

REG OF COS

No. 2419183

BARLOW METAL FABRICATIONS LIMITED

Registered Office:
136, London Road,
Sheffield,
S2 4NX

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st December, 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by U.K. company law 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31st December, 1996.

The directors also confirm that applicable accounting standards have been complied with subject to any material departures being disclosed and explained in the financial statements, and that the statements have been prepared 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 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES & REVIEW OF THE BUSINESS

The principal activity of the company during the year was the manufacture of metal fabrications for retail and commercial interiors, catering outlets and railway environments.



BARLOW METAL FABRICATIONS LIMITED

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES & REVIEW OF THE BUSINESS (Cont'd.)

The company has attempted to widen the areas which it serves and this has proved successful during the year with substantially increased sales and profits.

1997 has started with an encouraging order book.

RESULTS & DIVIDENDS

The company's results are set out on page 5.

No interim dividends have been paid during the year, and the directors do not recommend the payment of a final dividend.

DIRECTORS & THEIR INTERESTS

The directors who served during the year and their beneficial interests, including family interests, in the company's issued share capital were:

	<u>£1 Ordinary Shares</u>	
	<u>At 31/12/96</u>	<u>At 31/12/95</u>
W. Barlow - Chairman	-	-
D. J. Leah	-	-
K. Hunter	5,000	5,000

Mr. W. Barlow holds one share in the company as nominee for George Barlow & Sons Limited, the parent company.

Mr. Barlow and Mr. Leah are also directors of the parent company and their interests in its issued share capital were:

	<u>£1 Ordinary Shares</u>			
	<u>At 31/12/96</u>		<u>At 31/12/95</u>	
	<u>Beneficial</u>	<u>Other</u>	<u>Beneficial</u>	<u>Other</u>
W. Barlow	30,325	-	47,500	6,883
D. J. Leah	-	-	-	-

BARLOW METAL FABRICATIONS LIMITED

DIRECTORS' REPORT

RESEARCH & DEVELOPMENT

The company's policy is to continuously monitor and improve its methods of production and the quality of its products.

POLITICAL & CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year.

AUDITORS

The auditors, Messrs. Cobden, Board & Co., have expressed their willingness to continue in office and a resolution proposing their re-appointment and authorising the directors to agree their remuneration will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

J. R. CARTWRIGHT

SECRETARY

30th May, 1997.

A handwritten signature in dark ink, appearing to be 'J. R. Cartwright', with a large, stylized initial 'J' and 'C'. To the right of the signature is a small handwritten mark that looks like a cross or an 'X'.

REPORT OF THE AUDITORS

to the Members of BARLOW METAL FABRICATIONS 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 pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, 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 judgments 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 the company's affairs as at 31st December, 1996, and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Cobden Board & Co.

COBDEN, BOARD & CO.

Sheffield & London,
30th May, 1997.

Chartered Accountants,
Registered Auditors.

BARLOW METAL FABRICATIONS LIMITEDPROFIT & LOSS ACCOUNTfor the Year ended 31st DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER		4,971,443	2,886,470
Cost of sales		<u>(3,622,050)</u>	<u>(2,044,342)</u>
GROSS PROFIT		1,349,393	842,128
Selling & distribution expenses		(82,423)	(37,486)
Administrative expenses		(702,759)	(426,255)
Other operating expenses		<u>(129,529)</u>	<u>(109,138)</u>
OPERATING PROFIT	2	434,682	269,249
Loss on sale of tangible fixed assets		-	(288)
Bank interest receivable		<u>4,081</u>	<u>17,973</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		438,763	286,934
Taxation	4	<u>(148,704)</u>	<u>(91,941)</u>
RETAINED PROFIT FOR THE YEAR		<u>£290,059</u>	<u>£194,993</u>

CONTINUING OPERATIONS

None of the company's operations was acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS & LOSSES

The company has no recognised gains or losses other than those recognised in the profit & loss account.

The notes on pages 7 to 12 form part of these financial statements.

BARLOW METAL FABRICATIONS LIMITEDBALANCE SHEETat 31st DECEMBER 1996

	<u>Notes</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
FIXED ASSETS			
Tangible fixed assets	5	<u>165,766</u>	<u>189,843</u>
CURRENT ASSETS			
Stock	6	291,398	439,562
Debtors	7	1,377,335	827,851
Cash at bank and in hand		<u>142</u>	<u>41</u>
		1,668,875	1,267,454
CREDITORS: amounts falling due within one year	8	<u>(851,144)</u>	<u>(763,859)</u>
NET CURRENT ASSETS		<u>817,731</u>	<u>503,595</u>
TOTAL NET ASSETS		<u>£983,497</u>	<u>£693,438</u>
CAPITAL & RESERVES			
Called-up share capital	9	100,000	100,000
Profit & loss account	10	<u>883,497</u>	<u>593,438</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>£983,497</u>	<u>£693,438</u>

Approved by the Board of Directors on 30th May, 1997,
and signed on its behalf.

✓  X
W. BARLOW - DIRECTOR

The notes on pages 7 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

at 31st DECEMBER 1996

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The accounting policies are consistent with the previous year.

Cash flow

The financial statements do not include a cash flow statement because the company, as a 95% subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Turnover

Turnover represents the invoiced amount of goods sold and services provided, stated net of value added tax. The company operated primarily in the U.K.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Plant & fixtures - 15% straight line basis
Computers - 33.1/3% straight line basis
Motor vehicles - 33.1/3% reducing balance basis

A full year's depreciation is charged on all assets in use at the end of the accounting period irrespective of the date of purchase.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. In the case of raw materials, cost is invoice cost. Work in progress consists of the direct cost of raw materials and labour plus attributable production overheads. Net realisable value is based upon estimated selling price, less further costs expected to be incurred to completion and disposal.

