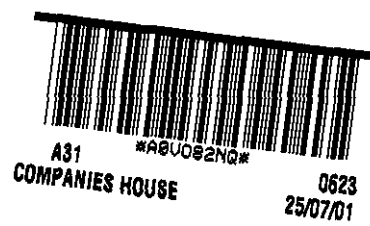


Caparo Wire Limited

**Directors' report and
financial statements**

**For the year ended
31 December 2000**

Registered number: 955587



CAPARO WIRE LIMITED

Directors' report and financial statements

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CAPARO WIRE LIMITED

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activity

The principal activity of the company was the manufacture of specialised steel wire. It now no longer trades (see "Business review").

Business review

On 1 January 2000, as a result of a reorganisation of the steel businesses within the group, the trade and net assets of the company were transferred to Caparo Steel Products Limited at book value. The business of the company is now carried on as a trading division of Caparo Steel Products Limited.

The company did not trade during the year.

Dividends

The directors do not recommend the payment of an ordinary dividend for the year (1999: £Nil).

Directors and directors' interests

The directors of the company who held office during the year were as follows:

CG Steele
PF Lormor
E Wilkinson
RG Hickman
L Robinson
B Gleave
J Chirgwin (appointed 21 February 2000)
MR Turner (resigned 21 February 2000)

None of the directors who held office at the end of the financial year had any disclosable interest in the share capital of either the company or the ultimate parent company. No director had any interest in the share capital of any subsidiary company of the ultimate parent company.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £Nil (1999: £1,000).

CAPARO WIRE LIMITED

Directors' report (*Continued*)

Directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

EMU impact

Having reviewed its commercial and accounting transactions, the company is managing the impact of the single currency.

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of BDO Stoy Hayward as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J Chirgwin
Secretary

25 April 2001

Caparo House
103 Baker Street
London
W1U 6LN

Independent auditors' report to the shareholders of Caparo Wire Limited

We have audited the financial statements of Caparo Wire Limited for the year ended 31 December 2000 which comprise the Profit and Loss Account, the Balance Sheet, the Note of Historical Cost Profit and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

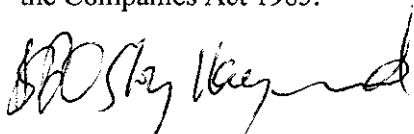
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 consider 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 the company's affairs as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Stoy Hayward
Chartered Accountants and Registered Auditor
Nottingham

25 April 2001

CAPARO WIRE LIMITED**Profit and loss account for the year ended 31 December 2000**

	Note	2000 £'000	1999 £'000
Turnover	2	-	18,061
Cost of sales		-	(15,906)
Gross profit		-	2,155
Distribution costs		-	(1,519)
Administrative expenses		-	(796)
Other operating income		-	15
Operating loss		-	(145)
Other interest receivable and similar income		-	21
Interest payable and similar charges	6	-	(51)
Loss on ordinary activities before taxation	3	-	(175)
Tax on loss on ordinary activities	7	-	78
Sustained deficit for the financial year	16	-	(97)

Turnover and results reported above all relate to activities which have been discontinued within the company following a transfer of all of its business and assets to Caparo Steel Products Limited as described in note 25.

There were no recognised gains or losses in the year other than the result for the year as shown above.

The notes on pages 7 to 17 form part of these financial statements.


CAPARO WIRE LIMITED**Balance sheet at 31 December 2000**

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	-	4,537
Current assets			
Stocks	9	-	923
Debtors	10	4,155	3,917
Cash at bank and in hand		-	1
		<u>4,155</u>	<u>4,841</u>
Creditors: amounts falling due within one year	11	-	(4,193)
Net current assets		<u>4,155</u>	<u>648</u>
Total assets less current liabilities		<u>4,155</u>	<u>5,185</u>
Creditors: amounts falling due after more than one year	12	-	(792)
Provisions for liabilities and charges	14	-	(238)
Net assets		<u>4,155</u>	<u>4,155</u>
Capital and reserves			
Called up share capital	15	226	226
Revaluation reserve	16	-	61
Profit and loss account	16	3,929	3,868
Shareholders' funds (including non-equity interests)	17	<u>4,155</u>	<u>4,155</u>

These financial statements were approved by the board of directors on 25 April 2001 and were signed on its behalf by:



RG Hickman
Director



J Chirgwin
Director

The notes on pages 7 to 17 form part of these financial statements.

