

STEEL TRAINING LIMITED

(Registered Number 2465674)

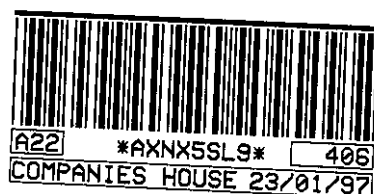
Directors' Report and Accounts

31 March 1996

Contents

	Page
Directors' Report	1
Statement of Directors' Responsibilities	5
Auditors' Report	6
Income and Expenditure Account	7
Balance Sheet	8
Notes to the Accounts	9

**Registered Office:
5 Cromwell Road
London SW7 2HX**



STEEL TRAINING LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 1996

The Directors present their report and the accounts of the Company for the year ended 31 March 1996.

Principal Activities: Significant Changes and Business Review

Steel Training Limited was incorporated on 31 January 1990 as a subsidiary company of the British Iron and Steel Producers Association (BISPA). The Ordinary Shares of the Company are held by the Director-General and the three Office Bearers of BISPA as Trustees of the Association. Preference Shares are held by member companies who undertake to pay a levy and are thereby entitled to certain services from the Company.

The principal activity of the Company is the provision of services to organisations within the UK steel industry. The overall aim remains to raise the profile, quality and effectiveness of training in member companies in order to enable them to meet current and future skill requirements; and, through this aim, to contribute to the commercial and competitive success of the industry.

The Company is concerned with steel industry training issues from shop floor to board level and across all occupational areas, and is recognised by the Department for Education and Employment as the Industry Training Organisation (ITO) for steel sector companies. It works closely with a range of partners, including British Steel plc, to ensure that the sector's training needs are reflected in both national and local plans; and is a leading partner in the Steel Industry Lead Body and Steel Industry Qualifications Board, which develop and award National Vocational Qualifications (NVQs) for the steel industry.

The Aim and Strategic Objectives, agreed by the Board in 1990, continue to provide a valid framework and clear direction for Steel Training's activities. By March 1996, with assistance from the Company, 60% of member companies had achieved, or were working towards, the Investors in People standard, and an increasing number of members were using NVQs for production, technical, management, clerical or other occupations.

The steel industry modern apprenticeship, launched in 1994, was highly commended in the 1995 National Training Awards; and by March 1996 23 companies were participating. Provision and take-up of consultancy services and industry-targetted courses increased significantly during the year. The Company also introduced an international dimension to its activities, with benchmarking visits to France, Holland and the USA (as part of the Steel Industry Benchmarking Club) and participation in two EC-funded projects.

STEEL TRAINING LIMITED

Directors' Report - continued

With support from the DTI, the Company continued to develop close links with trade associations throughout the sector; and membership of the Steel Industry Lead Body was extended to include representatives of BISPA, the National Association of Steel Stockholders, the Confederation of British Forgers and the British Welded Steel Tube Association. In September 1995, at the request of the Steel Construction Industry Federation, the Company's scope was further extended to cover constructional steelwork. These developments helped both to increase the membership and to open up opportunities to target training more closely to industry needs.

At national level, Steel Training took a leading role in the National Council of Industry Training Organisations and in policy-making on a number of key training issues, including the Beaumont Review of NVQs, Sir Ron Dearing's Review of 16-19 Qualifications and in the opposition party's debate on a statutory framework for training.

A full account of activities during the year is presented in the Company's Annual Report on Activities which is available on request.

Turnover for this the Company's sixth year of trading, amounted to £988,119 (£753,265 in 1994/95) and, after operating costs and expenses, the surplus to be carried forward stood at £87,806 (compared to £44,618 in March 1995). Under Article 93 of the Company's Articles of Association, the Company may not declare any dividends payable to its members.

Future Developments

During the year the Board debated and approved a strategy for future financial viability based upon high quality services, membership growth and the further development of commercial activities. This strategy was set in the context of Steel Training's wider objectives which relate to the development and promotion of leading-edge training approaches for the steel industry as a whole.

Based on this strategy, the Directors have approved priorities and a Development Plan for the year ahead which look to the further continuing development of Steel Training as a strong and essential service engaged in high-quality, value-for-money activities for an expanding membership.

