



FIRSTEEL STEEL PROCESSING LIMITED

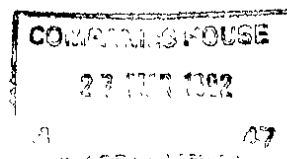
GROUP

REGISTERED NUMBER: 39563

REPORT AND ACCOUNTS

1991

I N D E X



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FIRSTEEL STEEL PROCESSING LIMITED

DIRECTORS AND OFFICERS

Directors

T L Adams - Chairman
J V Palmer
G H Craine
T R Dell
R K Hammond
N J Oseland
A A Vurlan

Secretary

N J Oseland

Auditors

KPMG Peat Marwick, Chartered Accountants,
The Fountain Precinct, 1 Balm Green, Sheffield S1 3AF

Bankers

Barclays Bank Plc, 47 High Street, Dudley, West Midlands DY1 1PP.

Registered office

Brockhurst Crescent, Bescot, Walsall WS5 4AX

FIRSTEEL STEEL PROCESSING LIMITED

REPORT OF THE DIRECTORS

The Directors submit herewith their Report, together with the Audited Accounts for the year ended 30 September 1991.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group consist of the manufacture of cold rolled steel strip and precoated aluminium and steel strip, the processing and distribution of cold reduced galvanised and hot rolled steel strip, fabricating and shearing of steel plate and the distribution of aluminium sections.

The stockholding and decoiling of heavy gauge hot rolled steel coil at Robinson's Steel, a division of Firsteel Strip Mill Products Limited, was discontinued on 30 September 1991 as a consequence of the prolonged and severe recession that affected the market throughout the year under review.

In April 1991, Firsteel Narrow Strip, a division of Firsteel Strip Mill Products Limited, was formed to expand and improve the company's product range with its specialisation in the distribution of hot rolled close tolerance narrow strip.

The cost base of each of the Group's businesses has been reduced including significant redundancies within the re-rolling businesses. Nevertheless, the overall level of employee skills and continuing flexibility in working practices will enable the Group to immediately take advantage of any upturn in the markets.

The Accounts for the year ended 30 September 1991 show a loss on ordinary activities before taxation and exceptional item of £22,000 (1990 - profit £652,000). An exceptional item of £381,000 (1990 - £3,000) increased the loss before taxation to £403,000 (1990 - profit £659,000). After a taxation charge of £5,000 (1990 - £19,000) and extraordinary items of £176,000 (1990 - £40,000) there is a loss attributable to shareholders of £584,000 (1990 - profit £600,000).

Total dividends for the year amount to £58,000 (1990 - £371,000) and the deficit is £642,000 (1990 - profit £229,000).

Details of movements in reserves are shown in the Accounts.

FIXED ASSETS

Details of the fixed assets and the changes which have taken place during the year are given in the Notes to the Accounts.

FIRSTEEL STEEL PROCESSING LIMITED

REPORT OF THE DIRECTORS
(continued)

DIRECTORATE

The present Board of the company is as set out below:

T L Adams - Chairman
J V Palmer
G H Craine
T R Dell
R K Hammond
N J Oseland
A A Vurlan

Mr M R Harris who was a director at the commencement of the year resigned on 8 January 1991.

DIRECTORS' INTERESTS

According to the company's Register of Directors' Interests, the following interests have been disclosed:

LONRHO PUBLIC LIMITED COMPANY

	<u>Ordinary shares of</u>		<u>Shares under option*</u>	
	<u>25p each fully paid</u>			
	<u>30.9.91</u>	<u>1.10.90</u> <u>or date of</u> <u>appointment</u>	<u>30.9.91</u>	<u>1.10.90</u> <u>or date of</u> <u>appointment</u>
T R Dell	1,786	-	16,299	16,072
R K Hammond	1,014	961	22,434	22,434
N J Oseland	2,773	-	25,648	22,475
A A Vurlan	-	1,355	11,685	11,685

*Options are held pursuant to one or more of the share option schemes of Lonrho Plc and are over Ordinary shares of 25p each of that company.

No interests of any of the other Directors are disclosable to this company.

EMPLOYMENT OF DISABLED PERSONS

The group gives full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities, and wherever possible the group continues the employment of, and arranges for the appropriate training for, employees who become disabled persons while employed by the group. Disabled persons are treated no differently from other employees as regards training, career development and promotion opportunities. This policy was operated by the group, where appropriate, throughout the year.

