

"REGISTRAR"

ABRAM PULMAN & SONS LTD

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STATEMENT OF ACCOUNTS

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YEAR ENDED 31<sup>ST</sup> DECEMBER 2000

Number

56547 Registered in England

Address

WALTON STREET

SOWERBY BRIDGE

WEST YORKSHIRE



ABRAM PULMAN & SONS LTD

DIRECTORS' REPORT

for the year ended 31<sup>st</sup> December 2000

Registered Office  
Walton Street, Sowerby Bridge, West Yorkshire

Number  
56547 Registered in England

Review

The company has continued its business of Steel Stockholders. The loss for the year was £166,753 but the financial position is considered satisfactory.

The Future

Forecasts for 2001 suggest that trading conditions will continue to be extremely difficult.

However the Directors believe the company is well placed to take advantage of any upturn in business and are hopeful that a return to profitability will be achieved.

Purchase of Own Shares

Following a written resolution authorising the company to purchase its own shares 3,403 ordinary £5 shares were purchased on 20<sup>th</sup> September 2000 for a total consideration of £614,400 including expenses this represented 70.8% of the issued share capital at that time. The maximum number of ordinary £5 shares in issue during the year was 4,807 the number of ordinary £5 shares now in issue stands at 1,404.

Dividend

A dividend of 100% is proposed amounting to £7,020 which when added to the loss for the year gives a deficit of £173,773 to be deducted from the retained profits brought forward.

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>31st December</u>
		<u>2000</u>	<u>1999</u>
		<u>or Date of Appointment if later</u>	
C R Shoesmith	(resigned 1 <sup>st</sup> January 2000)	-	600
D J Horner	(resigned 1 <sup>st</sup> January 2000)	-	65
Mrs R M Shoesmith	(resigned 1 <sup>st</sup> January 2000)	-	47
D N Shoesmith		550	550
J C Horner	(appointed 1 <sup>st</sup> January 2000)	10	10

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 Land and Buildings exceeds the book value of £411,657 shown in the financial statements but are unable to quantify the excess since no recent professional valuation has been carried out.

ABRAM PULMAN & SONS LTD

DIRECTORS' REPORT CONTINUED

for the year ended 31<sup>st</sup> December 2000

Registered Office  
Walton Street, Sowerby Bridge, West Yorkshire

Number  
56547 Registered in England

Charitable Donations

Charitable donations during the year amounted to £325 (1999 £325). No political donations were made.

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: 26<sup>th</sup> February 2001

## REPORT OF THE AUDITORS

### TO THE SHAREHOLDERS OF ABRAM PULMAN & SONS LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

#### 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 2000 and of its loss and cash flow for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

3 Central Street  
HALIFAX

26<sup>th</sup> February 2001

*Sutcliffe & Riley*

SUTCLIFFE & RILEY  
Chartered Accountants  
Registered Auditors

ABRAM PULMAN & SONS LTD

STATEMENT OF ACCOUNTING POLICIES

31<sup>st</sup> December 2000

- (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:

Leasehold Land & Buildings	Over the outstanding term of the Lease
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.
- (7) The rental cost of assets acquired under operating leases is charged directly to the Profit & Loss Account.

ABRAM PULMAN & SONS LTD

PROFIT & LOSS ACCOUNT

for the year ended 31<sup>st</sup> December 2000

	<u>Notes</u>	<u>2000</u>		<u>1999</u>
Turnover	(1)	3,504,076		2,713,236
Cost of Sales		<u>2,299,364</u>		<u>1,669,367</u>
<u>GROSS PROFIT ON CONTINUING OPERATIONS</u>		1,204,712		1,043,869
Distribution Costs	1,128,912		1,035,920	
Administrative Expenses	<u>307,429</u>	<u>1,436,341</u>	<u>226,510</u>	<u>1,262,430</u>
<u>OPERATING LOSS ON CONTINUING OPERATIONS</u>	(2)	(231,629)		(218,561)
Interest Receivable	(3)	<u>49,597</u>		<u>63,704</u>
<u>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		(182,032)		(154,857)
Taxation	(4)	<u>(15,279)</u>		<u>(40,792)</u>
<u>LOSS FOR THE FINANCIAL YEAR</u>		(166,753)		(114,065)
Ordinary Dividends - Equity Shares		<u>7,020</u>		<u>24,035</u>
<u>DEFICIT</u>		(173,773)		(138,100)
Retained Profits Brought Forward		<u>2,460,314</u>		<u>2,598,414</u>
		2,286,541		2,460,314
Cost of Purchase of Own Shares		<u>614,400</u>		<u>-</u>
<u>RETAINED PROFITS CARRIED FORWARD</u>		£ <u>1,672,141</u>		£ <u>2,460,314</u>

The notes on page 6 form part of this account

ABRAM PULMAN & SONS LTD

NOTES TO THE PROFIT & LOSS ACCOUNT

31<sup>st</sup> December 2000

2000

1999

(1) Turnover:

The whole of the company's turnover relates to the United Kingdom and is attributable to its principal activity of steel stockholders.