STEEL TRAINING LIMITED

Directors' Report - continued

Directors

The Directors of the Company during the year 1 April 1995 - 31 March 1996 were as follows:

Mr J V Palmer (Chairman)

Mr H E Billot		Dr G J Lewis	
Mr I J Blakey		Mr P F Lormor	
Mr W G Campbell	(appointed 11 July 1995)	Mr C E Morgan	(resigned 11 July 1995)
	(resigned 14 December 1995)	Mr C A Pyle	
Mr G Carter	(appointed 11 July 1995)	Mr M Sawkins	(appointed 14 December 1995)
Mr W Devney		Mr F Sharp	(resigned 11 July 1995)
Mr L Dobson	(appointed 21 September 1995)	Mr J A Stevenson	(resigned 11 July 1995)
Mr R H Evans		Mr P Thompson	(appointed 11 July 1995)
Mr G S Firth	(resigned 11 July 1995)	Mr P R Thompson	(resigned 11 July 1995)
Mr A O Hopkins	(appointed 11 July 1995)	Mr S Tilsley	(appointed 11 July 1995)
Mr P A Jackson	(appointed 11 July 1995)	Mr A A Vurlan	
	(resigned 14 March 1996)	Mr T Worrall	(resigned 11 July 1995)
Mr D J Kavanagh	(resigned 21 September 1995)		

In accordance with Article 77 of the Company's Articles of Association, no Director received any remuneration from the Company.

No Director had any beneficial interest in the shares of the Company. The non-beneficial interests of the Directors in Ordinary Shares of £1 each in the Company at 31 March 1995, and changes notified to the Company by 31 March 1996, were as follows:

Interests in Ordinary Share Capital

	31 March 1996	31 March 1995
	Shares	Shares
Mr I J Blakey	<u>258</u>	<u>258</u>

No Director had any material interest in any contract of significance subsisting with the Company at any time during the year.

Company status

The Company is a close Company under the provisions of the Income and Corporation Taxes Act 1988.

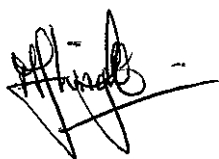
STEEL TRAINING LIMITED

Directors' Report - continued

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'A L Wright', with a stylized flourish at the end.

A L Wright
Company Secretary

10 June 1996

Registered Office:
5 Cromwell Road
London SW7 2HX

Auditors:
KPMG
The Fountain Precinct
1 Balm Green
Sheffield
S1 3AF

STEEL TRAINING LIMITED

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs for the Company and of the surplus or deficit of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then 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 which 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 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.

STEEL TRAINING LIMITED

Auditors' Report

Auditors' report to the members of Steel Training Limited

We have audited the accounts on pages 7 to 14.

Respective responsibilities of Directors and auditors

As described on page 5 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 which 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 March 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

Sheffield
11 June 1996

STEEL TRAINING LIMITED**Income and Expenditure Account
For the Year Ended 31 March 1996**

	Notes	1996 £	1995 £
Turnover	2	988,119	753,265
Cost of sales		<u>460,785</u>	<u>330,182</u>
Gross Profit		527,334	423,083
Administrative expenses		<u>523,605</u>	<u>416,100</u>
		3,729	6,983
Loan notes waived		<u>40,900</u>	<u>-</u>
Operating Surplus		44,629	6,983
Interest receivable		11,005	6,615
Interest payable	6	<u>(9,410)</u>	<u>(10,126)</u>
Surplus on Ordinary Activities Before Taxation	2-6	46,224	3,472
Tax on surplus on ordinary activities	7	<u>3,036</u>	<u>-</u>
Surplus for the Financial Year		43,188	3,472
Surplus Brought Forward		<u>44,618</u>	<u>41,146</u>
Surplus Carried Forward		<u>87,806</u>	<u>44,618</u>

There were no acquisitions or discontinued operations within the Company during the years ended 31 March 1996 or 1995.

The Company had no recognised gains or losses in either the years ended 31 March 1996 or 1995 other than the surplus for these years.

