

Registration Number 46450

**Underwood & Company Ltd.**

**Abbreviated Accounts**

**for the year ended 31 December 2000**



## **Underwood & Company Ltd.**

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# **Underwood & Company Ltd.**

## **Directors' Report for the year ended 31 December 2000**

The directors present their report and the accounts for the year ended 31 December 2000.

### **Principal Activity and Review of the Business**

The principal activity of the company continued to be that of builders merchants.

### **Results And Dividends**

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

### **Directors and their Interests**

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares		Preference shares	
	2000	1999	2000	1999
P C Underwood	75	75	-	-
J R E Browne	-	-	-	-

The remainder of the shares of the company are held in beneficial family trusts in which Mr P C Underwood and his family are trustees.

### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Ballard Syree be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on and signed on its behalf by



**Mr R F Underwood**  
Secretary

**Auditors' Report to Underwood & Company Ltd.  
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 16 together with the financial statements of Underwood & Company Ltd. for the year ended 31 December 2000 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31 December 2000, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with that provision.

**Other information**

On we reported as auditors of Underwood & Company Ltd. to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 2000 and our audit report was as follows:

We have audited the financial statements on pages 3 to 15 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historic cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 1 (see continuation page) 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**

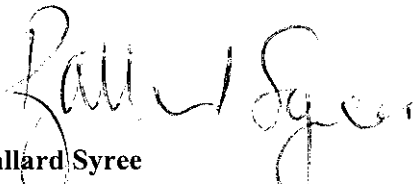
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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.

**Auditors' Report to Underwood & Company Ltd.  
under Section 247B of the Companies Act 1985**

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

With the exception of the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs 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.'



**Ballard Syree**  
**Chartered Accountants and**  
**Registered Auditor**

29 OCTOBER 2001

**Kingswood Road**  
**Hampton Lovatt**  
**Droitwich**  
**Worcestershire**  
**WR9 0QH**

**Underwood & Company Ltd.**

**Abbreviated Profit and Loss Account  
for the year ended 31 December 2000**

		2000	1999
	Notes	£	£
<b>Gross profit</b>		1,616,641	1,758,808
Distribution costs		(925,688)	(1,165,260)
Administrative expenses		(550,228)	(710,089)
<b>Operating profit/(loss)</b>	<b>2</b>	140,725	(116,541)
Profit on sale of Fixed Assets		770,743	
<b>Profit/(loss) on ordinary activities before interest</b>		911,468	(116,541)
Investment income	<b>3</b>	1,000	919
Interest receivable and similar income	<b>4</b>	30	543
Interest payable and similar charges	<b>5</b>	(85,879)	(91,488)
<b>Profit/(loss) on ordinary activities before taxation</b>		826,619	(206,567)
Tax on profit/(loss) on ordinary activities	<b>7</b>	(32,949)	-
<b>Retained profit/(loss) for the year</b>		793,670	(206,567)
Retained profit brought forward		1,692,896	1,899,463
<b>Retained profit carried forward</b>		2,486,566	1,692,896

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 16 form an integral part of these financial statements.

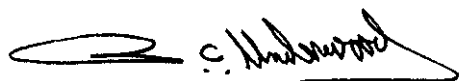
# Underwood & Company Ltd.

## Balance Sheet as at 31 December 2000

		2000	1999
	Notes	£	£
<b>Fixed Assets</b>			
Tangible assets	8	2,172,565	2,416,879
Investments	9	3,208	3,206
		<u>2,175,773</u>	<u>2,420,085</u>
<b>Current Assets</b>			
Stocks	10	21,877	659,829
Debtors	11	555,789	1,218,132
Cash at bank and in hand		243,259	3,841
		<u>820,925</u>	<u>1,881,802</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(488,226)</u>	<u>(1,905,056)</u>
<b>Net Current Assets/(Liabilities)</b>		<u>332,699</u>	<u>(23,254)</u>
<b>Total Assets Less Current Liabilities</b>		2,508,472	2,396,831
<b>Creditors: amounts falling due after more than one year</b>	13	-	(682,029)
<b>Net Assets</b>		<u>2,508,472</u>	<u>1,714,802</u>
<b>Capital and Reserves</b>			
Called up share capital	14	9,656	9,656
Other reserves	15	12,250	12,250
Profit and loss account	15	2,486,566	1,692,896
<b>Shareholders' Funds</b>	16	<u>2,508,472</u>	<u>1,714,802</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The abbreviated accounts were approved by the Board on and signed on its behalf by



P C Underwood  
Director

27/10/01

The notes on pages 8 to 16 form an integral part of these financial statements.

