

Metsec plc

Annual report and financial statements  
for the year ended 31 March 2005

Registered number: 1551970



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## **Metsec plc**

### **Annual report and financial statements for the year ended 31 March 2005**

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## **Metsec plc**

### **Directors' report for the year ended 31 March 2005**

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

#### **Activities**

The principal activities of the company are the manufacture of structural components and custom roll formed sections.

#### **Review of developments and future prospects**

The company continued to trade profitably in the year covered by these accounts and is expected to continue to do so in the forthcoming year.

#### **Dividends and transfers to reserves**

Dividends of £6,400,000 (2004: £3,600,000) were proposed during the year. A loss of £839,000 (2004: loss of £329,000) has been transferred to reserves.

#### **Directors and their interests**

The current directors and those who served during the period are as follows:

W Spreitzer  
H Eibensteiner  
S R Tilsley  
J E Andrews  
D Lum  
G Reichman  
H Punz (appointed 28 April 2005)

At 31 March 2005 W Spreitzer held 4,000 shares (1 April 2004: 4,000), S R Tilsley, J E Andrews and D Lum each held 730 shares (1 April 2004: 730 each), H Eibensteiner held 725 shares (1 April 2004: 725) and G Reichman held 405 shares (1 April 2004: 155) in Voest Alpine AG, the ultimate parent undertaking.

#### **Disabled persons**

The Metsec Group has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the Group seeks to employ at least the quota of disabled persons required. The Group endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees. Employees who become disabled during their working life will be retained in employment wherever possible, and will be given help with any necessary rehabilitation and retraining.

## **Metsec plc**

### **Directors' report for the year ended 31 March 2005 (continued)**

#### **Employee involvement**

Communication with employees is effected through information bulletins, by briefing meetings conducted by senior management and by employee representation on office and works councils. Briefing meetings and councils enable senior management to consult employees and to ascertain their views on matters of decision likely to affect their interest.

#### **Creditor payment policy**

It is the company's policy to pay suppliers in accordance with their agreed terms and conditions. Such terms and conditions are agreed with the suppliers in advance of each transaction type and the company aims to comply with such terms once satisfactory performances of the service or receipt of goods is achieved. The total amount of trade creditors falling due within one year at the year end represents 65 days (2004: 83 days) worth of purchases as a proportion of the total amount invoiced.

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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 are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2005 and that applicable accounting standards have been followed.

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the annual general meeting.

By order of the board



D Lum  
Secretary  
22 June 2005

## **Independent auditors' report to the members of Metsec plc**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

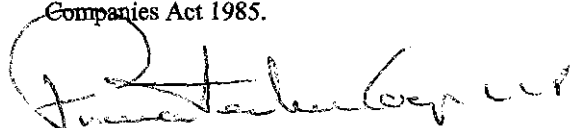
### **Basis of audit opinion**

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 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**Birmingham**

22 June 2005

## Metsec plc

### Profit and loss account for the year ended 31 March 2005

	Note	2005 £'000	2004 £'000
<b>Turnover</b>	2	<b>85,167</b>	63,831
Cost of sales		(63,043)	(48,453)
Gross profit		22,124	15,378
Distribution costs		(6,187)	(5,429)
Administrative expenses		(7,854)	(5,841)
Exceptional items	4	-	481
<b>Operating profit</b>	5	<b>8,083</b>	4,589
Interest payable and similar charges	6	(165)	(36)
<b>Profit on ordinary activities before taxation</b>		<b>7,918</b>	4,553
Tax on profit on ordinary activities	7	(2,357)	(1,282)
<b>Profit on ordinary activities after taxation</b>		<b>5,561</b>	3,271
Profit for the financial year		5,561	3,271
Dividends paid and proposed	8	(6,400)	(3,600)
<b>Loss for the year</b>	17	<b>(839)</b>	(329)

All activities derive from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents other than the depreciation on revalued buildings of £57,000 (2004: £57,000).

The company has no recognised gains and losses other than the profit stated above and therefore no separate statement of total recognised gains and losses has been presented.