FIRSTEEL STEEL PROCESSING LIMITED

REPORT OF THE DIRECTORS
(continued)

EMPLOYEE INVOLVEMENT

The group has maintained its arrangements by way of discussion meetings and the distribution of information annually and periodically, as relevant, aimed at promoting the co-operation and involvement of its employees in the future of the business.

AUDITORS

A resolution has been passed under S386(1) to dispense with the obligation to appoint auditors annually.

By order of the board

N J OSELAND

Secretary



20 December 1991

Brockhurst Crescent
Bescot
Walsall
WS5 4AX

REPORT OF THE AUDITORS, KPMG PEAT MARWICK, TO THE MEMBERS OF
FIRSTEEL STEEL PROCESSING LIMITED

We have audited the accounts on pages 6 to 26 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 30 September 1991 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick
Chartered Accountants
Registered Auditor

Sheffield
20 December 1991

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1991

	<u>Note</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
TURNOVER	2	58,465	73,295
Cost of sales		<u>(52,283)</u>	<u>(65,281)</u>
GROSS PROFIT		6,182	8,014
Distribution costs and administrative expenses	3	<u>(5,282)</u>	<u>(4,753)</u>
		900	3,261
Other operating income	4	<u>7</u>	<u>6</u>
OPERATING PROFIT		907	3,267
Income from fixed asset investments		3	8
Interest payable	5	<u>(1,313)</u>	<u>(2,616)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(403)	659
Taxation on (loss)/profit on ordinary activities	9	<u>(5)</u>	<u>(19)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(408)	640
Extraordinary item	10	<u>(176)</u>	<u>(40)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(584)	600
Dividends paid		<u>(58)</u>	<u>(371)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	20	<u>(642)</u> =====	<u>229</u> =====

The notes on pages 10 to 26 form
part of these accounts

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 1991

	<u>Note</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
FIXED ASSETS			
Intangible assets	11	148	147
Tangible assets	12	<u>15,962</u>	<u>13,634</u>
		16,110	13,781
CURRENT ASSETS			
Stocks	14	7,535	12,106
Asset held for realisation	15	160	-
Debtors	16	14,464	17,560
Cash at bank and in hand		<u>4</u>	<u>8</u>
		22,163	29,674
CREDITORS: Amounts falling due within one year	17	<u>(20,404)</u>	<u>(26,087)</u>
NET CURRENT ASSETS		1,759	3,587
TOTAL ASSETS LESS CURRENT LIABILITIES		17,869	17,368
CREDITORS: Amounts falling due after more than one year	17	<u>(1,327)</u>	<u>(919)</u>
NET ASSETS		<u>16,542</u>	<u>16,449</u>
CAPITAL AND RESERVES			
Called up share capital	19	7,500	7,500
Share premium account		12	12
Revaluation reserve	20	1,829	1,124
Profit and loss account	20	<u>7,201</u>	<u>7,813</u>
		16,542	16,449

Approved by the board of directors on 20 December 1991

J V PALMER - Director

The notes on pages 10 to 26 form
part of these accounts

FIRSTEEL STEEL PROCESSING LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1991

	<u>Note</u>	<u>1991</u> £000	<u>1990</u> £000
FIXED ASSETS			
Tangible assets	12	51	78
Investments	13	<u>19,119</u>	<u>19,119</u>
		19,170	19,197
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	16	1,439	795
Cash at bank and in hand		<u>2</u>	<u>2</u>
		1,441	797
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	17	(9,467)	(10,317)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(8,026)	(9,520)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,144	9,677
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	17	<u>(1)</u>	<u>(13)</u>
		<hr/>	<hr/>
NET ASSETS		<u>11,143</u>	<u>9,664</u>
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	19	7,500	7,500
Share premium account		12	12
Revaluation reserve		1	1
Profit and loss account	20	<u>3,630</u>	<u>2,151</u>
		11,143	9,664
		<hr/>	<hr/>

