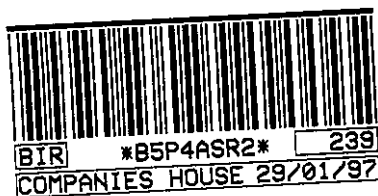


STEELSTOCK LIMITED
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 MARCH 1996

Registered No: 62773



Steelstock Limited

Directors' report for the year ended 30 March 1996

The directors present their report and the audited financial statements for the year ended 30 March 1996.

Review of business

The company has not traded during the year. All expenses of the company are borne by British Steel plc.

Directors

The directors during the period were:

G D Duffell
H J W Dodd

Directors' interests in shares

The interest of the directors in the shares and share options of British Steel plc, the company's ultimate holding company, at 30 March 1996 were:-

	Shares		Share options	
	1996	1995	1996	1995
G D Duffell	20,476	476	76,850	167,850
H J W Dodd	-	-	36,250	36,250

G D Duffell was granted options in respect of 18,900 shares on 30 June 1995 at 166p per share and exercised his option to purchase 109,900 shares on 29 September 1995 at 57p per share.

Apart from the interests disclosed above no directors of the company have any interests requiring disclosure under the Companies Act 1985.

Taxation status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Steelstock Limited

Directors' report for the year ended 30 March 1996 (continued)

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year.

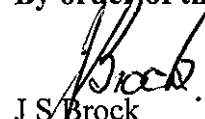
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A special resolution that the company makes itself exempt from the obligation to appoint auditors as otherwise required by S834, Companies Act 1985, in that it is a dormant company and meets the requirements of S250 of the aforesaid act, will be proposed at the Annual General Meeting.

By order of the board


J S Brock
Secretary

16 January 1997

Steelstock Limited

Report of the auditors to the members of Steelstock Limited

We have audited the financial statements on pages 4 to 6.

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.

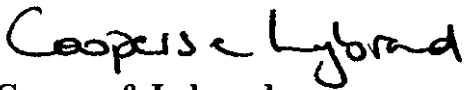
Basis of opinion

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 affairs of the company at 30 March 1996 and have been properly prepared in accordance with the Companies Act 1985.


Coopers & Lybrand

Chartered Accountants and Registered Auditors
Birmingham

16 January 1997

Steelstock Limited

Balance sheet at 30 March 1996

	Notes	1996 £'000	1995 £'000
Debtors	3	7,684	7,684
Creditors: amounts falling due after more than one year	4	7,664	7,664
		<hr/>	<hr/>
Total assets less current liabilities		20	20
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	20	20
Profit and loss account		-	-
		<hr/>	<hr/>
Equity shareholders' funds		20	20
		<hr/>	<hr/>

The financial statements on pages 4 to 6 were approved by the board of directors on 16 January 1997 and were signed on its behalf by:



G D Duffell
Director

16 January 1997

Steelstock Limited

Notes to the financial statements for the year ended 30 March 1996

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention.

2. Directors' emoluments

No director received any emoluments during the period in respect of his services to the company (1995 : £Nil).

3. Debtors

	1996 £'000	1995 £'000
Amounts falling due within one year		
ACT recoverable	-	7,684
Amounts due from group undertakings	7,684	-
	<u>7,684</u>	<u>7,684</u>
	<u><u>7,684</u></u>	<u><u>7,684</u></u>

4. Creditors: amounts falling due after more than one year

	1996 £'000	1995 £'000
Amounts owed to group undertakings	7,664	7,664
	<u>7,664</u>	<u>7,664</u>
	<u><u>7,664</u></u>	<u><u>7,664</u></u>

The amounts owed to group undertakings do not have any fixed repayment terms, and are not expected to be paid in the foreseeable future.

5. Called up share capital

	1996 £'000	1995 £'000
Authorised	20	20
20,000 ordinary shares of £1 each	<u>20</u>	<u>20</u>
Allotted, called up and fully paid	20	20
19,836 ordinary shares of £1 each	<u>20</u>	<u>20</u>
	<u><u>20</u></u>	<u><u>20</u></u>

Steelstock Limited

Notes to the financial statements for the year ended 30 March 1996

6. Ultimate parent company

The directors regard British Steel plc, a company registered in England and Wales, as the ultimate parent company. Copies of the parent's consolidated financial statements may be obtained from The Secretary, British Steel plc, 9 Albert Embankment, London, SE1 7SN.