

'REGISTRAR'

A B R A M P U L M A N & S O N S L T D.

Number  
56547 Registered in England

WALTON STREET

SOWERBY BRIDGE

WEST YORKSHIRE

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STATEMENT OF ACCOUNTS

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YEAR ENDED 31ST DECEMBER 1997



DIRECTORS' REPORT

for the year ended 31st December 1997

Registered Office  
Walton Street, Sowerby Bridge, West Yorkshire

Number  
56547 Registered in England

Review

The company has continued its business of Steel Stockholders. The profit for the year was £94,388 and the financial position is considered satisfactory.

The Future

Forecasts for 1998 suggest that due to intense competition there will be further pressure on margins. To mitigate the effect of this the directors hope to increase sales volumes by continuing to seek new customers.

Dividend

A dividend of 160% is proposed this will absorb £38,456 and the remaining profit of £55,932 will be transferred to reserves.

Directors

The directors who held office during the year are set out below together with their interests in the shares of the company:-

	<u>Shares Held</u>	
	<u>31st December</u> <u>1997</u>	<u>31st December</u> <u>1996</u>
C. R. Shoesmith	600	737
D. J. Horner	65	65
Mrs. R. M. Shoesmith	47	10
D. N. Shoesmith	550	500

Fixed Assets

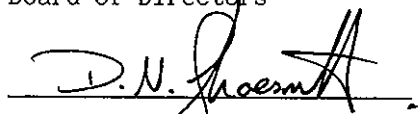
The movements in fixed assets during the year are set out in note 1 of the notes to the Balance Sheet.

In the opinion of the directors the market value of the company's Freehold Land and Buildings exceeds the book value of £213,016 shown in the financial statements but are unable to quantify the excess since no recent professional valuation has been carried out.

Auditors

A resolution proposing the re-appointment of Sutcliffe & Riley as auditors to the company will be put to the Annual General Meeting.

Signed on behalf of the  
Board of Directors



D N SHOESMITH  
Director

Approved by the Board: 26th February 1998

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF ABRAM PULMAN & SONS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

Respective Responsibilities of Directors and Auditors

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 of the company for that period. In preparing those financial statements, the directors are required to:

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) State whether applicable accounting standards have been followed, and explain in the financial statements any material departures therefrom;
- (d) 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 also 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.

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.

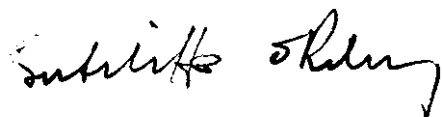
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity 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 31st December 1997 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Fountain Chambers  
HALIFAX

26th February 1998



SUTCLIFFE & RILEY  
Chartered Accountants  
Registered Auditors

STATEMENT OF ACCOUNTING POLICIES

31st December 1997

- (1) The accounts are prepared in accordance with the accounting practice principles set out in paragraphs 10 to 14 of Schedule 4 Part II Section A to the Companies Act 1985 and with applicable accounting standards.
- (2) Depreciation on tangible fixed assets is provided at rates calculated to write off the assets over their useful lives taking account of any residual value thereof. The principal rates used are:

Freehold Land & Buildings	5% p.a. reducing balance
Plant & Machinery	10% p.a. reducing balance
Cranes	20% p.a. reducing balance
Fixtures & Fittings, Office Furniture & Equipment	10% p.a. reducing balance
Motor Vehicles	25% p.a. reducing balance
Computer Equipment	25% p.a. reducing balance
- (3) Stock is valued at the lower of cost or net realisable value. For this purpose cost comprises cost of direct materials and labour.
- (4) Provision is made for taxation deferred by timing differences only where such differences are likely to be reversed within three years.
- (5) Turnover represents the value of goods sold by the company excluding VAT.
- (6) The company contributes to a defined contribution pension scheme. The assets of the scheme are held in a separately identifiable fund. The charge in the profit and loss account represents payments made to the scheme during the year.