Approved by the board of directors on 20 December 1991

J V PALMER - Director

The notes on pages 10 to 26 form
part of these accounts

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 1991

	<u>1991</u> £000	<u>1990</u> £000
<u>SOURCE OF FUNDS</u>		
(Loss)/profit on ordinary activities before taxation	(403)	659
Extraordinary item	<u>(176)</u>	<u>(45)</u>
	(579)	614
Adjustments for items not involving the movement of funds:		
Depreciation	952	745
(Profit)/loss on sales of tangible fixed assets	(557)	15
Amortisation of intangible fixed assets	<u>2</u>	<u>-</u>
Funds (absorbed by)/generated from operations	(182)	1,374
Funds from other sources:		
Proceeds from sales of tangible fixed assets	724	65
Increase in creditors: Amounts falling due after more than one year	408	-
Proceeds from issue of shares	<u>-</u>	<u>7,045</u>
	950	8,484
	<u> </u>	<u> </u>
<u>APPLICATION OF FUNDS</u>		
Purchases of tangible fixed assets	(2,693)	(5,454)
Intra company transfers	(19)	-
Purchase of intangible fixed assets	(3)	(100)
Purchase of asset held for realisation	(160)	-
Dividends paid	(58)	(371)
Taxation paid	(70)	(221)
Purchase of subsidiaries	-	(2,243)
Decrease in creditors: Amounts falling due after more than one year	<u>-</u>	<u>(501)</u>
	(3,003)	(8,890)
	<u> </u>	<u> </u>
<u>DECREASE IN WORKING CAPITAL</u>	(2,053)	(406)
	=====	=====
<u>COMPONENTS OF DECREASE IN WORKING CAPITAL</u>		
Stocks	(4,571)	(4,950)
Debtors	(3,096)	(895)
Creditors: Amounts falling due within one year	2,675	310
Movements in net liquid funds:		
Bank overdrafts	2,943	5,128
Cash at bank and in hand	<u>(4)</u>	<u>1</u>
	(2,053)	(406)
	=====	=====

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991

1

ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention adjusted by the revaluation of certain assets and in accordance with applicable accounting standards.

(b) Consolidation of group companies

The consolidated accounts include the assets, liabilities and revenue results of the company and its subsidiaries as defined in the Companies Act 1985.

Goodwill or surplus on consolidation, being the difference between the cost of the investment in a subsidiary and the fair value of its assets at the date of acquisition, is taken to group reserves.

A separate profit and loss account dealing with the results of the company only has not been presented.

The company's principal subsidiaries are shown in note 13.

(c) Depreciation

Depreciation is provided to write off the cost or valuation of fixed assets evenly over their estimated remaining lives at the following annual rates:

Freehold buildings	2%
Plant and machinery	6 2/3% - 16 2/3%
Fixtures, fittings and equipment	10% - 33%

Short leasehold buildings are amortised by equal annual instalments over the remaining life of the lease.

No depreciation is provided on freehold land and capital work in progress.

(d) Stocks

Valuation is at the lower of cost and net realisable value. Where relevant, cost includes an appropriate share of overheads.

(e) Deferred taxation

Deferred taxation is calculated under the liability method and is only provided where there is a reasonable probability that it will become payable within the foreseeable future.

Deferred taxation which is not anticipated to be payable within the foreseeable future is shown as a contingent liability.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

1 ACCOUNTING POLICIES (continued)

(f) Leases

The cost of assets held under finance leases is capitalised within the appropriate tangible fixed asset heading and depreciation is provided in accordance with the group's accounting policy for the category of asset concerned. The interest cost is charged over the term of the lease and the capital element of future lease payments is included in creditors.

The cost of operating leases is charged as incurred.

(g) Development expenditure

Product development costs are capitalised and amortised over 5 years from the date of active selling of the new products. This expenditure is reviewed periodically and compared with anticipated revenue from the new products. Where anticipated revenue does not cover expenditure the difference is written off immediately.

(h) Pension costs

The assets of the Group pension scheme are administered by trustees and are kept separate from those of the Group. Independent actuaries prepare a valuation of the scheme at least every three years and in accordance with their recommendations the Group makes contributions which are charged to profits on a systematic and rational basis over the expected remaining working life of the employees. Any differences between the actuarial valuation and the value of assets in the scheme are similarly charged or credited to profit before tax over the expected remaining working life of employees in the scheme.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

PROFIT AND LOSS ACCOUNT

2 Turnover

Turnover represents sales of goods and services net of discounts, allowances and value added tax.

The analysis of turnover by geographical area is as follows:

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
United Kingdom	54,366	69,785
Africa	1,361	934
Europe and other	<u>2,738</u>	<u>2,576</u>
	<u>58,465</u>	<u>73,295</u>

All of the above turnover is derived from one class of business, metal processing, and the result before taxation attributable to this business is shown in the profit and loss account.