# Metsec plc

## Balance sheet as at 31 March 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Intangible assets	9	-	-
Tangible assets	10	19,618	20,482
<b>Current assets</b>			
Stocks	12	10,009	5,406
Debtors	13	17,004	15,604
Cash at bank and in hand		488	5
		27,501	21,015
<b>Creditors: amounts falling due within one year</b>	14	(27,360)	(20,923)
<b>Net current assets/(liabilities)</b>		141	92
<b>Total assets less current liabilities</b>		19,759	20,574
<b>Provisions for liabilities and charges</b>	15	(1,801)	(1,777)
<b>Net assets</b>		17,958	18,797
<b>Capital and reserves</b>			
Called up share capital	16	1,583	1,583
Share premium account	17	788	788
Revaluation reserve	17	1,875	1,875
Profit and loss account	17	13,712	14,551
<b>Equity shareholders' funds</b>	18	17,958	18,797

The financial statements on pages 4 to 22 were approved by the board of directors on 22 June 2005 and were signed on its behalf by:



S R Tilsley  
Director

# **Metsec plc**

## **Notes to the financial statements for the year ended 31 March 2005**

### **1 Accounting policies**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable accounting standards.

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings. The company has adopted the transitional arrangements within FRS15 to retain the book value of fixed assets at their previously revalued amounts. No further revaluations will be undertaken.

#### **Foreign exchange**

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

#### **Goodwill**

Goodwill, which represents the excess of the fair value of the consideration for the trade and assets of subsidiaries over the fair values of the assets acquired, is capitalised and stated at historical cost less provisions for amortisation and impairment.

Amortisation of goodwill is provided from the date of acquisition so as to write off the goodwill, on a straight line basis over the term of its useful life.

#### **Tangible fixed assets and depreciation**

##### **Land and buildings**

Freehold buildings are depreciated on a straight line basis over a maximum of 50 years. Long leasehold land and buildings are depreciated over the term of the lease.

##### **Plant, machinery, fixtures and fittings**

Depreciation is calculated to write down the cost of plant to its estimated residual values by equal annual instalments over the course of its estimated useful economic life. The annual depreciation rates in use vary between 7.5% and 33.3%. In accordance with FRS 15 interest and other financial costs are not capitalised.

#### **Impairment of assets**

The company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is the higher of the net realisable value and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined from estimated discounted future cash flows.

#### **Fixed asset investments**

Fixed asset investments are stated at cost less any provision necessary for permanent diminution in value.



# **Metsec plc**

## **Notes to the financial statements for the year ended 31 March 2005 (continued)**

### **1 Accounting policies (continued)**

#### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value.

*Cost is calculated as follows:*

- raw materials and bought out parts: purchase price;
- work in progress and finished goods: raw material cost plus direct labour and an appropriate proportion of manufacturing overheads.

#### **Grants**

Grants received in respect of tangible fixed assets are treated as a deferred credit and are released to the profit and loss account over the estimated useful economic lives of the assets concerned.

#### **Deferred taxation**

*Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.*

#### **Leasing commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The finance charges are allocated to the year to which they relate. Rentals paid under operating leases are charged against income as incurred.

#### **Pension costs**

The Company operates defined benefit funded pension schemes covering a proportion of its employees. The costs of the pension schemes are charged to the profit and loss account over the expected service lives of participating employees, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. The Company also operates a defined contribution pension scheme for certain employees, and the costs of this scheme are expensed as they are incurred.

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 2 Turnover

The directors are of the opinion that only one major class of business is being undertaken, namely that of manufacturing structural components and roll formed sections. The origin of all the company's trading is the United Kingdom.

	2005	2004
	£'000	£'000
<b>Geographical analysis by destination</b>		
United Kingdom	78,277	58,465
Rest of Europe	6,534	5,058
Other	356	308
	85,167	63,831

### 3 Information regarding directors and employees

	2005	2004
	£'000	£'000
<b>Directors' emoluments</b>		
Aggregate emoluments	793	512
Company contributions to money purchase pension scheme	46	41
	839	553

One of the directors was a member of the group defined benefit pension scheme (2004: one).

