<u>3,883</u>	<u>3,864</u>

Approved by the board on 2 June 1995

*M J Taylor*

M J Taylor  
Director

STEEL BROTHERS AND COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

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1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

*Basis of Preparation*

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

The company is exempt from the requirements of Financial Reporting Standard Number 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Securum U.K. Holdings Limited and its cash flows are included within the consolidated cash flow statement of that company.

*Tangible fixed assets*

Depreciation is calculated to write off the assets, other than freehold land, during their expected useful lives by equal annual instalments at the following rates:

Freehold buildings                      2% - 5%

*Fixed asset investments*

Subsidiary undertakings and other investments are stated at the lower of cost and net asset value. The directors are of the opinion that this method of valuation most fairly represents the company's investment in such assets.

Dividends from the subsidiary undertakings are credited to the profit and loss account when received.

*Group accounts*

Group accounts have not been prepared because the company is exempt by virtue of s228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not its group.

*Taxation*

Taxation charged in the profit and loss account is based on the taxable profits for the year, but also includes any necessary adjustments in respect of prior years. Provision is made on the liability method for taxation deferred as a result of timing differences to the extent that those differences are expected to reverse in the foreseeable future.



## STEEL BROTHERS AND COMPANY LIMITED

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### NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

#### 1. ACCOUNTING POLICIES (continued)

##### (f) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the end of the financial year and the resulting exchange differences are dealt with in the determination of profit for the financial year.

#### 2. NET OPERATING INCOME

	1994 £000	1993 £000
Exchange gain	4	3
Rental income	52	50
Administrative expenses	(12)	(18)
	<u>44</u>	<u>35</u>

#### 3. EMPLOYEES AND DIRECTORS' REMUNERATION

The company did not employ any staff in 1993 and 1994.

The directors received no fees during 1993 or 1994.

#### 4. TAXATION

The charge based on the profit (loss) for the year comprises:

	1994 £000	1993 £000
UK Corporation tax @ 33%	13	12
Less: Double tax relief	(13)	(12)
Overseas tax	<u>22</u>	<u>20</u>
	<u>22</u>	<u>20</u>

# STEEL BROTHERS AND COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

### 5. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000
Cost	
At 1 January and 31 December 1994	158
Depreciation	
At 1 January and 31 December 1994	157
Net book value at 31 December 1994	<u>1</u>
31 December 1993	<u>1</u>
(see also Note 12)	

### 6. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £000	Other Investments £000	Total £000
Cost			
At 1 January and 31 December. 1994	1,200	20	1,220
Amounts written off			
1 January 1994	(1,064)	(20)	(1,084)
During the year	<u>( 3)</u>	<u>-</u>	<u>( 3)</u>
Net book value at:			
31 December 1994	<u>133</u>	<u>-</u>	<u>133</u>
31 December 1993	<u>136</u>	<u>-</u>	<u>136</u>

The company's wholly owned subsidiary undertaking is Winterstar Foods Limited, a company formerly engaged in contract food supply, which is registered in England & Wales. All investments are in ordinary shares.

# STEEL BROTHERS AND COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

### 7. DEBTORS

	1994 £000	1993 £000
Amounts falling due within one year:		
Amount owed by parent undertaking	3,848	4,091
Other debtors	53	51
Group relief receivable	-	13
	<u>3,901</u>	<u>4,155</u>

### 8. CREDITORS - amounts falling due within one year

	1994 £000	1993 £000
Corporation tax	-	13
Amounts owed to fellow subsidiary undertaking	-	295
	<u>-</u>	<u>308</u>

### 9. PROVISION FOR LIABILITIES AND CHARGES

	1994 £000	1993 £000
Provision for reduction in sale price of former associated undertaking	<u>160</u>	<u>160</u>

STEEL BROTHERS AND COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

10. CALLED UP SHARE CAPITAL

	1994 £000	1993 £000
Authorised 4,000,000 ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>
Allotted, issued and fully paid 1,300,000 ordinary shares of £1 each	<u>1,300</u>	<u>1,300</u>

11. RESERVES

	Profit and loss account £000	Other reserves £000
At 1 January 1994	(242)	2,806
Profit for the year	<u>19</u>	<u>-</u>
At 31 December 1994	<u>(223)</u>	<u>2,806</u>

12. NET ASSETS OVERSEAS

Cash at bank and in hand comprises funds which are not readily remittable, held in the following country:

	1994 £000	1993 £000
Myanmar	<u>8</u>	<u>40</u>

The company is unable to obtain permission for the disposal of its properties in Myanmar, having a book value of £1,000.

## STEEL BROTHERS AND COMPANY LIMITED

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### NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (continued)

#### 13. PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Securum UK Holdings Limited, registered in England and Wales, and the parent undertaking of the smallest such group is Securum Industrial Holdings Limited, registered in England and Wales. At 31 December 1994 Securum AB, registered in Sweden, was the company's ultimate parent company.

The consolidated financial statements of Securum Industrial Holdings Limited are not available to the public. The consolidated financial statements of the other companies which are available may be obtained from:

Securum UK Holdings Limited  
One St Paul's Churchyard  
London  
EC4M 8AJ