CAPARO WIRE LIMITED**Note of historical cost profits and losses for the year ended 31 December 2000**

	2000 £'000	1999 £'000
Reported loss on ordinary activities before taxation	-	(175)
Realisation of revaluation gains of previous years	61	-
Differences between the historical cost depreciation charge and the actual depreciation charge based on the revalued amount	-	7
Historical cost profit/(loss) on ordinary activities before tax	<u>61</u>	<u>(168)</u>
Historical cost retained profit/(sustained loss) for the year after taxation and dividends	<u><u>61</u></u>	<u><u>(90)</u></u>

CAPARO WIRE LIMITED

Notes forming part of the financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover, stated net of value added tax, represents amounts invoiced to third parties.

Deferred tax

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that liabilities will crystallise.

Fixed assets and depreciation

Depreciation is provided to write off the cost, or valuation, less the estimated residual value of tangible fixed assets by equal instalments over their expected useful economic lives as follows:

Freehold buildings	- 2% per annum
Plant and machinery	- 5% per annum
Vehicles and mobile plant	- 25% per annum
Computer equipment	- 20% per annum

Freehold land is not depreciated. All other assets are depreciated from the date of commissioning.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Leasing

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element is charged to the profit and loss account over the term of the agreement.

Rentals in respect of operating leases are charged to the profit and loss account over the term of the agreement.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred.

Other monetary assets and liabilities denominated in foreign currencies are translated at year end rates, the exchange differences arising being taken to the profit and loss account.

CAPARO WIRE LIMITED

Notes forming part of the financial statements (*Continued*)

1 Accounting policies (*Continued*)

Pension costs

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the defined benefit scheme, which is fully funded, are based on pension costs across the group as a whole. 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.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Cashflow statement

Under FRS1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2 Turnover

The company's turnover is derived from its principal activity and an analysis by geographical market is as follows:

	2000 £'000	1999 £'000
United Kingdom	-	11,171
Rest of Europe	-	6,292
Africa	-	552
Other	-	46
	<hr/>	<hr/>
	-	18,061
	<hr/>	<hr/>

CAPARO WIRE LIMITED

Notes forming part of the financial statements (Continued)

3 Loss on ordinary activities before taxation

	2000 £'000	1999 £'000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	-	9
Depreciation of tangible fixed assets:		
- Owned	-	255
- Leased	-	179
Rentals payable under operating leases:		
- Plant and machinery	-	31
	<u> </u>	<u> </u>

Auditors' remuneration for non-audit services during the year amounted to £Nil (1999: £1,000).

4 Directors' remuneration

	2000 £'000	1999 £'000
Directors' emoluments:		
Aggregate emoluments	-	288
	<u> </u>	<u> </u>

The company made contributions during the year to the defined benefit pension scheme on behalf of none of the directors (1999: 4 directors).

The emoluments, excluding pension contributions of the highest paid director were £Nil (1999: £66,000).