	2005	2004
	£'000	£'000
<b>Highest paid director</b>		
Aggregate emoluments	250	190
Contributions to money purchase pension scheme	15	14

## **Metsec plc**

### **Notes to the financial statements for the year ended 31 March 2005 (continued)**

#### **3 Information regarding directors and employees (continued)**

	<b>2005</b>	<b>2004</b>
	<b>Number</b>	<b>Number</b>
<hr/>		
<b>Average number of persons employed</b>		
Production	<b>278</b>	269
Sales and distribution	<b>52</b>	48
Administration	<b>73</b>	68
	<b>403</b>	385
<hr/>		
	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<hr/>		
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	<b>10,962</b>	10,076
Social security costs	<b>966</b>	880
Pension costs	<b>756</b>	573
	<b>12,684</b>	11,529
<hr/>		

#### **4 Exceptional items**

On 3 June 2003, the company sold its former head office building for £880,000, resulting in a profit on disposal of £481,000, after legal and other costs, and elimination of un-amortised grant of £229,000.

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 5 Operating profit

	2005	2004
	£'000	£'000
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation		
Owned assets	2,488	2,812
Hire of equipment	221	252
Rentals under operating leases		
- Plant and machinery	377	351
- Others	375	402
Auditors' remuneration		
- Audit services	57	50
Amortisation of grant	(5)	(9)
Amortisation of goodwill	115	-

### 6 Interest payable and similar charges

	2005	2004
	£'000	£'000
Bank loans and overdrafts	165	36

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 7 Tax on profit on ordinary activities

	2005 £'000	2004 £'000
<b>Analysis of tax charge on ordinary activities:</b>		
UK corporation tax	2,221	1,300
Adjustment in respect of prior years	(57)	(55)
Group relief	169	48
<b>Total current tax</b>	<b>2,333</b>	<b>1,293</b>
Deferred tax		
Timing differences, origination and reversal	45	(55)
Adjustment in respect of prior years	(21)	44
<b>Total deferred tax</b>	<b>24</b>	<b>(11)</b>
<b>Tax on profit on ordinary activities</b>	<b>2,357</b>	<b>1,282</b>

#### Factors affecting tax charge for the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	7,918	4,553
Tax at 30% thereon	2,375	1,366
Effects of:		
Expenses not deductible for tax purposes	57	(27)
Capital allowances in excess of depreciation	(60)	66
Utilisation of tax losses	-	(45)
Other short term timing differences	17	60
Non taxable income	-	-
Other deferred tax movements	1	(72)
Adjustment in respect of prior years	(57)	(55)
<b>Current tax charge for period</b>	<b>2,333</b>	<b>1,293</b>

#### Factors that may effect the future tax charge

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £374,000.

## Metsec plc

### Notes to the financial statements for the year ended 31 March 2005 (continued)

#### 8 Dividends

	2005	2004
	£'000	£'000
Paid – nil per ordinary share (2004: 18.317p)	-	2,900
Proposed – 40.423p per ordinary share (2004: 4.421p)	6,400	700
	6,400	3,600

#### 9 Intangible fixed assets

	Goodwill
	£'000
<b>Cost</b>	
At 1 April 2004	-
Arising on acquisition of trade and assets	115
<b>At 31 March 2005</b>	<b>115</b>
<b>Accumulated amortisation</b>	
At 1 April 2004	-
Charge for the period	115
<b>At 31 March 2005</b>	<b>115</b>
<b>Net book amount</b>	
<b>At 31 March 2005</b>	<b>-</b>
At 1 April 2004	-

During the year the trade and assets of Stratford Joists were purchased for cash consideration of £115,000. Goodwill of £115,000 arose on the acquisitions. Given the nature of the future plans of the business the directors have written the goodwill off during the year.

