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COLD DRAWN PRODUCTS LIMITED
REGISTERED NUMBER 485176

ABBREVIATED ACCOUNTS
31 DECEMBER 1996

2. Directors' report
3. Auditors' report
4. Profit and loss account
5. Balance sheet
6. Notes to the accounts



COLD DRAWN PRODUCTS LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 December 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the manufacture of profile wire.

1996 has seen a reduction in demand compared to 1995. There is some improvement in 1997 but the strength of sterling is bound to have an adverse effect on results if continuing at present levels.

DIVIDENDS

The directors recommend the payment of a final dividend of £43,000.

DIRECTORS

The directors of the company, and their interests in the shares of Lane Brothers Engineering Industries Limited, were:

	Ordinary shares of £1 each	
	31.12.96	31.12.95

M J R Lane	90,000	90,000
I P Lane	170,000	170,000
N M Lane	170,000	170,000
B. Bates	-	-
J Radcliffe	-	-
P O Hopkins	-	-
D C Smith	-	-
M J Gavin (appointed 1.7.96)	-	-

No director had any interest in the shares of the company.

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors.

Approved by the board on 3 April 1997
and signed on its behalf by:



D C SMITH
Director

AUDITORS' REPORT TO THE DIRECTORS OF COLD DRAWN PRODUCTS LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 11 together with the accounts of Cold Drawn Products Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 5 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

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

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the year ended 31 December 1996, and the abbreviated accounts have been properly prepared in accordance with that Schedule.

Other information

On 5 April 1997 we reported, as auditors of Cold Drawn Products Limited to the members on the full accounts prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1996 and our report was as follows:

"AUDITORS' REPORT TO THE MEMBERS OF COLD DRAWN PRODUCTS LIMITED

We have audited the accounts on pages 4 to 11.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."



MOORES ROWLAND
Chartered Accountants
Registered Auditors
WALSALL

5 April 1997

COLD DRAWN PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 1996

	Notes	1996 £	1995 £
GROSS PROFIT		2,042,810	2,555,782
Net operating expenses	3	<u>(1,758,330)</u>	<u>(1,949,184)</u>
OPERATING PROFIT		284,480	606,598
Interest	4	<u>(126,129)</u>	<u>(98,160)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	158,351	508,438
Taxation on profit on ordinary activities	7	<u>(27,610)</u>	<u>(165,199)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		130,741	343,239
Dividend	8	<u>(43,000)</u>	<u>(115,000)</u>
RETAINED PROFIT FOR THE YEAR		87,741	228,239
Retained profits brought forward		<u>2,101,225</u>	<u>1,872,986</u>
RETAINED PROFITS CARRIED FORWARD		<u>2,188,966</u>	<u>2,101,225</u>

All the company's operations are continuing.

All recognised gains and losses are included in the profit and loss account.


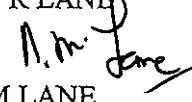
COLD DRAWN PRODUCTS LIMITED

BALANCE SHEET 31 December 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	9		4,288,269		4,166,266
CURRENT ASSETS					
Stocks	10	1,110,254		1,663,047	
Debtors	11	2,049,658		2,108,368	
Cash at bank and in hand		1,074		1,458	
			<u>3,160,986</u>	<u>3,772,873</u>	
CREDITORS - amounts falling due within one year	12	(2,916,322)		(4,071,697)	
NET CURRENT ASSETS (LIABILITIES)			<u>244,664</u>		<u>(298,824)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,532,933		3,867,442
CREDITORS - amounts falling due after more than one year	13		(565,500)		-
PROVISIONS FOR LIABILITIES AND CHARGES	14		<u>(453,500)</u>		<u>(441,250)</u>
			<u>3,513,933</u>		<u>3,426,192</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000,000		1,000,000
Share premium			324,967		324,967
Profit and loss account			<u>2,188,966</u>		<u>2,101,225</u>
SHAREHOLDERS' FUNDS	19		<u>3,513,933</u>		<u>3,426,192</u>

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a medium-sized company.

Approved by the board on 3 April 1997
and signed on its behalf by:


 M J R LANE)

 N M LANE) Directors

COLD DRAWN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1996

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Tangible fixed assets

Freehold land is not depreciated and the remaining fixed assets are being depreciated so as to write them off over their anticipated useful lives by equal instalments at the following annual rates.

Buildings	2% and 10%
Plant and equipment	10% - 33.3%
Fork lift trucks	20%
Vehicles	25%

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost, including production overheads, and net realisable value.

Deferred taxation

Deferred taxation is calculated by the liability method and provision is made to the extent that it is probable that a liability will crystallise.

Foreign currencies

Foreign currency assets and transactions in foreign currencies are translated at the rates of exchange on the transaction date or at the contracted rate if the transaction is covered by a forward exchange contract date. Profits and losses arising on foreign currency translations are taken to the profit and loss account.

