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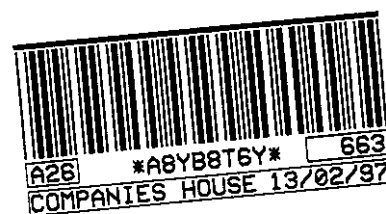
KIRKBY STEEL TUBES LIMITED

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FINANCIAL ACCOUNTS FOR THE  
YEAR ENDED 30TH APRIL 1996

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BAMFORD TIFFEN  
Accountants and Registered Auditors  
Fourth Floor, Patrick House  
5 Maney Corner  
Sutton Coldfield  
B72 1QL



KIRKBY STEEL TUBES LIMITED

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1996

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KIRKBY STEEL TUBES LIMITED

## COMPANY INFORMATION

Registered Office	Westgate Aldridge West Midlands WS9 8DJ
Company Registration Number	881802
Directors	E.B.Watts R.E.Littlewood P.M.Doyle
Company Secretary	C.E.Blakemore
Auditors	Bamford Tiffen Registered Auditors Fourth Floor, Patrick House 5 Maney Corner Sutton Coldfield B72 1QL

KIRKBY STEEL TUBES LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 30TH APRIL 1996

The Directors present their annual report and the financial statements for the period shown above.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the company in the year under review continued to be Steel Tube Stockholders.

The level of business in the last quarter of the year under review was considerably down on earlier months and resulted in large overstocking. The financial position at the year end however remained satisfactory.

The level of activity in the first quarter of the current year continued at a lower level. The second quarter is starting to show some improvement with the activity returning to the 1995/96 levels.

**RESULTS**

The results for the year are set out in detail on page 3.

The directors do not recommend the payment of a dividend.

**GROUP COMPANY**

The company is a wholly owned subsidiary of Watts Clift Holdings Ltd.

**DIRECTORS**

The following have served as Directors during the year and their interests in the share capital of the Company were as follows :

	Ordinary Shares of £1 each	
	<u>1996</u>	<u>1995</u>
E.B.Watts	2	2
R.E.Littlewood	-	-
P.M.Doyle	-	-

**DIRECTORS RESPONSIBILITIES**

The responsibilities of the directors are detailed on page 11.

**POLITICAL AND CHARITABLE DONATIONS**

No donations were made in the period.

**AUDITORS**

The auditors, Bamford Tiffen, are deemed to be re-appointed in accordance with section 385 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 15th November 1993.

BY ORDER OF THE BOARD

..........

C.E.Blakemore  
Secretary

6th December 1996

KIRKBY STEEL TUBES LIMITED  
ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH APRIL 1996

<u>1995</u>		<u>Note</u>	<u>1996</u>	
<u>£</u>	<u>£</u>		<u>£</u>	<u>£</u>
	844,704			980,890
(269,013)		2		
(27,142)				
(359,535)				
	(655,690)			(824,393)
	189,014			156,497
	(6,176)			(11,500)
	182,838			144,997
(49,218)				
-				
	(49,218)			(59,855)
	133,620			85,142
	(46,571)			(29,686)
	87,049			55,456
<u>£ 87,049</u>				<u>£ 55,456</u>

The company has no recognised gains or losses other than shown on the Profit and Loss account.