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 10 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2004	9,348	21,355	7,134	37,837
Additions	-	1,382	236	1,618
Disposals	-	(6)	-	(6)
Reclassification	5	(315)	310	-
<b>At 31 March 2005</b>	<b>9,353</b>	<b>22,416</b>	<b>7,680</b>	<b>39,449</b>
At cost	3,927	22,416	7,680	34,023
At open market valuation in 1990	5,426	-	-	5,426
	9,353	22,416	7,680	39,449
<b>Accumulated depreciation</b>				
At 1 April 2004	1,771	9,719	5,865	17,355
Depreciation	338	1,622	516	2,476
Disposals	-	-	-	-
<b>At 31 March 2005</b>	<b>2,109</b>	<b>11,341</b>	<b>6,381</b>	<b>19,831</b>
<b>Net book value</b>				
<b>At 31 March 2005</b>	<b>7,244</b>	<b>11,075</b>	<b>1,299</b>	<b>19,618</b>
At 31 March 2004	7,577	11,636	1,269	20,482

The net book value of land and buildings comprises freehold properties of £7,183,000 (2004: £7,516,000) and long leaseholds of £61,000 (2004: £61,000).

Prior to the adoption of FRS 15 (Tangible fixed assets) on 31 March 2000 it was company policy to revalue its freehold land and buildings. Freehold land and buildings were revalued in 1990 on the basis of open market values for existing use. The transitional provisions in FRS 15 have been applied and previous revaluations have been retained. From 31 March 2000 it is company policy not to revalue its fixed assets.

## Metsec plc

### Notes to the financial statements for the year ended 31 March 2005 (continued)

#### 10 Tangible fixed assets (continued)

If freehold land and buildings had not been revalued, total land and buildings, including those which have not been subject to revaluation, would have been included on a historic cost basis at the following amounts:

	2005	2004
	£'000	£'000
Cost	5,731	5,726
Accumulated depreciation	(1,849)	(1,520)
Historical cost value	3,882	4,206

#### 11 Investments

##### Analysis of investments

The value of investments held by the company is £nil (2004: £nil).

Details of the principal subsidiaries are:

	Proportion of shares	Country of Incorporation	Nature of business
Metal Sections Limited	100%	England	Non trading agent
Stratford Joists Limited (formerly Metsys Systems Limited)	100%	England	Non trading agent
HEP Sections Limited	100%	England	Non trading agent
Pinedown 2004 Ltd (formerly Energy Tubes Limited)	100%	England	Non trading agent

##### Consolidation

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included within the consolidated financial statements of its ultimate parent, Voest Alpine AG, a company incorporated in Austria.

#### 12 Stocks

	2005	2004
	£'000	£'000
Raw materials	6,694	3,249
Work in progress and finished goods	3,315	2,157
	10,009	5,406



## Metsec plc

### Notes to the financial statements for the year ended 31 March 2005 (continued)

#### 13 Debtors

	2005	2004
	£'000	£'000
Trade debtors	16,285	14,802
Amounts due from group undertakings	449	205
Other debtors	184	348
Prepayments and accrued income	50	154
Amounts recoverable on contracts	36	95
	17,004	15,604

#### 14 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Bank overdraft	-	485
Trade creditors	14,470	14,808
Amounts owed to group undertakings	5,017	1,109
Corporation tax	1,366	895
Group relief payable	169	48
Social security costs and other taxes	1,532	449
Other creditors	1,755	933
Accruals and deferred income	3,051	2,196
	27,360	20,923

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 15 Provisions for liabilities and charges

		Deferred tax
Deferred taxation		£'000
Balance at 1 April 2004		1,777
Current year charge		45
Adjustment in respect of prior years		(21)
<b>Balance at 31 March 2005</b>		<b>1,801</b>
<b>Analysis of deferred tax balance:</b>		
	2005	2004
	Provided	Provided
	£'000	£'000
Capital allowances in excess of depreciation	1,908	1,876
Other short term timing differences	(107)	(99)
	<b>1,801</b>	<b>1,777</b>