The above turnover does not include sales amounting to £4,057,000 which have been included within the extraordinary item.

3 Distribution costs and administrative expenses

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Distribution costs	2,394	2,075
Administrative expenses	<u>2,888</u>	<u>2,678</u>
	<u>5,282</u>	<u>4,753</u>

4 Other operating income

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Rents receivable	<u>7</u>	<u>6</u>

5 Interest payable

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Group interest	119	696
Bank loans and overdrafts	1,020	1,813
Lease purchase and finance lease interest	<u>174</u>	<u>107</u>
	<u>1,313</u>	<u>2,616</u>

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

PROFIT AND LOSS ACCOUNT (continued)

6 (Loss)/profit on ordinary activities and extraordinary item before taxation

The following items have been charged/(credited) in the accounts either as part of the (loss)/profit on ordinary activities before taxation or in the extraordinary item.

	<u>1991</u> £000	<u>1990</u> £000
(Profit)/loss on sales of tangible fixed assets	(557)	15
Depreciation of tangible fixed assets	952	745
Amortisation of intangible fixed assets	2	-
Directors' emoluments (note 7)	239	318
Operating lease charges - land and buildings	325	235
Auditors' remuneration	90	94
Group management charges	495	478
Exceptional item - re-organisation costs	381	3
	===	===

7 Directors' emoluments

	<u>1991</u> £000	<u>1990</u> £000
Executive remuneration	239	292
Compensation for loss of office	-	26
	239	318
	===	===
Executive remuneration includes:		
Chairman	-	-
	===	===
Highest paid director	56	55
	===	===

The remuneration of all the directors fell within the following ranges:

£0 - £5,000	2	2
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£40,001 - £45,000	2	-
£45,001 - £50,000	3	4
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

PROFIT AND LOSS ACCOUNT (continued)

8 Staff numbers and costs

The average number of persons employed by the group during the year was as follows:

	<u>1991</u>	<u>1990</u>
Management, administration and sales	195	228
Production	<u>374</u>	<u>398</u>
	569	626
	===	===

The aggregate payroll cost was as follows:

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Wages and salaries	7,621	7,359
Social security costs	<u>599</u>	<u>564</u>
	8,220	7,923
	=====	=====

9 Taxation

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
UK corporation tax at 33.5% (1990 - 35%)		
Current year	1	8
Overprovision	(1)	-
Advance corporation tax	5	11
Overseas taxation	1	2
Relief for overseas taxation	<u>(1)</u>	<u>(2)</u>
	5	19
	===	===

Advance corporation tax recoverable has been surrendered by Lonrho Plc.

UK corporation tax on the results for the year has been reduced by £589,000 (1990 - £274,000) because of losses surrendered for no consideration by other companies in the Lonrho Plc group.

There are also unrelieved taxation losses of £3,036,000 which are to be carried forward and used against future trading profits.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

PROFIT AND LOSS ACCOUNT (continued)

10	<u>Extraordinary item</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
	Loss on closure of Robinson's Steel - a division of Firsteel Strip Mill Products Limited	176	-
	Loss on closure of Kitsons Steelstock (South Wales) - a division of Firsteel Strip Mill Products Limited	-	40
		<u>176</u>	<u>40</u>
		===	===

BALANCE SHEET

11	<u>Fixed assets - Intangible assets</u>	<u>Development</u> <u>expenditure</u> <u>£000</u>	<u>Patents</u> <u>£000</u>	<u>Total</u> <u>£000</u>
	<u>Group</u>			
	Cost:			
	At 1 October 1990	144	3	147
	Additions	-	3	3
	At 30 September 1991	144	6	150
		---	---	---
	Amortisation:			
	At 1 October 1990	-	-	-
	Charge for year	1	1	2
	At 30 September 1991	1	1	2
		---	---	---
	Net book amount:			
	30 September 1991	143	5	148
		===	===	===
	30 September 1990	144	3	147
		===	===	===

The directors are of the opinion that the net capitalised development costs at 30 September 1991 do not reduce the company's distributable reserves at that date.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