(2) The Operating Loss is stated after charging/(crediting):

Wages & Salaries	£ 617,157	£ 565,454
Social Security Costs	£ 74,718	£ 61,681
Pension Costs	£ 7,285	£ 16,132
Auditors' Remuneration	£ 4,800	£ 4,600
Directors' Emoluments	£ 150,114	£ 110,945
Directors' Pension Costs	£ 32,325	£ 15,000
Depreciation on Tangible Fixed Assets	£ 89,324	£ 86,772
Surplus on Disposal of Tangible Fixed Assets	£ -	£ (735)
Operating Lease Rentals - Motor Vehicles	£ 27,055	£ 20,755
Operating Lease Rentals - Land & Buildings	£ 1,833	£ -

The directors' pension costs relate to contributions to a money purchase pension scheme for two directors.

(3) Interest Receivable:

Bank Interest Received	52,331	63,704
Other Interest Received	36	-
Interest on Bank Overdraft repayable within 5 years	(2,704)	(-)
Other Interest Paid	(66)	(-)
	<u>£ 49,597</u>	<u>£ 63,704</u>

(4) Taxation on Loss on Ordinary Activities:

UK Corporation Tax Repayable on the results for the year	(-)	(10,272)
Tax Payable under S419 ICTA 1988	2,500	-
Supplement on Corporation Tax Repayment	(190)	(-)
Deferred Tax	(17,589)	(30,520)
	<u>£ (15,279)</u>	<u>£ (40,792)</u>

(5) The average number of employees was

43

41

(6) The company has no recognised gains or losses other than the loss for the year and therefore does not provide a statement of recognised gains and losses.

ABRAM PULMAN & SONS LTD

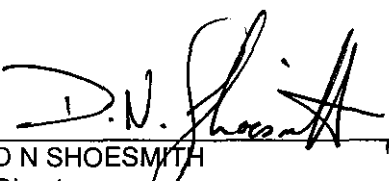
BALANCE SHEET

as at 31<sup>st</sup> December 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
<u>FIXED ASSETS</u>			
Tangible Assets	(1)	757,736	774,943
Investments	(2)	<u>15,000</u>	<u>772,736</u>
			<u>774,943</u>
<u>CURRENT ASSETS</u>			
Stock & Work in Progress	(3)	470,575	416,707
Debtors	(4)	1,010,447	960,082
Investment - Short Term Deposit		255,712	1,055,309
Cash in Hand and Bank		<u>59</u>	<u>467</u>
		1,736,793	2,432,565
<u>CREDITORS PAYABLE WITHIN ONE YEAR</u>	(5)	<u>812,853</u>	<u>705,070</u>
<u>NET CURRENT ASSETS</u>		<u>923,940</u>	<u>1,727,495</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>1,696,676</u>	<u>2,502,438</u>
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	(6)	<u>-</u>	<u>17,589</u>
		<u>£ 1,696,676</u>	<u>£ 2,484,849</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	(7)	7,020	24,035
Reserves	(8)	17,515	500
Profit & Loss Account		<u>1,672,141</u>	<u>2,460,314</u>
<u>EQUITY SHAREHOLDERS' FUNDS</u>		<u>£ 1,696,676</u>	<u>£ 2,484,849</u>

The notes on pages 8 to 10 form part of this account

Signed on behalf of the  
Board of Directors

  
D N SHOESMITH  
Director

Approved by the Board: 26<sup>th</sup> February 2001



ABRAM PULMAN & SONS LTD

NOTES TO THE BALANCE SHEET

31<sup>st</sup> December 2000

(1) Tangible Fixed Assets are:

	<u>Land &amp; Buildings</u>	<u>Plant &amp; Machinery</u>	<u>Fixtures Fittings Office Furniture &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>					
1.1.00	716,477	594,901	234,299	184,217	1,729,894
Additions	10,819	4,962	24,086	32,250	72,117
Disposals	-	-	(6,327)	-	(6,327)
31.12.00	<u>£ 727,296</u>	<u>£ 599,863</u>	<u>£ 252,058</u>	<u>£ 216,467</u>	<u>£ 1,795,684</u>
<u>Depreciation</u>					
1.1.00	293,402	378,668	139,110	143,771	954,951
Years Charge	22,237	22,810	26,103	18,174	89,324
Elimination on Disposals	-	-	(6,327)	-	(6,327)
31.12.00	<u>£ 315,639</u>	<u>£ 401,478</u>	<u>£ 158,886</u>	<u>£ 161,945</u>	<u>£ 1,037,948</u>
<u>Book Value</u>					
31.12.00	<u>£ 411,657</u>	<u>£ 198,385</u>	<u>£ 93,172</u>	<u>£ 54,522</u>	<u>£ 757,736</u>
31.12.99	<u>£ 423,075</u>	<u>£ 216,233</u>	<u>£ 95,189</u>	<u>£ 40,446</u>	<u>£ 774,943</u>