### 16 Called up share capital

	2005	2004
	£'000	£'000
<b>Authorised</b>		
19,500,000 Ordinary shares of 10p each	1,950	1,950
<b>Called up, allotted and fully paid</b>		
15,832,370 Ordinary shares of 10p each	1,583	1,583

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 17 Reserves

	Share premium	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 April 2004	788	1,875	14,551	17,214
Loss for the year	-	-	(839)	(839)
<b>At 31 March 2005</b>	<b>788</b>	<b>1,875</b>	<b>13,712</b>	<b>16,375</b>

### 18 Reconciliation of movements in equity shareholders' funds

	2005	2004
	£'000	£'000
Loss for the year	(839)	(329)
Opening shareholders' funds	18,797	19,126
<b>Closing shareholders' funds</b>	<b>17,958</b>	<b>18,797</b>

### 19 Financial commitments

	2005	2004
	£'000	£'000
<b>Capital commitments</b>		
Contracted for but not provided	1,072	58

#### Operating lease commitments

At 31 March 2004, the company had annual commitments under operating leases which expire as follows:

	Land and buildings		Other	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Leases which expire:				
- Within one year	-	-	75	80
- Within two to five years	357	271	154	173
- After five years	-	-	-	-
	<b>357</b>	<b>271</b>	<b>229</b>	<b>253</b>

## **Metsec plc**

### **Notes to the financial statements for the year ended 31 March 2005 (continued)**

#### **20 Contingent liabilities**

The bank loan and overdraft are secured by means of a group composite banking arrangement. The total group liability under this arrangement at the year end was £nil (2004: £nil).

#### **21 Pensions**

##### **Pensions - SSAP 24 Disclosure**

The company operates a defined benefit scheme, the Metal Sections Pension Scheme (1982), which is funded by the payment of contributions to a separately administered trust fund.

The contributions to the scheme are determined on the basis of triennial valuations. The most recent funding valuation is that conducted as at 6 April 2004 which used the projected unit method. The assumptions used in that actuarial valuations were:

Rate of return on investments	7 % pa
Increase in pensionable earnings	3 % pa for the next three years and 5% pa thereafter
Pension increases (where applicable)	3 % pa

The market value of the assets of the scheme at 6 April 2004, as shown in the scheme accounts is £16,251,000, and the value of those assets represented 93% of the value of the benefits that had accrued to members.

The cost of providing future benefits on the valuation basis was 16.6% pa of Pensionable Salaries before allowing for the deficit and for the member contributions. The actual contributions paid in total was 17.5% pa of Pensionable salaries and this has been taken to be the Pension Cost over the year.

The pension cost for the employer for the financial year ending 31 March 2005 was £425,727 (2004: £314,679).

The Company also operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account. The total pension cost for this scheme for the year was £174,625 (2004: £97,178).

##### **Pensions - FRS17 disclosure**

The company sponsors the Metal Sections Pension Scheme (1982), which is a defined benefit arrangement. The last formal actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2004. A valuation of the scheme was then completed as at 31 January 2005 for the purpose of IAS19 and updated on an approximate basis to 31 March 2005.

The contributions made by the employer over the financial year have been £418,000 (2004: £340,000).

The transitional arrangements of the new accounting standard FRS17 require disclosure of assets and liabilities as at 31 March 2005 calculated in accordance with the requirements of FRS17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gains and losses were the full requirements of FRS17 in place. For the purpose of these financial statements, all of these figures are illustrative only and do not impact on the actual 31 March 2005 balance sheet or on this year's performance statements.

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 20 Pensions (continued)

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	31 March 2005	31 March 2004	31 March 2003
Inflation	3.00% p.a.	3.00% p.a.	2.50% p.a.
Salary Increases	3.00% p.a.	3.00% p.a.	3.00% p.a.
Rate of discount	5.50% p.a.	5.50% p.a.	5.50% p.a.
Pension in payment increases	3.00% p.a.	3.00% p.a.	2.50% p.a.
Revaluation rate for deferred pensioners	3.00% p.a.	3.00% p.a.	2.50% p.a.