12 Fixed assets - Tangible assets

<u>Group</u>	<u>Freehold land and buildings</u> £000	<u>Short leasehold buildings</u> £000	<u>Plant and machinery</u> £000	<u>Fixtures, fittings and equipment</u> £000	<u>Capital work in progress</u> £000	<u>Total</u> £000
Cost or valuation:						
At 1 October 1990	4,719	38	9,969	1,666	3,995	20,387
Reclassification	3,088	-	1,656	(149)	(3,995)	-
Additions	1,500	-	1,063	190	-	2,693
Intra group transfers	-	-	-	23	-	23
Disposals	-	(1)	(541)	(146)	-	(688)
Revaluation surplus	668	-	-	-	-	668
At 30 September 1991	9,975	37	11,487	1,584	-	23,083
Depreciation:						
At 1 October 1990	104	13	5,710	926	-	6,753
Reclassification	-	-	120	(120)	-	-
Charge for the year	95	6	571	280	-	952
Intra group transfers	-	-	-	4	-	4
Disposals	-	(1)	(392)	(128)	-	(521)
Depreciation written back on revaluation	(67)	-	-	-	-	(67)
At 30 September 1991	132	18	6,009	962	-	7,121
Net book amount:						
30 September 1991	9,843	19	5,478	622	-	15,962
30 September 1990	4,615	25	4,259	740	3,995	13,634

The net book amount of £15,962,000 (1990 - £13,634,000) includes £2,348,000 (1990 - £1,750,000) in respect of assets held under lease purchase agreements and finance leases, on which depreciation of £339,000 (1990 - £129,000) has been charged in the year.

During the year interest payments of £342,000 (1990 - £171,000) were capitalised in tangible fixed assets.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

12 Fixed assets - Tangible assets (continued)

	<u>Freehold land and buildings</u>	<u>Short leasehold buildings</u>	<u>Plant and machinery</u>	<u>Fixtures, fittings and equipment</u>	<u>Capital work in progress</u>	<u>Total</u>
	£000	£000	£000	£000	£000	£000
Analysis of closing balance of net book amount:						
Assets at cost	6,339	19	5,478	622	-	12,458
Assets at valuation						
1988	1,146	-	-	-	-	1,146
1991	<u>2,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,358</u>
	<u>9,843</u>	<u>19</u>	<u>5,478</u>	<u>622</u>	<u>-</u>	<u>15,962</u>

Certain properties included in freehold land and buildings were valued as at 30 September 1991 on the basis of Open Market Value for Existing Use purposes by Henry Butcher & Co, Surveyors and Valuers. The other properties were valued as at 30 September 1988.

The net historical cost of revalued assets at 30 September 1991 is as follows:

	<u>1991</u> £000	<u>1990</u> £000
Cost	1,336	1,288
Depreciation	<u>(141)</u>	<u>(206)</u>
Net historical cost	<u>1,195</u>	<u>1,082</u>

In accordance with the group's accounting policy no depreciation has been provided on the following assets with a book amount of:

	<u>1991</u> £000	<u>1990</u> £000
Freehold land	2,607	2,153
Capital work in progress	<u>-</u>	<u>3,995</u>

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

12 Fixed assets - Tangible assets (continued)

<u>Company</u>	<u>Freehold land £000</u>	<u>Plant and machinery £000</u>	<u>Fixtures, fittings and equipment £000</u>	<u>Total £000</u>
Cost:				
At 1 October 1990	8	-	137	145
Additions	-	-	3	3
Intra group transfers	-	700	23	723
Disposals	-	(700)	(45)	(745)
At 30 September 1991	8	-	118	126
Depreciation:				
At 1 October 1990	-	-	67	67
Charge for the year	-	-	25	25
Intra group transfers	-	-	10	10
Disposals	-	-	(27)	(27)
At 30 September 1991	-	-	75	75
Net book amount:				
At 30 September 1991	8	-	43	51
At 30 September 1990	8	-	70	78

The net book amount of £51,000 (1990 - £78,000) includes £22,000 (1990 - £31,000) in respect of assets held under lease purchase agreements on which depreciation of £10,000 (1990 - £7,000) has been charged for the year.

The freehold land was valued as at 30 September 1991 on the basis of Open Market Value for Existing Use purposes by Henry Butcher & Co, Surveyors and Valuers. The historical cost of the freehold land is £7,500.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

13 Fixed assets - Investments

Group

Listed investments

The group, through a subsidiary company, owns 91,392 ordinary shares of 10 rupees each, representing 7.1% of the equity of Graham Firth Steel Products (India) Limited, a company incorporated in India.