	<u>2000</u>	<u>1999</u>
The book value of Land and Buildings comprises:		
Freehold	401,921	423,075
Short Leasehold	<u>9,736</u>	<u>-</u>
	<u>£ 411,657</u>	<u>£ 423,075</u>

(2) Investments are:

Holiday Property Bonds at Cost	<u>£ 15,000</u>	<u>£ -</u>
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The Investments are in two Holiday Property Bonds, which are in the form of life assurance policies effected on the lives of the directors and give the life assured entitlement to holidays in a personal capacity. On the death of the life assured before 15<sup>th</sup> November 2002 the bond is repayable in full. The bonds have no value at the year end date and cannot be surrendered until after 15<sup>th</sup> November 2002. However the Company expects to hold the bonds for at least two years and therefore the bonds are shown at cost since there is considered to be no permanent diminution in value.

(3) Stock & Work in Progress comprise:

Raw Materials	463,849	412,421
Work in Progress	<u>6,726</u>	<u>4,286</u>
	<u>£ 470,575</u>	<u>£ 416,707</u>

ABRAM PULMAN & SONS LTD

NOTES TO THE BALANCE SHEET CONTINUED

31<sup>st</sup> December 2000

	<u>2000</u>	<u>1999</u>
(4) Debtors Comprise:		
Due after more than one year:		
Other Debtors	23,516	-
Due within one year:		
Trade Debtors	977,889	938,933
Corporation Tax Repayable	-	19,285
Other Debtors	<u>9,042</u>	<u>1,864</u>
	<u>£ 1,010,447</u>	<u>£ 960,082</u>
Included within other debtors is an interest free unsecured loan of £10,000 to D N Shoesmith a director. The maximum amount outstanding during the year was £10,000.		
(5) Creditors falling due within one year are:		
Bank Overdraft	205,808	168,428
Trade Creditors	430,903	344,253
Corporation Tax	-	-
Taxation & Social Security	58,124	46,300
Accruals	110,998	122,054
Proposed Dividend	<u>7,020</u>	<u>24,035</u>
	<u>£ 812,853</u>	<u>£ 705,070</u>
(6) Provision for liabilities and charges are:		
Taxation deferred by Capital Allowances	59,328	55,478
Less Tax Losses Unrelieved	<u>59,328</u>	<u>37,889</u>
	<u>£ -</u>	<u>£ 17,589</u>
There are additional tax losses amounting to £110,690 (1999 £NIL)		
(7) The called up share capital is:		
Authorised: £5 Ordinary Shares - Equity	<u>£ 25,000</u>	<u>£ 25,000</u>
Allotted & Fully Paid: £5 Ordinary Shares - Equity	<u>£ 7,020</u>	<u>£ 24,035</u>
(8) Reserves are:		
Capital Reserve	312	312
Share Premium Account	188	188
Capital Redemption Reserve	<u>17,015</u>	<u>-</u>
	<u>£ 17,515</u>	<u>£ 500</u>
The Capital Redemption Reserve represents the nominal value of 3,403 ordinary £5 shares purchased by the company from its shareholders under a written resolution dated 20 <sup>th</sup> September 2000.		
(9) Capital Commitments:		
Capital expenditure authorised by the directors:		
a) For which contracts had been placed	£ -	£ 32,250
b) Not yet subject to contract	£ -	£ -