KIRKBY STEEL TUBES LIMITEDBALANCE SHEETAT 30TH APRIL 1996

<u>1995</u>			<u>Note</u>	<u>1996</u>	
£	£			£	£
		<b>FIXED ASSETS</b>			
	656,080	Tangible Assets	11		728,558
		<b>CURRENT ASSETS</b>			
551,641		Stocks	13	583,309	
766,507		Debtors and Prepayments	14	669,273	
-		Cash at Bank		401	
523		Cash in hand		341	
<u>1,318,671</u>				<u>1,253,324</u>	
		<b>CURRENT LIABILITIES WITHIN ONE YEAR</b>			
1,050,434		Creditors and Accruals	16	878,930	
124,095		Bank Overdraft	15	276,828	
46,474		Taxation	9	29,467	
<u>1,221,003</u>				<u>1,185,225</u>	
	97,668	<b>NET CURRENT ASSETS</b>			68,099
	753,748	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			796,657
	151,630	<b>LIABILITIES IN MORE THAN ONE YEAR</b>		17	139,084
	<u>£ 602,118</u>				<u>£ 657,573</u>
		<b>CAPITAL AND RESERVES</b>			
	30,000	Share Capital	19		30,000
	572,118	Profit and Loss Account	20		627,573
	<u>£ 602,118</u>				<u>£ 657,573</u>

Advantage is taken of the exemptions conferred by Section B, Part 111 of Schedule 8 of the Companies Act 1985. In the opinion of the directors, the company is entitled to those exemptions having met the qualifications for a Medium sized company specified in sections 246 and 247 of the Companies Act 1985.

Approved by the board and signed on  
its behalf on 6th December 1996.

  
..... DIRECTOR  
E.B.Watts

KIRKBY STEEL TUBES LIMITEDFOR THE YEAR ENDED 30TH APRIL 1996NOTES TO THE ACCOUNTS**1 ACCOUNTING POLICIES**

- a) The Accounts have been prepared under the historical cost convention.
- b) The turnover represents the sales of goods and services provided, falling within the ordinary activities of the Company.  
Exports amounted to .49% of the turnover.
- c) Depreciation is provided on fixed assets on a reducing balance basis at the following rates:

Motor Vehicles	25%
Plant and Equipment	15%
Fixtures and Fittings	15%

No depreciation is provided on leasehold property as it is the policy of the directors to maintain the property in good condition to prolong its useful life. In the opinion of the directors, the current market value is in excess of the amount shown in the accounts but, in the absence of a recent independent valuation, that excess cannot be quantified.

- d) Stock is valued at the lower of cost or estimated net realisable value making due allowance for obsolete and slow moving items.  
Cost includes direct expenditure and the appropriate overhead proportion.
- e) The charge for taxation is based on the results for the year.  
No provision has been made in respect of deferred taxation on the basis that is probable no such liability will become payable in the foreseeable future.
- f) Assets acquired under hire purchase agreements are capitalised in the balance sheet and depreciated under the company's normal policy. The outstanding liabilities less interest not yet due are shown in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.  
Rentals payable under operating leases are charged to the profit and loss account as they accrue.
- g) The company operates a defined contribution pension scheme on which the assets are invested and managed independently. Contributions made by the company are charged to the profit and loss account as they accrue.

KIRKBY STEEL TUBES LIMITEDFOR THE YEAR ENDED 30TH APRIL 1996NOTES TO THE ACCOUNTS (CONTINUED)**2. GROSS PROFIT**

The Gross Profit comprises turnover less direct costs of sales.

**3. OPERATING PROFIT**

The Operating Profit is arrived at after charging or crediting :

	<u>1996</u>	<u>1995</u>
Depreciation on fixed assets	40,933	27,142
Operating Lease Rentals	5,872	7,450
Aggregate Directors Salaries	51,939	48,966
Auditors Remuneration	2,650	2,215
Defined Pension contributions	6,788	5,274
Rent Received	(10,072)	(15,607)
Interest Received (Gross)	(813)	-
	<u>          </u>	<u>          </u>

**4. EXCEPTIONAL ITEMS**

Goodwill Written Off	11,500	-
Loss on asset disposal	-	6,176
	<u>          </u>	<u>          </u>
	11,500	6,176
	<u>          </u>	<u>          </u>

**5. INTEREST RECEIVED AND SIMILAR INCOME**

Interest Received (Gross)	813	-
	<u>          </u>	<u>          </u>

**6. INTEREST PAYABLE**

Bank Interest	54,452	46,951
Finance Lease charges	6,216	2,267
	<u>          </u>	<u>          </u>
	60,668	49,218
	<u>          </u>	<u>          </u>

