Mistbury Investments Limited

Report for the 18 month period ended

28 March 1998

Registered no: 2727544

Mistbury Investments Limited

Report for the 18 month period ended 28 March 1998

Mistbury Investments Limited

Directors' report
for the period ended 28 March 1998

The directors present their report and the audited financial statements for the 18 month period ended 28 March 1998.

Principal activities

The principal activity of the company is the purchase and subsequent disposal of the subsidiary undertakings of Firsteel Group Limited to integrate the operations with British Steel.

The company became a wholly owned subsidiary of British Steel plc on 18 April 1997.

Review of business

The financial statements for the period ended 28 March 1998 show a profit of £113,000 (1996: profit £nil).

Dividends

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

F P Royle	appointed 18 April 1997
D N Bright	appointed 18 April 1997
T L Adams	resigned 18 April 1997
J V Palmer	resigned 6 May 1997

The interests of F P Royle and D N Bright in British Steel plc the company's ultimate parent company are disclosed in the directors' report of Firsteel Holdings Limited, the company intermediate holding company.

None of the directors who held office at the end of the year had any disclosable interest in the shares of Mistbury Investments Limited.

Mistbury Investments Limited

Directors' report (continued) for the period ended 28 March 1998

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; 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 at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act. 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.

Auditors

KPMG resigned as auditors of the company on 18 April 1997 and were replaced by Coopers & Lybrand.

Coopers & Lybrand merged with Price Waterhouse on 1 July 1998 and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors of the company, will be proposed at the next annual general meeting.

By order of the board

A L Scandrett

A L Scandrett
Secretary
Date 18/1/99

Report of the auditors to the members of Mistbury Investments Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the 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 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 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 at 28 March 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Birmingham
Date 22 January 1999

Profit and loss account for the 18 month period ended 28 March 1998

	Note	18 month period to 28 March 1998 £'000	Year to 30 September 1996 £'000
Administrative expenses		(8)	-
Operating loss		(8)	-
Profit on sale of assets held for resale	7	119	-
Profit on disposal of subsidiaries	5	1	-
Profit on ordinary activities before interest		112	-
Interest receivable and similar income	4	1	-
Profit on ordinary activities before and after taxation		113	-
Retained loss brought forward		(37)	(37)
Profit and loss reserve carried forward		76	(37)

The company has no recognised gains or losses other than the result for the financial period and therefore no separate statement of reacquired gains and losses have been prepared.

There is no material difference between the historical cost result for the period and the retained result of the period stated above.

During the year the company disposed of shares on certain non-trading subsidiaries through voluntary winding up or striking off.

Mistbury Investments Limited

Balance sheet
at 28 March 1998

	Note	28 March 1998 £'000	30 September 1996 £'000
Fixed assets			
Investments	5	**1,328**	13,133
Current assets			
Debtors	6	76	-
Assets held for resale	7	-	1,153
		76	1,153
Creditors: amounts falling due within one year		-	-
Net current assets		76	1,153
Total assets less current liabilities		**1,404**	14,286
Creditors: amounts falling due after more than one year	8	**(1,328)**	(14,323)
Net assets/(liabilities)		76	(37)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	76	(37)
Surplus/(deficit) in equity shareholders' funds		76	(37)

The financial statements on pages 4 to 9 were approved by the board of directors and were signed on its behalf by:

F P Royle
Director
Date 19/1/99.

Notes to the financial statements for the period ended 28 March 1998

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

Cashflow statement

Under Financial Reporting Standard 1 (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, and its cash flows are included within the consolidated cash flow statement of Firsteel Holdings Limited.

Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Directors' remuneration

No emoluments were received by any of the directors during the year in respect of their services as directors of the company.

3 Staff numbers

The average number of persons employed by the company (including directors) during the period was 3 (1996: 3).

4 Other interest receivable and similar income

	Period to 28 March 1998 £'000	Year to 30 September 1996 £'000
Bank interest	1	-

5 Fixed asset investment

	Shares in subsidiary undertakings £'000
Shares	
At beginning of period	13,133
Disposals	(11,805)
At end of period	1,328

Certain non-trading subsidiary undertakings were dissolved through voluntary winding under Section 652A of the Companies Act 1985, during the period.

In compliance with s231 and Part II of Schedule 5 of the Companies Act 1985, details of all subsidiary companies will be annexed to the company's next annual return.

The company owns all of the issued share capital of four subsidiary undertakings which have not traded during the period. All the companies are registered in England and Wales.

6 Debtors

	28 March 1998 £'000	30 September 1996 £'000
Amount due from parent undertaking	76	-

7 Asset held for resale

	28 March 1998 £'000	30 September 1996 £'000
Land and buildings at Darlaston	-	1,153

8 Creditors: amounts falling due after more than one year

	28 March 1998 £'000	30 September 1996 £'000
Amounts owed to parent undertaking	-	1,189
Amounts owed to subsidiary undertakings	1,328	13,134
	1,328	14,323

9 Called up share capital

	28 March 1998 £	30 September 1996 £
Authorised		
Ordinary shares at £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

10 Reconciliation of movements in equity shareholders' funds

	28 March 1998 £'000	30 September 1996 £'000
Profit for the financial period	113	-
Opening equity shareholders' funds	(37)	(37)
Closing equity shareholders' funds	76	(37)

Mistbury Investments Limited

11 Profit and loss account

	£'000
At 30 September 1996	(37)
Profit for the financial period	113
At 28 March 1998	76

12 Contingent liabilities

A contingent liability exists in respect of:

	28 March 1998 £'000	30 September 1996 £'000
Group value added tax	-	366

13 Ultimate parent company and parent undertaking of larger group which the company is a member

The company's ultimate parent company is British Steel plc, a company registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by British Steel plc registered in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from 15 Marylebone Road, London, NW1 5JD.