STEEL TRAINING LIMITED**Balance Sheet****At 31 March 1996**

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	8	406,072	423,709
Current Assets			
Debtors	9	180,598	135,705
Cash at bank and in hand		180,526	214,814
		<u>361,124</u>	<u>350,519</u>
Creditors: Amounts Falling Due Within One Year	10	<u>304,353</u>	<u>305,684</u>
Net Current Assets		<u>56,771</u>	<u>44,835</u>
Total Assets Less Current Liabilities		<u>462,843</u>	<u>468,544</u>
Creditors: Amounts Falling Due After More Than One Year	11	<u>373,952</u>	<u>422,853</u>
Net Assets		<u>88,891</u>	<u>45,691</u>
Capital and Reserves			
Called up share capital	12	1,085	1,073
Accumulated surplus		87,806	44,618
Shareholders funds		<u>88,891</u>	<u>45,691</u>
Shareholders funds comprise: Equity		88,814	45,626
Non equity		77	65
		<u>88,891</u>	<u>45,691</u>

The accounts were approved by the Board of Directors on 10 June 1996 and signed on its behalf by :

I J Blakey
Director

I. J. Blakey

STEEL TRAINING LIMITED

Notes to the Accounts

1. Accounting Policies

The principal accounting policies adopted by the Company and which have been applied consistently are as follows:

Basis of Accounting

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on a straight line basis. The rates used are as follows:

Motor Vehicles and Equipment	25%
Long Leasehold Property	2%

Turnover

The turnover stated is the amount receivable in respect of the year, exclusive of value added tax, for levies and services supplied, and grants receivable.

Capital Grants

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

Operating Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the life of the lease.

Deferred Taxation

Provision is made under the liability method at current rates for tax deferred by timing differences except where there is a reasonable probability that such liabilities will not arise in the foreseeable future.

Cash Flow Statement

Under Financial Reporting Standard (1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

STEEL TRAINING LIMITED

Notes to the Accounts - continued

1. Accounting Policies - continued

Pensions

The Company operates a defined contribution personal pension scheme. The assets of the scheme are held separately from the Company in independently administered funds. The pension charge represents payments made during the year.

2. Turnover

	1996 £	1995 £
Turnover analysed by activity comprises:		
Levies from members	140,463	130,564
Youth Training	320,252	305,597
Other income	<u>527,404</u>	<u>317,104</u>
	<u>988,119</u>	<u>753,265</u>

3. Employees Information

The average number of persons employed by the Company during the year was 16 (1995:13).

Costs in respect of these employees were

Wages and salaries	284,642	227,155
Social security costs	27,594	23,014
Pension contributions	<u>26,960</u>	<u>19,921</u>
	<u>339,196</u>	<u>270,090</u>

4. Surplus on Ordinary Activities Before Taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	1996 £	1995 £
Depreciation	32,367	27,081
Auditors' remuneration	840	830
Hire of equipment	1,158	1,383
Hire of other assets	1,078	-
Release of capital based grant	<u>(384)</u>	<u>(387)</u>

5. Directors Emoluments

None of the Directors received any remuneration in respect of their services to the Company during the year.

STEEL TRAINING LIMITED**Notes to the Accounts - continued****6. Interest Payable**

	1996 £	1995 £
Bank loans and overdrafts	<u>9,410</u>	<u>10,126</u>

7. Taxation

Taxation based on surplus on ordinary activities for the year:

	1996 £	1995 £
Corporation Tax @ 25%	4,040	-
Over provision in previous years	<u>(1,004)</u>	<u>-</u>
	<u>3,036</u>	<u>-</u>

8. Tangible Fixed Assets

	Long leasehold property £	Motor vehicles £	Equipment £	Total £
Cost				
At 31 March 1995	369,296	88,670	50,173	508,139
Additions in year	<u>-</u>	<u>-</u>	<u>14,730</u>	<u>14,730</u>
At 31 March 1996	<u>369,296</u>	<u>88,670</u>	<u>64,903</u>	<u>522,869</u>
Depreciation				
At 31 March 1995	12,310	43,621	28,499	84,430
Charge for year	<u>7,383</u>	<u>14,460</u>	<u>10,524</u>	<u>32,367</u>
At 31 March 1996	<u>19,693</u>	<u>58,081</u>	<u>39,023</u>	<u>116,797</u>
Net Book Value				
At 31 March 1996	<u>349,603</u>	<u>30,589</u>	<u>25,880</u>	<u>406,072</u>
At 31 March 1995	<u>356,986</u>	<u>45,049</u>	<u>21,674</u>	<u>423,709</u>

The property is held under a lease commencing October 1992 for eight hundred years.