**Underwood & Company Ltd.**

**Cash Flow Statement  
for the year ended 31 December 2000**

	Notes	2000 £	1999 £
<b>Reconciliation of operating profit/(loss) to net cash inflow from operating activities</b>			
Operating profit/(loss)		140,725	(116,541)
Depreciation		66,152	142,237
Decrease in stocks		637,952	102,562
Decrease in debtors		662,343	(539,113)
(Decrease) in creditors		(793,321)	506,009
<b>Net cash inflow from operating activities</b>		<u>713,851</u>	<u>95,154</u>

**CASH FLOW STATEMENT**

Net cash inflow from operating activities		713,851	95,154
Returns on investments and servicing of finance	19	(84,849)	(90,026)
Taxation	19	(1,908)	-
Capital expenditure	19	178,162	53,085
Acquisitions and disposals	19	770,741	-
		<u>1,575,997</u>	<u>58,213</u>
Financing	19	(832,530)	449,450
<b>Increase in cash in the year</b>		<u>743,467</u>	<u>507,663</u>

**Reconciliation of net cash flow to movement in net funds (Note 20)**

<b>Increase in cash in the year</b>		743,467	507,663
Cash outflow from increase in debts and lease financing		832,530	(449,450)
Change in net funds resulting from cash flows		1,575,997	58,213
New finance leases and hire purchase contracts		-	(66,230)
<b>Movement in net funds in the year</b>		<u>1,575,997</u>	<u>(8,017)</u>
<b>Net debt at 1 January 2000</b>		(1,559,508)	(1,551,491)
<b>Net funds at 31 December 2000</b>		<u>16,489</u>	<u>(1,559,508)</u>



# Underwood & Company Ltd.

## Cash Flow Statement for the year ended 31 December 2000

	2000		1999	
	£	£	£	£
<b>Cash generated from operations</b>				
<b>Operating profit/(loss)</b>	140,725		(116,541)	
Reconciliation to cash generated from operations:				
Depreciation	66,152		142,237	
Decrease in stocks	637,952		102,562	
Decrease in trade debtors	704,143		(238,782)	
(Increase) in other debtors	(41,800)		(300,331)	
(Decrease) in trade creditors	(686,770)		524,324	
(Decrease) in other creditors	(106,551)		(18,315)	
		713,851		95,154
<b>Cash from other sources</b>				
Interest received	30		543	
Dividends received	1,000		919	
New short term bank borrowings	-		550,000	
Proceeds from sales of tangible fixed assets	282,356		165,706	
Receipts on disposal of group interests	770,743		-	
		1,054,129		717,168
<b>Application of cash</b>				
Interest paid	(85,879)		(91,488)	
Tax paid	(1,908)		-	
Purchase of tangible fixed assets	(104,194)		(112,621)	
Repayment of short term bank borrowings	(780,482)		(86,368)	
Capital element of hire purchase contracts	(52,048)		(14,182)	
Payments on acquisition of group interests	(2)		-	
		(1,024,513)		(304,659)
<b>Net increase in cash in the year</b>		743,467		507,663
Cash at bank and in hand less overdrafts at beginning of year		(726,978)		(1,234,641)
<b>Cash at bank and in hand less overdrafts at end of year</b>		16,489		(726,978)
Consisting of:				
Cash at bank and in hand		243,259		3,841
Overdrafts		(226,770)		(730,819)
		16,489		(726,978)

## **Underwood & Company Ltd.**

### **Notes to the Abbreviated Financial Statements for the year ended 31 December 2000**

#### **1. Accounting Policies**

##### **1.1. Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	10% - 25% Straight Line
Motor vehicles	-	25% Straight Line

##### **1.4. Leasing**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

##### **1.5. Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

##### **1.6. Stock**

Stock is valued at the lower of cost and net realisable value.