The shares of this company are listed on the Bombay Stock Exchange and at 30 September 1991 the listed value was £163,000 (1990 - £259,000). However, in the opinion of the directors, the investment is of nominal value whilst currency exchange restrictions exist between the United Kingdom and India.

Company

Shares in subsidiaries

£000

Shares in group undertakings at cost less
amounts written off:

At 30 September 1991 and
1 October 1990

19,119
=====

The company has the following principal subsidiaries at 30 September 1991 all of which are wholly owned and registered in England:

Nature of business

Firsteel Coated Strip Limited	Pre-coating of aluminium and steel strip
Firsteel Cold Rolled Products Limited	Manufacturers of cold rolled steel strip
Firsteel Distributors Limited	Fabricators and distributors of aluminium sections
Firsteel Strip Mill Products Limited	Processing and distribution of cold reduced, galvanised and hot rolled steel strip and fabricating and shearing of steel plate

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

14	<u>Stocks</u>		<u>1991</u>	<u>1990</u>
			<u>£000</u>	<u>£000</u>
	<u>Group</u>			
	Raw materials and consumables		6,072	10,185
	Work in progress		1,393	1,837
	Finished goods and goods for resale		<u>70</u>	<u>84</u>
			<u>7,535</u>	<u>12,106</u>
15	<u>Asset held for realisation</u>		<u>1991</u>	<u>1990</u>
			<u>£000</u>	<u>£000</u>
	<u>Group</u>			
	Property		<u>160</u>	<u>-</u>
16	<u>Debtors</u>			
		<u>Group</u>	<u>Company</u>	
		<u>1991</u>	<u>1990</u>	<u>1991</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>
	Amounts falling due within one year:			
	Trade debtors	12,823	16,677	-
	Amount owed by parent undertaking	964	-	964
	Amounts owed by fellow subsidiary undertakings	287	390	-
	Amounts owed by own subsidiary undertakings	-	-	475
	Other debtors	166	167	-
	Prepayments and accrued income	<u>224</u>	<u>326</u>	<u>-</u>
		<u>14,464</u>	<u>17,560</u>	<u>1,439</u>
				<u>795</u>

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

17	<u>Creditors</u>	<u>Group</u>		<u>Company</u>	
		<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:					
	Bank overdrafts	6,531	9,474	605	1,173
	Trade creditors	10,784	13,043	-	-
	Amount owed to parent undertaking	-	1,730	-	1,730
	Amounts owed to fellow subsidiary undertakings	1	2	-	-
	Amounts owed to own subsidiary undertakings	-	-	8,367	7,385
	Other creditors:				
	Corporation tax	-	65	-	-
	Other taxation and social security	1,054	371	470	-
	Lease purchase and finance leases	561	484	10	13
	Other	493	180	-	1
	Accruals and deferred income	<u>980</u>	<u>738</u>	<u>15</u>	<u>15</u>
		<u>20,404</u>	<u>26,087</u>	<u>9,467</u>	<u>10,317</u>

	<u>Group</u>		<u>Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due after more than one year:				
Other creditors:				
Unsecured loan	379	378	-	-
Lease purchase and finance leases (repayable within five years)	948	520	1	13
Other	<u>-</u>	<u>21</u>	<u>-</u>	<u>-</u>
	<u>1,327</u>	<u>919</u>	<u>1</u>	<u>13</u>

The unsecured loan is repayable over five years at an interest rate of 1% above bank base rate.

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

18 Provisions for liabilities and charges

Deferred taxation

Group and Company

No provision is made for deferred tax due to there being no reasonable probability that it will become payable in the foreseeable future.