Government grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account over a period approximating to the lives of the qualifying assets.

Pensions

The company operates pension schemes of both defined contribution and defined benefit types.

The contributions payable to the defined contribution scheme are charged against profit in the accounting period in which they arise.

The costs of the defined benefit scheme are charged against profit in accordance with actuarial advice in order to spread the cost of pensions over the service lives of employees.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities are attributable to the principal activity of the company.

A geographical analysis of turnover is not provided as the directors are of the opinion that disclosure of this information would be prejudicial to the interests of the company.

COLD DRAWN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 1996

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

Profit on ordinary activities has been arrived at after charging (crediting):

	1996 £	1995 £
Auditors' remuneration	10,650	11,000
Depreciation of fixed assets (reduced by transfer from capital grants account)	563,168	408,313
Profit on disposal of fixed assets	(7,880)	(13,900)

3. NET OPERATING EXPENSES

Distribution costs	759,935	972,619
Administrative costs	998,395	976,565
	<u>1,758,330</u>	<u>1,949,184</u>

4. INTEREST

Bank loan and overdrafts	<u>126,129</u>	<u>98,160</u>
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5. DIRECTORS AND EMPLOYEES

The average number of persons (including directors) employed by the company during the year was:	Number	Number
Production	138	148
Selling and distribution	5	5
Administration	13	13

<u>156</u>	<u>166</u>
£	£

Staff costs, including directors, were:

Wages and salaries	2,425,563	2,631,961
Social security costs	225,825	251,921
Pension costs	32,647	16,759
	<u>2,684,035</u>	<u>2,900,641</u>

The emoluments of the directors, were:

For services as executives	<u>181,748</u>	<u>110,660</u>
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The individual emoluments, excluding pension contributions, of the directors who held office during the year were:

Chairman	-	-
Highest paid director	<u>42,885</u>	<u>33,732</u>

Other directors in the ranges

	Number	Number
£0 - £5,000	1	1
£5,001 - £10,000	-	1
£15,001 - £20,000	1	1
£20,001 - £25,000	1	-
£25,001 - £30,000	-	2
£30,001 - £35,000	2	-
£35,001 - £40,000	1	-

COLD DRAWN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 1996

6. RELATED PARTY TRANSACTIONS

Messrs M J R Lane, N M Lane and I P Lane, directors of the company, are 50% shareholders of an undertaking under common control. During the year the company made sales of £79,845 to this undertaking and at 31 December 1996 had an outstanding sales ledger balance of £39,219 included in its trade debtors (note 11).

Mr M J R Lane, a director of the company, is also a director and shareholder of Lemlo Limited, an undertaking under common control. The outstanding balance with this undertaking at 31 December 1996 is shown in note 12 to the accounts.

7.	TAXATION	1996 £	1995 £		
	Corporation tax at 24% (1995 - 32%)	14,100	59,100		
	Deferred taxation	8,500	106,000		
	Prior year adjustment	5,010	99		
		<u>27,610</u>	<u>165,199</u>		
8.	DIVIDEND				
	Proposed final - 4.3p per share (1995 - 11.5p)	<u>43,000</u>	<u>115,000</u>		
9.	TANGIBLE FIXED ASSETS				
	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £	
	Cost				
	At 31 December 1995	1,509,484	5,479,287	155,065	7,143,836
	Additions	45,555	617,146	34,200	696,901
	Disposals	-	(59,690)	(42,427)	(102,117)
	At 31 December 1996	<u>1,555,039</u>	<u>6,036,743</u>	<u>146,838</u>	<u>7,738,620</u>
	Depreciation				
	At 31 December 1995	348,384	2,555,072	74,114	2,977,570
	Charge for the year	29,419	510,443	24,866	564,728
	Eliminated on disposals	-	(59,690)	(32,257)	(91,947)
	At 31 December 1996	<u>377,803</u>	<u>3,005,825</u>	<u>66,723</u>	<u>3,450,351</u>
	Net book value				
	At 31 December 1996	<u>1,177,236</u>	<u>3,030,918</u>	<u>80,115</u>	<u>4,288,269</u>
	At 31 December 1995	<u>1,161,100</u>	<u>2,924,215</u>	<u>80,951</u>	<u>4,166,266</u>

Included in freehold land and buildings is land amounting to £82,080 (1995 - £82,080) which is not depreciated.