A B R A M P U L M A N & S O N S L T D

PROFIT & LOSS ACCOUNT

for the year ended 31st December 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Turnover		3,040,444	3,071,384
Cost of Sales		<u>2,055,855</u>	<u>2,060,585</u>
<u>GROSS PROFIT ON CONTINUING OPERATIONS</u>		984,589	1,010,799
Distribution Costs	776,958		765,502
Administrative Expenses	<u>151,693</u>	<u>928,651</u>	<u>142,393</u>
<u>OPERATING PROFIT ON CONTINUING OPERATIONS</u>	(1)	55,938	102,904
Interest Receivable	(2)	<u>70,673</u>	<u>65,170</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		126,611	168,074
Taxation on Profit on Ordinary Activities	(3)	<u>32,223</u>	<u>43,758</u>
<u>PROFIT FOR THE FINANCIAL YEAR</u>		94,388	124,316
Ordinary Dividends - Equity Shares		<u>38,456</u>	<u>38,456</u>
<u>RETAINED PROFITS</u>		55,932	85,860
Retained Profits Brought Forward		<u>2,541,203</u>	<u>2,455,343</u>
<u>RETAINED PROFITS CARRIED FORWARD</u>		<u>£ 2,597,135</u> =====	<u>£ 2,541,203</u> =====

The notes on page 5 form part of this account

NOTES TO THE PROFIT & LOSS ACCOUNT

31st December 1997

	<u>1997</u>	<u>1996</u>
(1) The Operating Profit is stated after charging (crediting):		
Wages & Salaries	£ 452,712	£ 437,071
Social Security Costs	£ 54,876	£ 53,092
Pension Costs	£ 4,198	£ 9,980
Auditors' Remuneration	£ 4,500	£ 4,100
Directors' Emoluments	£ 117,574	£ 111,322
Director's Pension Costs	£ 12,000	£ 9,975
Depreciation on Tangible Fixed Assets	£ 81,885	£ 92,037
Surplus on Disposal of Tangible Fixed Assets	£ -	£ (4,934)
The director's pension costs relate to contributions to a money purchase pension scheme for one director.		
(2) Interest Receivable:		
Interest Receivable and Similar Income	£ 70,673	£ 65,170
	=====	=====
(3) Taxation on Profit on Ordinary Activities:		
UK Corporation Tax at 24% and 21% based on the profit for the year (1996 25% and 24%)	27,886	42,161
Deferred Tax	4,337	1,597
	£ 32,223	£ 43,758
	=====	=====
The charge for corporation tax has been reduced due to excess of capital allowances over depreciation (1996 reduced)	£ 2,694	£ 1,106
	=====	=====
(4) The average number of employees was	36	36
	==	==
(5) The company has no recognised gains or losses other than the profit for the year and therefore does not provide a statement of recognised gains and losses.		

A B R A M P U L M A N & S O N S L T D

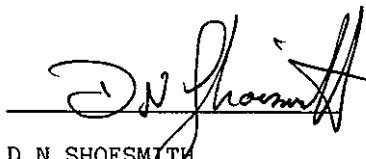
BALANCE SHEET

as at 31st December 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS</u>			
Tangible Assets	(1)	585,871	594,593
<u>CURRENT ASSETS</u>			
Stock & Work in Progress	(2)	480,472	540,061
Debtors	(3)	774,700	775,067
Investment - Short Term Deposit		927,759	729,475
Cash in Hand and Bank		266,060	333,448
		<u>2,448,991</u>	<u>2,378,051</u>
<u>CREDITORS PAYABLE WITHIN ONE YEAR</u>	(4)	<u>386,714</u>	<u>384,765</u>
<u>NET CURRENT ASSETS</u>		<u>2,062,277</u>	<u>1,993,286</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>2,648,148</u>	<u>2,587,879</u>
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
	(5)	26,478	22,141
		<u>£ 2,621,670</u>	<u>£ 2,565,738</u>
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	(6)	24,035	24,035
Reserves	(7)	500	500
Profit & Loss Account		<u>2,597,135</u>	<u>2,541,203</u>
<u>EQUITY SHAREHOLDERS' FUNDS</u>		<u>£ 2,621,670</u>	<u>£ 2,565,738</u>
		=====	=====