#### Assets

	31 March 2005	31 March 2004	31 March 2003
Equities	13,310	13,533	10,138
Property	183	206	-
Bonds	4,611	1,982	2,148
Other	88	490	792
<b>Total assets</b>	<b>18,192</b>	<b>16,211</b>	<b>13,078</b>

#### Expected long term rate of return

	31 March 2005	31 March 2004	31 March 2003
Equities	7.50%	7.50%	7.50%
Property	7.50%	7.50%	7.50%
Bonds	5.00%	5.00%	4.50%
Other	4.50%	4.00%	4.50%

## Metsec plc

### Notes to the financial statements for the year ended 31 March 2005 (continued)

#### 20 Pensions (continued)

Reconciliation of scheme assets and liabilities to the balance sheet:

	<b>2005</b>	2004	2003
	<b>£'000</b>	£'000	£'000
Assets	<b>18,192</b>	16,211	13,078
Liabilities	<b>(22,053)</b>	(20,263)	17,774
Deficit in scheme	<b>(3,861)</b>	(4,052)	(4,696)
Related deferred tax asset	<b>1,158</b>	1,216	1,409
Net pension liability in the balance sheet	<b>(2,703)</b>	(2,836)	(3,287)

If the amounts above had been recognised in the financial statements, the company's net assets and profit and loss reserve at 31 March 2005 and 31 March 2004 would be as follows:

	<b>2005</b>	2004
	<b>£'000</b>	£'000
Net assets excluding pension liability	<b>17,958</b>	18,797
Pension liability	<b>(2,703)</b>	(2,836)
Net assets including pension liability	<b>15,282</b>	15,961
Profit and loss reserve excluding pension liabilities	<b>13,712</b>	14,551
Pension deficit	<b>(2,703)</b>	(2,836)
Profit and loss reserve	<b>11,009</b>	11,715

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2005 (continued)

### 20 Pensions (continued)

The following amounts would be included within the profit and loss account:

	2005	2004
	£000	£000
<b>Operating profit</b>		
Current service cost	469	381
Past service cost	-	-
Previous unrecognised surplus deducted from past service cost	-	-
Total operating charge	469	381
<b>Other finance income</b>		
Expected return on pension scheme assets	1,149	894
Interest on pension scheme liabilities	(1,116)	(980)
Net finance return	33	(86)
<b>Total</b>	<b>436</b>	<b>467</b>

The following amounts would be included in the Statement of Total Recognised Gains and Losses:

	2005	2004	2003
	£000	£000	£000
Difference between expected and actual return on assets	828	2,204	(4,869)
Percentage of scheme assets	5%	14%	-37%
Experience gains and losses arising on the scheme liabilities	(420)	817	(34)
Percentage of the present value of the scheme liabilities	-2%	4%	-0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(199)	(2,250)	285
Percentage of the present value of the scheme liabilities	-1%	-11%	-2%
<b>Total actuarial gains and losses</b>	<b>209</b>	<b>771</b>	<b>(5,188)</b>

## Metsec plc

### Notes to the financial statements for the year ended 31 March 2005 (continued)

#### 20 Pensions (continued)

The movement in the balance sheet deficit figures during the year was as follows:

	2005	2004
	£000	£000
Deficit in scheme at beginning of year	(4,052)	(4,696)
Movement in year:		
Current service cost	(469)	(381)
Net interest/return on assets	33	(86)
Contributions	418	340
Past service costs	-	-
Actuarial gain	209	771
Deficit in scheme at end of year	(3,861)	(4,052)

#### 22 Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Voest Alpine AG, a company incorporated in Austria, and is included in the consolidated financial statements of Voest Alpine AG which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Voest Alpine AG Group.

#### 23 Ultimate parent company

The immediate parent undertaking is Voest Alpine Krems UK plc.

The ultimate parent undertaking and controlling party is Voest Alpine AG, a company incorporated in Austria. Voest Alpine AG is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Voest Alpine AG consolidated financial statements can be obtained from the Company Secretary of Metsec plc, Broadwell Road, Oldbury, Warley, West Midlands, B69 4HE.