Group

The amount provided for deferred taxation, calculated on the liability method at a rate of corporation tax of 33% (1990 - 35%) and the full potential liability are as follows:

	<u>1991</u>		<u>1990</u>	
	<u>Amount</u>	<u>Full</u>	<u>Amount</u>	<u>Full</u>
	<u>provided</u>	<u>potential</u>	<u>provided</u>	<u>potential</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Excess tax allowances over depreciation provisions	-	1,706	-	1,657
Tax losses and other timing differences	-	(960)	-	23
Advance corporation tax available	-	(1,017)	-	(1,510)
Surplus arising on the revaluation of land and buildings	-	596	-	434
	-	325	-	604
	=====	=====	=====	=====

19 Called up share capital

	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
Authorised:		
7,500,000 ordinary shares of £1 each	<u>7,500</u>	<u>7,500</u>
Allotted, called up and fully paid:		
7,500,000 ordinary shares of £1 each	<u>7,500</u>	<u>7,500</u>

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
 (continued)

BALANCE SHEET (continued)

20	<u>Reserves</u>	<u>Profit and</u>	<u>Revaluation</u>
		<u>loss account</u>	<u>reserve</u>
	<u>Group</u>	<u>£000</u>	<u>£000</u>
	At 1 October 1990		
	Loss for the financial year	7,813	1,124
	Transfer from revaluation reserve	(642)	-
	Revaluation	30	(30)
		<u>-</u>	<u>735</u>
	At 30 September 1991	7,201	1,829
		<u>=====</u>	<u>=====</u>

	<u>Profit and</u>
	<u>loss account</u>
	<u>£000</u>
	At 1 October 1990
	Profit for the financial year
	2,151
	<u>1,479</u>
	At 30 September 1991
	3,630
	<u>=====</u>

Advantage has been taken of the exemption from the requirement to prepare a separate profit and loss account for the holding company.

Profit for the financial year attributable to shareholders of £1,537,000 is dealt with in the financial statements of the holding company (1990 ~ £468,000).

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

21 Commitments

(a) Commitments under operating leases

At 30 September 1991 the group has annual commitments under operating leases as follows:

	<u>1991</u> <u>Land and</u> <u>buildings</u> <u>£000</u>	<u>1990</u> <u>Land and</u> <u>buildings</u> <u>£000</u>
Expiring within 1 year	-	30
Expiring between 2 and 5 years	152	30
Expiring in over 5 years	<u>227</u>	<u>260</u>
	379	320
	<u>===</u>	<u>===</u>

The company has no commitments under operating leases.

(b) Obligations under lease purchase and finance leases

At 30 September 1991 there were net obligations under lease purchase and finance leases as follows:

<u>Group</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Total obligations under lease purchase and finance leases	1,509	1,004
	<u>=====</u>	<u>=====</u>
Repayable as follows:		
Within 1 year	561	484
Between 2 and 5 years	<u>948</u>	<u>520</u>
	1,509	1,004
	<u>=====</u>	<u>=====</u>
 <u>Company</u>		
Total obligations under lease purchase and finance leases	11	26
	<u>=====</u>	<u>=====</u>
Repayable as follows:		
Within 1 year	10	13
Between 2 and 5 years	<u>1</u>	<u>13</u>
	11	26
	<u>=====</u>	<u>=====</u>

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

21 Commitments (continued)

(c) Capital commitments

At 30 September 1991 the group has capital commitments as follows:

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Contracted for but not provided in the accounts	18	1,399
Authorised by the directors but not yet contracted for	—	74
	<u>18</u>	<u>1,473</u>

There are no capital commitments for the company (1990 - £Nil).

(d) Pension costs

The group participated in the funded defined benefits pension scheme operated by the Firsteel Group. The pension cost for the year, which is based on pension costs across the Firsteel Group as a whole, amounted to £Nil (1990 - £Nil). This cost has been assessed in accordance with the advice of qualified actuaries based on formal valuations carried out as at 30 September 1988 using the entry age method of valuation. The actuarial valuation made allowance for the fact that the original two pension schemes were merged during 1990 with resultant changes in benefits and contribution rates. Particulars of this valuation, which indicated that the pension schemes are in surplus, are contained in the accounts of Firsteel Group Limited. An actuarial valuation as at 30 September 1991 is currently being prepared.

22 Contingent liabilities

	<u>Group</u> <u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>	<u>Company</u> <u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
A contingent liability exists in respect of:				
Group value added tax	506	331	832	279
Group bank guarantees	<u>15,500</u>	<u>13,000</u>	<u>21,427</u>	<u>21,322</u>
	<u>16,006</u>	<u>13,331</u>	<u>22,259</u>	<u>21,601</u>

FIRSTEEL STEEL PROCESSING LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1991
(continued)

BALANCE SHEET (continued)

23 Ultimate holding company

The company is a wholly owned subsidiary of Firsteel Group Limited, whose ultimate holding company is Lonrho Plc, a company which is registered in England.