NOTES TO THE FINANCIAL STATEMENTSat 31st DECEMBER 19961. ACCOUNTING POLICIES (Cont'd.)Deferred taxation

Deferred taxation is provided on the liability method on all material short-term timing differences. Provision is also made for long-term timing differences, except for those which are not expected to reverse in the near future.

Pensions

The company is a member of a defined contribution scheme for its salaried employees. The assets of the scheme are invested and managed independently of the finances of the company. Contributions are made by the company based on 4.5% of pensionable payroll and are written off to Profit & Loss Account as they arise.

Related parties

George Barlow & Sons Limited, the parent company, owns 95% of the issued share capital of the company. Barlow Metal Fabrications Limited does not disclose details of transactions with group companies which are eliminated on consolidation. Balances at the year end are disclosed in debtors and creditors as appropriate.

2. OPERATING PROFIT1996
£1995
£

(a) This is stated after charging:

Directors' remuneration including pension contributions (see below)

79,850

66,702

Auditors' remuneration

6,300

6,000

Depreciation

55,68457,538

(b) Directors' remuneration

The emoluments of the chairman, excluding pension contributions, were £5,000 (1995: £5,000), and those of the highest paid director, excluding pension contributions, were £70,600 (1995: £59,523). The other director received no remuneration in either year.

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NOTES TO THE FINANCIAL STATEMENTS

at 31st DECEMBER 1996

3. <u>STAFF COSTS</u>	<u>1996</u> £	<u>1995</u> £
Wages & salaries	1,166,438	919,520
Social security costs	99,986	76,420
Defined contribution pension costs	7,242	(196)
	<u>£1,273,666</u>	<u>£995,744</u>

The average number of employees (including directors) during the year was:

	<u>No.</u>	<u>No.</u>
Management	3	5
Administration	12	11
Production and sales	66	53
	<u>81</u>	<u>69</u>

4. <u>TAXATION</u>	£	£
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Based on the profit for the year:

Corporation tax at 33% (1995: 33%)	149,000	92,000
Taxation over-provided in previous year	(296)	(59)
	<u>£148,704</u>	<u>£91,941</u>

NOTES TO THE FINANCIAL STATEMENTSat 31st DECEMBER 19965. TANGIBLE FIXED ASSETS

	<u>Plant & machinery</u> £	<u>Fixtures & fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost:				
At 1/1/96	385,477	46,439	44,100	476,016
Additions	14,800	11,557	5,250	31,607
Disposals	(26,089)	(8,869)	-	(34,958)
	<u>£374,188</u>	<u>£49,127</u>	<u>£49,350</u>	<u>£472,665</u>
Depreciation:				
At 1/1/96	229,014	30,782	26,377	286,173
Charge for the year	39,547	8,480	7,657	55,684
Disposals	(26,089)	(8,869)	-	(34,958)
	<u>£242,472</u>	<u>£30,393</u>	<u>£34,034</u>	<u>£306,899</u>
Net book value:				
At 31/12/96	<u>£131,716</u>	<u>£18,734</u>	<u>£15,316</u>	<u>£165,766</u>
At 31/12/95	<u>£156,463</u>	<u>£15,657</u>	<u>£17,723</u>	<u>£189,843</u>

6. STOCK

	<u>1996</u> £	<u>1995</u> £
Raw materials and consumables	200,052	175,005
Work in progress	91,346	264,557
	<u>£291,398</u>	<u>£439,562</u>

BARLOW METAL FABRICATIONS LIMITEDPAGE 11NOTES TO THE FINANCIAL STATEMENTSat 31st DECEMBER 1996

7. <u>DEBTORS</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Trade debtors	1,031,139	788,882
Trade debtors - fellow subsidiary companies	233,730	16,352
Amounts owed by holding company	95,000	11,877
Prepayments and accrued income	15,015	8,521
Other debtors	2,451	2,219
	<u>£1,377,335</u>	<u>£827,851</u>

8. CREDITORS: amounts falling due
within one year

Bank overdraft	17,352	152,512
Trade creditors	334,374	191,045
Amounts owed to fellow subsidiary companies	13,972	212,493
Amounts owed to holding company	96,533	14,000
Current corporation tax	149,000	92,000
Other taxes and social security costs	132,134	54,567
Accruals and deferred income	103,332	44,774
Other creditors	4,447	2,468
	<u>£851,144</u>	<u>£763,859</u>

The bank overdraft is secured by a fixed and floating charge, dated 23rd September, 1993, comprising a fixed charge on book debts and a floating charge on all other assets.

9. <u>SHARE CAPITAL</u>	<u>1996</u>	<u>1995</u>
Authorised, issued and fully paid: 100,000 £1 Ordinary shares	<u>£100,000</u>	<u>£100,000</u>
10. <u>PROFIT & LOSS ACCOUNT</u>		
Balance at 1/1/96	593,438	398,445
Retained profit for the year	290,059	194,993
Balance at 31/12/96	<u>£883,497</u>	<u>£593,438</u>

BARLOW METAL FABRICATIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

at 31st DECEMBER 1996

11. RECONCILIATION OF MOVEMENT IN
EQUITY SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit for the year, being also the net addition to shareholders' funds	290,059	194,993
Balance at 1/1/96	693,438	498,445
Balance at 31/12/96	<u>£983,497</u>	<u>£693,438</u>

12. CAPITAL COMMITMENTS

The company had no capital commitments contracted for, but not provided, at the year end (1995: £Nil).

13. PARENT COMPANY

The ultimate parent company is George Barlow & Sons Limited, which owns 95% of the issued share capital of Barlow Metal Fabrications Limited.