**7. EMPLOYEES**

Average employed (including directors)	No of employees	
Production	8	3
Sales and distribution	10	12
Administration	5	5
	<u>          </u>	<u>          </u>
Costs in respect thereof		
Wages and Salaries	242,481	193,302
Directors aggregate salaries	51,939	48,966
National Insurance costs	32,292	26,745
	<u>          </u>	<u>          </u>
	326,712	269,013
	<u>          </u>	<u>          </u>



## KIRKBY STEEL TUBES LIMITED

FOR THE YEAR ENDED 30TH APRIL 1996

NOTES TO THE ACCOUNTS (CONTINUED)

## 8. DIRECTORS REMUNERATION

	<u>1996</u>	<u>1995</u>
Chairman	-	-
Highest paid director	51,939	48,966
Number of other directors falling within the following bands :		
£ nil - £ 5,000	<u>1</u>	<u>1</u>

## 9. TAXATION

Corporation Tax @ 25%	29,563	46,474
Interest on Taxation	<u>123</u>	<u>97</u>
	<u>29,686</u>	<u>46,571</u>

## 10. DIVIDENDS

None.

## 11. FIXED ASSETS

	<u>Motor Vehicles</u> £	<u>Plant/ Equipment</u> £	<u>Fixtures/ Fittings</u> £	<u>Property</u> £	<u>TOTAL</u> £
<u>COST</u>					
1st May 1995	131,874	91,616	27,864	560,687	812,041
Additions in year	<u>33,188</u>	<u>76,510</u>	<u>3,711</u>	-	<u>113,409</u>
30th April 1996	<u>165,062</u>	<u>168,126</u>	<u>31,575</u>	<u>560,687</u>	<u>925,450</u>
<u>DEPRECIATION</u>					
At 1st May 1995	73,233	62,148	20,580	-	155,961
Charge for year	<u>22,956</u>	<u>15,896</u>	<u>2,079</u>	-	<u>40,931</u>
30th April 1996	<u>96,189</u>	<u>78,044</u>	<u>22,659</u>	-	<u>196,892</u>
<u>NET BOOK VALUE</u>					
30th April 1996	<u>68,873</u>	<u>90,082</u>	<u>8,916</u>	<u>560,687</u>	<u>728,558</u>
30th April 1995	<u>58,641</u>	<u>29,468</u>	<u>7,284</u>	<u>560,687</u>	<u>656,080</u>

KIRKBY STEEL TUBES LIMITEDFOR THE YEAR ENDED 30TH APRIL 1996NOTES TO THE ACCOUNTS (CONTINUED)

## 12. INVESTMENTS

The company holds no investments.

## 13. STOCKS

	<u>1996</u>	<u>1995</u>
Stock in hand	583,309	551,641

## 14. DEBTORS AND PREPAYMENTS WITHIN ONE YEAR

Trade Debtors	632,810	736,437
Prepayments	36,463	30,070
	<u>669,273</u>	<u>766,507</u>

## 15. BANK OVERDRAFT

The overdraft is secured by a legal mortgage over the property.

## 16. CREDITORS AND ACCRUALS WITHIN ONE YEAR

Trade Creditors	469,316	668,586
Tax and National Insurance	6,477	16,626
VAT Liability	67,779	69,329
Hire Purchase	28,405	11,222
Accruals	186,790	159,580
Bank Loan Account	55,071	38,601
Group Company Loan :		
Watts Clift Holdings Ltd	65,092	86,490
	<u>878,930</u>	<u>1,050,434</u>

## 17. LIABILITIES IN MORE THAN ONE YEAR

	<u>1996</u>	<u>1995</u>
Between two and five years		
Bank Loans	82,817	144,153
Hire Purchase Creditor	56,267	7,477
	<u>139,084</u>	<u>151,630</u>