The accrued pension of the highest paid director at the year end was £Nil (1999: £3,591). The highest paid director will have the opportunity to exchange part of his pension for a lump sum at retirement date, the amount depends on age at retirement and facts determined by the actuary at the time of retirement.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Production	-	107
Administration	-	13
	<u> </u>	<u> </u>
	-	120
	<u> </u>	<u> </u>

CAPARO WIRE LIMITED**Notes forming part of the financial statements (Continued)****5 Staff numbers and costs (Continued)**

The aggregate payroll costs of these persons were as follows:

	2000 £'000	1999 £'000
Wages and salaries	-	2,407
Social security	-	204
Other pension costs (note 21)	-	209
	<u>-</u>	<u>2,820</u>
	<u><u>-</u></u>	<u><u>2,820</u></u>

6 Interest payable and similar charges

Other interest	-	(1)
Finance lease interest	-	52
	<u>-</u>	<u>51</u>
	<u><u>-</u></u>	<u><u>51</u></u>

7 Tax on loss on ordinary activities

UK corporation tax credit	-	(4)
Deferred taxation credit	-	(74)
Adjustments in respect of prior years:		
- Corporation tax	-	(17)
- Deferred taxation	-	17
	<u>-</u>	<u>(78)</u>
	<u><u>-</u></u>	<u><u>(78)</u></u>

CAPARO WIRE LIMITED

Notes forming part of the financial statements (Continued)

8 Tangible fixed assets

	Freehold property £'000	Plant and machinery £'000	Vehicles and mobile plant £'000	Total £'000
Cost or valuation				
At beginning of year	2,607	5,499	142	8,248
Transfer to group undertaking	(2,607)	(5,499)	(142)	(8,248)
At end of year	-	-	-	-
Depreciation				
At beginning of year	305	3,364	42	3,711
Transfer to group undertaking	(305)	(3,364)	(42)	(3,711)
At end of year	-	-	-	-
Net book value				
At 31 December 2000	-	-	-	-
At 31 December 1999	2,302	2,135	100	4,537

If the assets had not been revalued they would have been included at the following values:

	Plant and machinery	
	2000 £'000	1999 £'000
At 31 December		
Historical cost	-	5,239
Aggregate depreciation based on historical cost	-	(3,175)
Net book value	-	2,064

Included in the total net book value of plant, machinery and vehicles is £Nil (1999: £833,000) in respect of assets held under finance leases.

Land included above which is not depreciated amounted to £Nil (1999: £395,000).

CAPARO WIRE LIMITED**Notes forming part of the financial statements (Continued)****9 Stocks**

	2000	1999
	£'000	£'000
Raw materials and consumables	-	538
Work in progress	-	39
Finished goods and goods for resale	-	346
	<u>-</u>	<u>923</u>
	<u>-</u>	<u>923</u>

There is no material difference between the replacement value of stock and those values stated above.

10 Debtors

	2000	1999
	£'000	£'000
Trade debtors	-	2,493
Amount owed by parent undertaking	-	1,105
Amounts owed by fellow subsidiary undertakings	4,155	179
Other debtors	-	5
Taxation and social security	-	52
Prepayments and accrued income	-	83
	<u>4,155</u>	<u>3,917</u>
	<u>4,155</u>	<u>3,917</u>

11 Creditors : amounts falling due within one year

Trade creditors	-	3,639
Obligations under finance leases (note 12)	-	167
Amounts owed to fellow subsidiary undertakings	-	10
Other taxes and social security	-	68
Other creditors	-	47
Accruals and deferred income (note 13)	-	262
	<u>-</u>	<u>4,193</u>
	<u>-</u>	<u>4,193</u>

CAPARO WIRE LIMITED

Notes forming part of the financial statements (Continued)

12 Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Obligations under finance leases	-	577
Accruals and deferred income (note 13)	-	215
	<u>-</u>	<u>792</u>
	<u><u>-</u></u>	<u><u>792</u></u>

The maturity of obligations under finance leases is as follows:

In one year or less	-	167
In more than one year but not more than two years	-	168
In more than two years but not more than five years	-	409
In more than five years	-	-
	<u>-</u>	<u>744</u>
	<u><u>-</u></u>	<u><u>744</u></u>

The liabilities under these finance leases are secured against the assets to which they relate.