The notes on pages 7 and 8 form part of this account

Signed on behalf of the  
Board of Directors

  
D N SHOESMITH  
Director

Approved by the Board: 26th February 1998

NOTES TO THE BALANCE SHEET

31st December 1997

(1) Tangible Fixed Assets are:

	<u>Freehold</u> <u>Land &amp;</u> <u>Buildings</u>	<u>Plant</u> <u>&amp;</u> <u>Machinery</u>	<u>Fixtures</u> <u>Fittings</u> <u>Office</u> <u>Furniture</u> <u>&amp; Equipment</u>	<u>Motor</u> <u>Vehicles</u>	<u>Total</u>
<u>Cost</u>					
1.1.97	463,954	496,700	125,598	318,241	1,404,493
Additions	-	62,641	10,522	-	73,163
31.12.97	£ 463,954	£ 559,341	£ 136,120	£ 318,241	£ 1,477,656
<u>Depreciation</u>					
1.1.97	239,727	300,518	90,261	179,394	809,900
Years Charge	11,211	27,072	8,890	34,712	81,885
31.12.97	£ 250,938	£ 327,590	£ 99,151	£ 214,106	£ 891,785
<u>Book Value</u>					
31.12.97	£ 213,016	£ 231,751	£ 36,969	£ 104,135	£ 585,871
31.12.96	£ 224,227	£ 196,182	£ 35,337	£ 138,847	£ 594,593

	<u>1997</u>	<u>1996</u>
(2) Stock & Work in Progress comprise:		
Raw Materials	474,999	531,144
Work in Progress	5,473	8,917
	£ 480,472	£ 540,061
(3) Debtors comprise:		
Trade Debtors	774,700	775,067
Other Debtors	-	-
	£ 774,700	£ 775,067
(4) Creditors falling due within one year are:		
Trade Creditors	170,139	157,563
Corporation Tax	18,255	31,512
Taxation & Social Security	37,593	32,550
Accruals	122,271	124,684
Proposed Dividend	38,456	38,456
	£ 386,714	£ 384,765



A B R A M P U L M A N & S O N S L T D

NOTES TO THE BALANCE SHEET CONTINUED

31st December 1997

	<u>1997</u>	<u>1996</u>
(5) Provision for liabilities and charges are:		
Taxation deferred by Capital Allowances	36,092	31,755
Less Advance Corporation Tax	<u>9,614</u>	<u>9,614</u>
	£ 26,478	£ 22,141
	=====	=====
(6) The called up share capital is:		
Authorised: £5 Ordinary Shares - Equity	£ 25,000	£ 25,000
	=====	=====
Allotted & Fully Paid: £5 Ordinary Shares - Equity	£ 24,035	£ 24,035
	=====	=====
(7) Reserves are:		
Capital Reserve	312	312
Share Premium Account	<u>188</u>	<u>188</u>
	£ 500	£ 500
	=====	=====
(8) Capital Commitments:		
- Capital expenditure authorised by the directors:		
a) For which contracts had been placed	£ 15,000	£ 61,000
b) Not yet subject to contract	£ -	£ -
(9) There is a contingent liability in respect of corporation tax on the capital gain arising on the sale of Freehold Property, which has been rolled over against the cost of new buildings acquired. Additional Capital Gains Tax likely to arise on future sale of the Freehold Property is estimated to be	£ 41,000	£ 41,000
	=====	=====
(10) Reconciliation of movements in Shareholders' Funds:		
Profit for the Financial Year	94,388	124,316
Dividends	<u>38,456</u>	<u>38,456</u>
Net Additions to Shareholders' Funds	55,932	85,860
Opening Shareholders' Funds	<u>2,565,738</u>	<u>2,479,878</u>
Closing Shareholders' Funds	£ 2,621,670	£ 2,565,738
	=====	=====