KIRKBY STEEL TUBES LIMITEDFOR THE YEAR ENDED 30TH APRIL 1996NOTES TO THE ACCOUNTS (CONTINUED)

## 18. PROVISIONS FOR LIABILITIES AND CHARGES

The potential liability for deferred taxation, for which no provision has been made, is as follows :

Accelerated capital allowances	5,010	3,743
	<u>          </u>	<u>          </u>

## 19. SHARE CAPITAL

Ordinary shares of £1 each

Authorised	30,000	30,000
	<u>          </u>	<u>          </u>

Allotted and fully paid	30,000	30,000
	<u>          </u>	<u>          </u>

## 20. PROFIT AND LOSS ACCOUNT

Retained profits brought forward	572,117	485,069
Retained profits for the year	55,456	87,049
	<u>          </u>	<u>          </u>
	627,573	572,118
	<u>          </u>	<u>          </u>

## 21. MOVEMENT IN SHAREHOLDERS FUNDS

Profit after taxation	55,456	87,049
Funds brought forward	602,118	515,068
	<u>          </u>	<u>          </u>
Funds carried forward	657,574	602,117
	<u>          </u>	<u>          </u>

## 22. OPERATING LEASE COMMITMENTS

Within one year	580	1,472
Between two and five years	290	1,108
	<u>          </u>	<u>          </u>
	870	2,580
	<u>          </u>	<u>          </u>

## 23. CAPITAL COMMITMENTS

Contracted for but not provided in accounts	-	70,000
	<u>          </u>	<u>          </u>

KIRKBY STEEL TUBES LIMITEDSTATEMENT OF DIRECTORS RESPONSIBILITIESFOR THE YEAR ENDED 30TH APRIL 1996**Directors Responsibilities**

The directors of the company are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of its results for that period.

In preparing the financial statements the directors are required to select suitable accounting policies, apply them consistently and support them with reasonable judgements and estimates. The directors are required to disclose any departures from applicable accounting standards and 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 maintaining proper accounting records which disclose with reasonable accuracy and within a reasonable time the financial position of the company. This should enable them to ensure that the financial statements are in agreement with the accounting records and that they comply with the provisions of 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.

REPORT OF THE AUDITORS TO THE DIRECTORS OF

KIRKBY STEEL TUBES LIMITED

FOR THE YEAR ENDED 30TH APRIL 1996

Pursuant to Paragraph 24 of Schedule 8 of the Companies Act 1985

We have examined the abbreviated accounts on pages 4 to 10 together with the full financial statements for the year ended 30th April 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors statement on page 5 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Part 111 of Schedule 8 to that Act in respect of the year ended 30th April 1996 and the abbreviated accounts have been properly prepared in accordance therewith.

As auditors, we reported on 6th December 1996 on the statutory financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30th April 1996 as follows :-

We have audited the financial statements on pages 3 to 10 for the above period, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

The responsibilities of the directors of the company are detailed on page 11. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

**Basis of Opinion**

We conducted the audit in accordance with Auditing Standards as issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relative 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 those financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

The audit was planned and performed in order to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud, error or other irregularities.

Finally, in forming our opinion, the overall adequacy was evaluated of the presentation of information in the financial statements.

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REPORT OF THE AUDITORS TO THE DIRECTORS OF

KIRKBY STEEL TUBES LIMITED (Continued)

FOR THE YEAR ENDED 30TH APRIL 1996

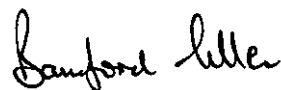
Pursuant to Paragraph 24 of Schedule 8 of the Companies Act 1985

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at the 30th April 1996, and of its result for the year ended on that date, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to Medium Companies.

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Fourth Floor, Patrick House  
5 Maney Corner  
Sutton Coldfield  
B72 1QL



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Bamford Tiffen  
Registered Auditors

6th December 1996