COLD DRAWN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 1996

10. STOCKS	1996 £	1995 £
Raw materials and consumables	291,676	437,850
Work in progress	418,259	662,937
Finished goods	400,319	562,260
	<u>1,110,254</u>	<u>1,663,047</u>
11. DEBTORS		
Trade debtors	1,799,122	1,864,700
Group undertaking	-	16,770
Other debtors	20,291	-
Taxation and social security	61,474	70,230
Prepayments and accrued income	168,771	156,668
	<u>2,049,658</u>	<u>2,108,368</u>
12. CREDITORS - amounts falling due within one year		
Trade creditors	1,213,849	1,417,596
Group undertakings	290,474	205,962
Taxation and social security	79,948	90,738
Amount due to undertaking under common control	-	15,000
Accruals and deferred income	160,805	223,670
	<u>1,745,076</u>	<u>1,952,966</u>
Bank loan and overdrafts	1,109,154	1,887,881
Corporation tax	19,092	62,850
Proposed dividends	43,000	168,000
	<u>2,916,322</u>	<u>4,071,697</u>
Accruals and deferred income include government grants as follows:		
At 1 January 1996	49,436	50,996
Profit and loss account	(1,560)	(1,560)
At 31 December 1996	<u>47,876</u>	<u>49,436</u>

The bank loan and overdrafts are secured by a fixed and floating charge over the assets of the company.

Some suppliers include in their conditions of sale a clause under which title to the goods supplied is reserved until the goods are paid for. These goods are included in stock.

COLD DRAWN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 1996

13.	CREDITORS - amounts falling due after more than one year	1996 £	1995 £
	Bank loan	<u>565,500</u>	<u>-</u>
	The bank loan is repayable by monthly instalments and carries an interest rate of 1.25% above the bank base rate (see note 12 for security).		
	The loan is repayable as follows:	1996 £	1995 £
	Between one and two years	174,000	-
	Between two and five years	<u>391,500</u>	<u>-</u>
		<u>565,500</u>	<u>-</u>
14.	PROVISIONS FOR LIABILITIES AND CHARGES		
	Deferred taxation		
	At 1 January 1996	445,000	339,000
	Charge for the year	<u>8,500</u>	<u>106,000</u>
		453,500	445,000
	Less: advance corporation tax	<u>-</u>	<u>(3,750)</u>
	At 31 December 1996	<u>453,500</u>	<u>441,250</u>
	The deferred taxation provision at 33% comprises:		
	Excess of taxation allowances on fixed assets over depreciation charges	451,500	437,000
	Other short term timing differences	<u>2,000</u>	<u>8,000</u>
		<u>453,500</u>	<u>445,000</u>
	The potential liability, not provided for in the accounts, is:		
	Replacement of business assets, at 33%	<u>6,100</u>	<u>6,100</u>
15.	CALLED UP SHARE CAPITAL		
	Authorised, allotted and fully paid Equity		
	1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
16.	FUTURE CAPITAL EXPENDITURE		
	Capital expenditure on fixed assets authorised by the directors at the year end but not provided for in the accounts was:		
	Contracts placed	<u>22,290</u>	<u>362,000</u>
	Contracts not placed	<u>53,113</u>	<u>404,205</u>

COLD DRAWN PRODUCTS LIMITED

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 1996

17. CONTINGENT LIABILITIES

- a) The company's bank holds an unlimited guarantee in favour of its parent company and an omnibus letter of set off with the company and its parent company, fellow subsidiary undertakings and certain undertakings under common control. At 31 December 1996 the company's exposure was £24,757 (1995 - £62,830).
- b) The company has a total sterling equivalent of outstanding forward foreign exchange contracts at 31 December 1996 amounting to £338,165 (1995 - £2,979,885) and has given an indemnity on behalf of one of its customers amounting to £14,734 (1995 - nil).

18. PENSION COMMITMENTS

The company operates two pension schemes.

Defined contributions scheme

The assets of the scheme are held separately from those of the company in an independent administered fund. The pension cost charge represents the contribution payable by the company to the fund and amounted to £8,647 (1995 - £6,759).

Defined benefit scheme

The company contributes to the Lane Brothers Group Pension Scheme (Engineering). The assets of the scheme are held in an external fund administered by trustees and managed professionally. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary. Details of the last actuarial valuation are disclosed in the accounts of Lane Brothers Engineering Industries Limited.

The pension charge for the year was £24,000 (1995 - £10,000) having taken into account the amortisation of experience surpluses that are being recognised over the average remaining service lives of employees.

The resulting net excess of funding at 31 December 1996 of £56,802 (1995 - £80,802) is included in prepayments.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	130,741	343,239
Dividend	(43,000)	(115,000)
Net addition to shareholders' funds	87,741	228,239
Opening shareholders' funds	3,426,192	3,197,953
Closing shareholders funds	3,513,933	3,426,192

20. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Lane Brothers Engineering Industries Limited. No single party has control of Lane Brothers Engineering Industries Limited. Group accounts are prepared by Lane Brothers Engineering Industries Limited.