CASH FLOW STATEMENT

for the year ended 31st December 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>Reconciliation of Operating Profit with net Cash Flow from Operating Activities</u>			
Operating profit on continuing activities		55,938	102,904
Depreciation charges and adjustments on sale of fixed assets		81,885	87,103
Decrease (Increase) in Stocks		59,589	(8,329)
Decrease (Increase) in Debtors		367	130,458
Increase (Decrease) in Creditors		15,206	(647)
Net cash flow from operating activities		£ 212,985	£ 311,489
		=====	=====
<u>Cash Flow Statement</u>			
Net cash flow from operating activities above		212,985	311,489
Returns on investments less servicing of finance	1(a)	70,673	65,170
Taxation Paid		(41,143)	(67,679)
Capital Expenditure	1(b)	(73,163)	(167,505)
		169,352	141,475
Equity Dividends Paid		(38,456)	(42,061)
		130,896	99,414
Management of Liquid Resources Financing	1(c)	(40,344)	(150,381)
		-	-
Increase (Reduction) in cash in period		£ 90,552	£ (50,967)
		=====	=====
<u>Reconciliation of Cash Flow with Movement in Net Funds (Debt)</u>			
Increase (Reduction) in cash in period as above		90,552	(50,967)
Cash used to Increase (Reduce) Liquid Resources	1(c)	40,344	150,381
Change in Net Funds (Debt)		130,896	99,414
Net Funds (Debt) on 1/1/97	2	1,062,923	963,509
Net Funds (Debt) on 31/12/97	2	£ 1,193,819	£ 1,062,923
		=====	=====

The notes on page 10 form part of this statement

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31st December 1997

	<u>1997</u>	<u>1996</u>
(1) <u>Gross Cash Flows</u>		
(a) <u>Returns on investment and servicing of finance</u>		
Interest Received	70,673	65,170
Interest Paid	-	-
	<u>£ 70,673</u>	<u>£ 65,170</u>
	=====	=====
(b) <u>Capital Expenditure</u>		
Payments to acquire fixed assets:		
Tangible	(73,163)	(185,545)
Intangible	-	-
Receipts from sale of tangible fixed assets	-	18,040
	<u>£ (73,163)</u>	<u>£ (167,505)</u>
	=====	=====
(c) <u>Management of Liquid Resources</u>		
Placed on deposits at notice	(1,318,199)	(1,277,855)
Withdrawn from deposits at notice	1,277,855	1,127,474
	<u>£ (40,344)</u>	<u>£ (150,381)</u>
	=====	=====
(d) <u>Financing</u>		
No Financing was undertaken in the Period	£ -	£ -
	=====	=====

(2) Analysis of Changes in Net Funds (Debt)

	<u>1/1/97</u>	<u>31/12/97</u>	<u>Cash Flows</u>	
			<u>1997</u>	<u>1996</u>
Cash in hand and at bank				-
Overdrafts (note)	(214,932)	(124,380)	90,552	(50,967)
			<u>90,552</u>	<u>(50,967)</u>
Debt due within 1 Year	-	-	-	-
Debt due after 1 Year	-	-	-	-
Current Asset Investments	1,277,855	1,318,199	40,344	150,381
Net Funds (Debt)	<u>£ 1,062,923</u>	<u>£ 1,193,819</u>	<u>£ 130,896</u>	<u>£ 99,414</u>
	=====	=====	=====	=====

Note: "Overdrafts" includes uncleared payment cheques issued prior to 31st December. Funds at notice are made available to meet such cheques prior to presentation and it is not the company's policy to overdraw any account.