##### **1.7. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

##### **1.8. Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

##### **1.9. Group accounts**

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

**Underwood & Company Ltd.**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 2000**

..... continued

<b>2. Operating profit/(loss)</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off tangible assets	76,283	97,534
Auditors' remuneration	<u>6,500</u>	<u>6,500</u>
and after crediting:		
Profit on disposal of tangible fixed assets	<u>10,131</u>	<u>(44,703)</u>
<b>3. Income from investments</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Income from investments	<u>1,000</u>	<u>919</u>
<b>4. Interest receivable and similar income</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Bank interest	<u>30</u>	<u>543</u>
<b>5. Interest payable and similar charges</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
On loans and overdrafts	<u>85,879</u>	<u>91,488</u>

# Underwood & Company Ltd.

## Notes to the Abbreviated Financial Statements for the year ended 31 December 2000

..... continued

### 6. Employees

#### Number of employees

The average monthly numbers of employees  
(including the directors) during the year were:

	2000	1999
Management	15	15
Selling and Distribution	52	53
	<u>67</u>	<u>68</u>

#### Employment costs

	2000 £	1999 £
Wages and salaries	817,804	1,037,105
Social security costs	9,737	14,788
Other pension costs	34,659	23,115
	<u>862,200</u>	<u>1,075,008</u>

### 6.1. Directors' emoluments

	2000 £	1999 £
Remuneration and other emoluments	26,093	70,304
Pension contributions	19,196	3,273
	<u>45,289</u>	<u>73,577</u>

### 7. Taxation

	2000 £	1999 £
<b>UK current year taxation</b>		
UK Corporation Tax at 25% (1999 - -%)	<u>32,949</u>	<u>-</u>

**Underwood & Company Ltd.**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 2000**

..... continued

**8. Tangible fixed assets**

	<b>Land and buildings freehold</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2000	2,174,515	754,432	263,906	3,192,853
Additions	37,062	1,580	65,552	104,194
Disposals	(41,057)	(746,405)	(317,938)	(1,105,400)
At 31 December 2000	<u>2,170,520</u>	<u>9,607</u>	<u>11,520</u>	<u>2,191,647</u>
<b>Depreciation</b>				
At 1 January 2000	-	621,340	154,634	775,974
On disposals	-	(651,552)	(181,623)	(833,175)
Charge for the year	-	37,774	38,509	76,283
At 31 December 2000	<u>-</u>	<u>7,562</u>	<u>11,520</u>	<u>19,082</u>
<b>Net book values</b>				
At 31 December 2000	<u>2,170,520</u>	<u>2,045</u>	<u>-</u>	<u>2,172,565</u>
At 31 December 1999	<u>2,174,515</u>	<u>133,092</u>	<u>109,272</u>	<u>2,416,879</u>

**9. Fixed Asset Investments**

	<b>Subsidiary Undertakings Shares</b>	<b>Other Unlisted Investments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2000	-	3,206	3,206
Additions	2	-	2
At 31 December 2000	<u>2</u>	<u>3,206</u>	<u>3,208</u>
<b>Net book values</b>			
At 31 December 2000	<u>2</u>	<u>3,206</u>	<u>3,208</u>
At 31 December 1999	<u>-</u>	<u>3,206</u>	<u>3,206</u>

# Underwood & Company Ltd.

## Notes to the Abbreviated Financial Statements for the year ended 31 December 2000

..... continued

### 9.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held Class	
<b>Subsidiary undertaking</b>				
Underwood Steel Stockholders Ltd.	UK	Steel Stockholders	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Underwood Steel Stockholders Ltd.	(33,861)	(39,072)

Investments in subsidiary undertakings were obtained on 1st October 2000.

### 10. Stocks

	2000 £	1999 £
Finished goods and goods for resale	<u>21,877</u>	<u>659,829</u>

### 11. Debtors

	2000 £	1999 £
Trade debtors	131,736	835,879
Amount owed by connected companies	266,729	261,418
Other debtors	157,324	250
Prepayments and accrued income	-	120,585
	<u>555,789</u>	<u>1,218,132</u>

**Underwood & Company Ltd.**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 2000**

..... continued

<b>12. Creditors: amounts falling due within one year</b>	<b>2000 £</b>	<b>1999 £</b>
Bank overdraft	226,770	730,819
Bank loan	-	132,204
Payments received on account	5,000	-
Net obligations under finance leases and hire purchase contracts	-	18,297
Trade creditors	90,840	777,610
Corporation tax	32,949	1,908
Other taxes and social security costs	9,464	78,270
Directors' accounts	92,085	121,510
Other creditors	16,383	4,778
Accruals and deferred income	14,735	39,660
	<u>488,226</u>	<u>1,905,056</u>