ABRAM PULMAN & SONS LTD

NOTES TO THE BALANCE SHEET CONTINUED

31<sup>st</sup> December 2000

	<u>2000</u>	<u>1999</u>
(10) 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	£ <u>41,000</u>	£ <u>41,000</u>
(11) Operating Lease Commitments:		
The company had the following annual commitments under non cancellable operating leases:		
a) Motor Vehicles:		
Expiring within one year	£ <u>2,590</u>	£ <u>-</u>
Expiring within two and five years	£ <u>8,352</u>	£ <u>20,524</u>
b) Land and Buildings:		
Expiring within one year	£ <u>-</u>	£ <u>-</u>
Expiring within two and five years	£ <u>-</u>	£ <u>-</u>
Expiring after five years	£ <u>22,000</u>	£ <u>-</u>
(12) Reconciliation of movements in Shareholders' Funds:		
Loss for the Financial Year	(166,753)	(114,065)
Dividends	(7,020)	(24,035)
Cost of Purchase of Own Shares	<u>(614,400)</u>	<u>-</u>
Net Reduction to Shareholders' Funds	(788,173)	(138,100)
Opening Shareholders' Funds	<u>2,484,849</u>	<u>2,622,949</u>
Closing Shareholders' Funds	£ <u>1,696,676</u>	£ <u>2,484,849</u>
(13) Related Parties:		
a) The company leases land and buildings owned by the directors' pension scheme under a ten year lease dated 1 <sup>st</sup> December 2000. A normal commercial rent of £1,833 was payable during the year and at the year end date no amount was outstanding.		
b) Additional related party information relative to a director's loan is given in note 4).		

ABRAM PULMAN & SONS LTD

CASH FLOW STATEMENT

for the year ended 31<sup>st</sup> December 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
<u>Reconciliation of Operating (Loss)/Profit with net Cash Flow from Operating Activities</u>			
Operating (loss)/profit on continuing activities		(231,629)	(218,561)
Depreciation charges and adjustments on sale of fixed assets		89,324	86,037
Decrease (Increase) in Stocks		(53,868)	(61,027)
Decrease (Increase) in Debtors		(69,650)	(204,099)
Increase (Decrease) in Creditors		<u>84,918</u>	<u>204,966</u>
Net cash flow from operating activities		£ <u>(180,905)</u>	£ <u>(192,684)</u>
<u>Cash Flow Statement</u>			
Net cash flow from operating activities above		(180,905)	(192,684)
Returns on investments less servicing of finance	1(a)	49,597	63,704
Taxation Repaid (Paid)		19,475	(658)
Capital Expenditure	1(b)	<u>(87,117)</u>	<u>(164,345)</u>
		(198,950)	(293,983)
Equity Dividends Paid		<u>(24,035)</u>	<u>(36,053)</u>
		(222,985)	(330,036)
Management of Liquid Resources	1(c)	788,891	262,140
Financing	1(d)	<u>(614,400)</u>	<u>-</u>
(Reduction) Increase in cash in period		£ <u>(48,494)</u>	£ <u>(67,896)</u>
<u>Reconciliation of Cash Flow with Movement in Net Funds (Debt)</u>			
Increase (Reduction) in cash in period as above		(48,494)	(67,896)
Cash used to Increase (Reduce) Liquid Resources	1(c)	<u>(788,891)</u>	<u>(262,140)</u>
Change in Net Funds (Debt)		(837,385)	(330,036)
Net Funds (Debt) on 1/1/00	2	<u>887,348</u>	<u>1,217,384</u>
Net Funds (Debt) on 31/12/00	2	£ <u>49,963</u>	£ <u>887,348</u>

The notes on page 12 form part of this statement

ABRAM PULMAN & SONS LTD

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31<sup>st</sup> December 2000

	<u>2000</u>	<u>1999</u>
(1) <u>Gross Cash Flows</u>		
(a) <u>Returns on investment and servicing of finance</u>		
Interest Received	52,367	63,704
Interest Paid	<u>2,770</u>	<u>-</u>
	£ <u>49,597</u>	£ <u>63,704</u>
(b) <u>Capital Expenditure</u>		
Payments to acquire fixed assets:		
Tangible	(72,117)	(167,495)
Investments	(15,000)	-
Receipts from sale of tangible fixed assets	<u>-</u>	<u>3,150</u>
	£ <u>(87,117)</u>	£ <u>(164,345)</u>
(c) <u>Management of Liquid Resources</u>		
Placed on deposits at notice	(268,518)	(1,057,409)
Withdrawn from deposits at notice	<u>1,057,409</u>	<u>1,319,549</u>
	£ <u>788,891</u>	£ <u>262,140</u>
(d) <u>Financing</u>		
Cost of purchase of own shares	£ <u>614,400</u>	£ <u>-</u>
(2) <u>Analysis of Changes in Net Funds (Debt)</u>		

	<u>1/1/00</u>	<u>31/12/00</u>	<u>Cash Flows</u> <u>2000</u>	<u>1999</u>
Cash in hand and at bank				
Overdrafts (note)	(170,061)	(218,555)	(48,494)	(67,896)
			(48,494)	(67,896)
Debt due within 1 Year			-	-
Debt due after 1 Year			-	-
Current Asset Investments	<u>1,057,409</u>	<u>268,518</u>	(788,891)	(262,140)
Net Funds (Debt)	£ <u>887,348</u>	£ <u>49,963</u>	£ <u>(837,385)</u>	£ <u>(330,036)</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.