STEEL TRAINING LIMITED**Notes to the Accounts - continued****9. Debtors**

	1996 £	1995 £
Trade debtors	167,216	126,397
Prepayments and accrued income	<u>13,382</u>	<u>9,308</u>
	<u>180,598</u>	<u>135,705</u>

10. Creditors: Amounts Falling Due Within One Year

Trade creditors	205,585	190,931
Mortgage on property - Midland Bank plc	8,783	9,132
Corporation tax	5,468	14,200
Other taxes and social security	19,130	29,077
Accruals	17,120	22,133
Income in advance	<u>48,267</u>	<u>40,211</u>
	<u>304,353</u>	<u>305,684</u>

11. Creditors: Amounts Falling Due After More Than One Year

Unsecured loan notes repayable not earlier than 1st April 1998	274,331	315,231
Mortgage on property - Midland Bank plc	81,704	89,323
Deferred income - capital based grant	<u>17,917</u>	<u>18,299</u>
	<u>373,952</u>	<u>422,853</u>

The maturity of the mortgage may be analysed as follows:

In one year or less	8,783	9,132
Between one and two years	9,722	9,896
Between two and five years	22,575	22,348
In five years or more	<u>49,407</u>	<u>57,079</u>
	<u>90,487</u>	<u>98,455</u>

The mortgage is secured on the long leasehold property and has a fixed interest rate of 10.02%.

STEEL TRAINING LIMITED

Notes to the Accounts - continued

12. Share Capital

	1996 £	1995 £
<u>Authorised</u>		
Ordinary Shares of £1 each	1,100	1,100
Preference Shares of £1 each	<u>100</u>	<u>100</u>
	<u>1,200</u>	<u>1,200</u>
<u>Allotted called up and fully paid</u>		
Ordinary Shares of £1 each	1,008	1,008
Preference Shares of £1 each	<u>77</u>	<u>65</u>
	<u>1,085</u>	<u>1,073</u>

During the year twelve £1 Preference Shares were allotted at par to new members.

The Preference Shares rank *pari passu* with the Ordinary Shares in all respects except on a winding up of the Company.

In the event of a winding up, surplus assets available for distribution shall be applicable in the following manner and priority:

First, in returning to the holders of the Preference Shares the capital paid up on their shares and if the surplus assets are insufficient to repay such capital in full repayment shall be made pro rata among them according to the capital paid up by each of them; secondly, in returning to the holders of the Ordinary Shares the capital paid up on their shares and if the surplus assets are insufficient to repay such capital in full then repayment shall be made pro rata among them according to the capital paid up by each of them; and thirdly, any remaining assets shall be divided between the holders of the Preference Shares in proportion to the amount of levies paid by them over such period as the Directors may determine.

13. Reconciliation of Movements in Shareholders' Funds

	1996 £	1995 £
Surplus for the financial year	43,188	3,472
£1 Preference Shares allotted in the year	<u>12</u>	<u>5</u>
Net addition to shareholders funds	43,200	3,477
Opening shareholders funds	<u>45,691</u>	<u>42,214</u>
Closing shareholders funds	<u>88,891</u>	<u>45,691</u>

STEEL TRAINING LIMITED

Notes to the Accounts - continued

14. Capital Commitments

There were no commitments for capital expenditure, authorised or contracted for, as at 31 March 1996 (1995 Nil).

15. Commitments Under Operating Leases

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

	1996 Other	1995 Other
Operating leases which expire	£	£
Within one year	1,156	-
In two to five years	<u>5,698</u>	<u>1,156</u>
	<u>6,854</u>	<u>1,156</u>