13 Government grants

Government grants are included within accruals and deferred income as follows:

	2000 £'000	1999 £'000
At beginning of year	256	298
Transfer to group undertaking	(256)	-
Credited to the profit and loss account	-	(42)
	<u>-</u>	<u>-</u>
At end of year	<u><u>-</u></u>	<u><u>256</u></u>

CAPARO WIRE LIMITED

Notes forming part of the financial statements (Continued)

14 Provisions for liabilities and charges

	Deferred taxation £'000
At beginning of year	238
Transfer to group undertaking	(238)
At end of year	-

The amounts provided for deferred taxation, and the amounts not provided, are set out below:

	2000		1999	
	Unprovided £'000	Provided £'000	Unprovided £'000	Provided £'000
Accelerated capital allowances	-	-	220	325
Other timing differences	-	-	-	(87)
	-	-	220	238

15 Called up share capital

	2000 £'000	1999 £'000
<i>Authorised:</i>		
84,000 ordinary shares of 25p each	21	21
820,000 deferred shares of 25p each	205	205
	226	226
<i>Allotted, called up and fully paid:</i>		
82,000 ordinary shares of 25p each	21	21
820,000 deferred shares of 25p each	205	205
	226	226

The 820,000 deferred shares of 25p each are classified as non-equity. These shares have no rights to participate in any dividend declared by the company and to receive only the amounts paid up on such shares after the holders of the ordinary shares in the capital of the company have received the amounts paid up on their shares.

CAPARO WIRE LIMITED

Notes forming part of the financial statements (Continued)

16 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	61	3,868
Transfer of realised profits realised on transfer of assets to Caparo Steel Products Limited	(61)	61
At end of year	-	3,929

17 Analysis of shareholders' funds

	2000 £'000	1999 £'000
Equity interests	3,950	3,950
Non-equity interests	205	205
	4,155	4,155

18 Reconciliation of movements in shareholders' funds

Loss for the financial year	-	(97)
Shareholders' funds brought forward	4,155	4,252
Shareholders' funds carried forward	4,155	4,155

19 Contingent liabilities

The company is liable together with other group companies under cross guarantee arrangements for overdrafts relating to group companies. At 31 December 2000, this liability amounted to £11,266,301 (1999: £10,027,000).

The company has entered into forward foreign currency contracts in the normal course of business totalling £Nil at 31 December 2000 (1999:£129,000).

CAPARO WIRE LIMITED

Notes forming part of the financial statements (*Continued*)

20 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000	Other 1999
	£'000	£'000
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	-	15
Over five years	-	1
	<u>-</u>	<u>16</u>
	<u><u>-</u></u>	<u><u>16</u></u>

21 Pension scheme

The company is a member of a group pension scheme, which provides benefits based on pensionable pay. Details of the latest actuarial valuation and the significant assumptions which affect the results of the valuation are disclosed in the financial statements of the ultimate parent company. The pension charge for the year was £Nil (1999: £209,000).

Contributions amounting to £Nil (1999: £27,000) were payable to the scheme at the end of the year and are included in creditors.

22 Capital commitments

	2000	1999
	£'000	£'000
Contracted but not provided in the financial statements	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

23 Related party transactions

The company has taken advantage of the exemption available under FRS8 not to disclose transactions with entities that are part of Caparo Group Limited on the grounds that the exemption is available as the company is more than 90% owned by Caparo Group Limited.

CAPARO WIRE LIMITED

Notes forming part of the financial statements (*Continued*)

24 Ultimate parent company

The company is a subsidiary undertaking of Caparo Industries Plc. The ultimate parent company is Caparo Group Limited.

The largest group in which the results of the company are consolidated is that headed by Caparo Group Limited. The smallest group in which they are consolidated is that headed by Caparo Industries Plc.

25 Group Restructuring

On 1 January 2000, as a result of a reorganisation of the steel businesses within the group, the trade and net assets of the company were transferred to Caparo Steel Products Limited at book value. The business of the company is now carried on as a trading division of Caparo Steel Products Limited.