Bank borrowings are secured by a fixed charge on the freehold property and the book debts of the company.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

<b>13. Creditors: amounts falling due after more than one year</b>	<b>2000 £</b>	<b>1999 £</b>
Bank loan	-	648,278
Net obligations under finance leases and hire purchase contracts	-	33,751
	<u>-</u>	<u>682,029</u>
<b>Loans</b>		
Repayable in five years or more	-	(205,850)
	<u>-</u>	<u>(205,850)</u>

Bank loans are repayable by monthly installments. Interest is charged at 1.5% over the bank's base rate.

# Underwood & Company Ltd.

## Notes to the Abbreviated Financial Statements for the year ended 31 December 2000

..... continued

14. Share capital	2000 £	1999 £
<b>Authorised</b>		
7,311 Ordinary shares of £1 each	7,311	7,311
2,689 Preference shares of £1 each	2,689	2,689
	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
6,967 Ordinary shares of £1 each	6,967	6,967
2,689 Preference shares of £1 each	2,689	2,689
	<u>9,656</u>	<u>9,656</u>

The preference shares of £1 each carry the right to receive a cumulative preference dividend at a rate of 4.32%. Shares are non-voting and in the event of a winding up, shareholders are entitled to a repayment of capital and a right to participate in the surplus assets, limited to £29 per share.

15. Reserves	Profit and loss account £	Capital redemption reserve £	Special reserve £	Total £
<b>At 1 January 2000</b>	1,692,896	2,250	10,000	1,705,146
Retained profit/(loss) for the year	793,670			793,670
<b>At 31 December 2000</b>	<u>2,486,566</u>	<u>2,250</u>	<u>10,000</u>	<u>2,498,816</u>

16. Reconciliation of movements in shareholders' funds	2000 £	1999 £
Profit/(loss) for the year	793,670	(206,567)
Opening shareholders' funds	1,714,802	1,921,369
	<u>2,508,472</u>	<u>1,714,802</u>



# Underwood & Company Ltd.

## Notes to the Abbreviated Financial Statements for the year ended 31 December 2000

..... continued

### 17. Contingent liabilities

There are unlimited multilateral guarantees in respect of intercompany indebtedness to the bank.

### 18. Related party transactions

During the year purchases and sales were made on a normal trading basis with Underwoods Steel Stockholders Limited.

### 19. Gross Cash Flows

	2000 £	1999 £
<b>Returns on investments and servicing of finance</b>		
Interest received	30	543
Interest paid	(85,879)	(91,488)
Dividends received	1,000	919
	<u>(84,849)</u>	<u>(90,026)</u>
<b>Taxation</b>		
Corporation tax paid	<u>(1,908)</u>	<u>-</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(104,194)	(112,621)
Receipts from sales of tangible assets	282,356	165,706
	<u>178,162</u>	<u>53,085</u>
<b>Acquisitions and disposals</b>		
Receipts on disposal of group interests	770,743	-
Payments on acquisition of group interests	(2)	-
	<u>770,741</u>	<u>-</u>
<b>Financing</b>		
New short term bank loan	-	550,000
Repayment of short term bank loan	(780,482)	(86,368)
Capital element of finance leases and hire purchase contracts	(52,048)	(14,182)
	<u>(832,530)</u>	<u>449,450</u>

**Underwood & Company Ltd.**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 2000**

..... continued

**20. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	3,841	239,418		243,259
Overdrafts	(730,819)	504,049		(226,770)
	<u>(726,978)</u>	<u>743,467</u>		<u>16,489</u>
Debt due within one year	(132,204)	780,482	(648,278)	-
Debt due after one year	(648,278)	-	648,278	-
Finance leases and hire purchase contracts	(52,048)	52,048	-	-
	<u>(832,530)</u>	<u>832,530</u>	<u>-</u>	<u>-</u>
<b>Net funds</b>	<u><u>(1,559,508)</u></u>	<u><u>1,575,997</u></u>	<u><u>-</u></u>	<u><u>16,489</u></u>