

ASSOCIATED METAL (STAINLESS) LIMITED

REPORT AND ACCOUNTS

31 JULY 2004



ASSOCIATED METAL (STAINLESS) LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2004

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ASSOCIATED METAL (STAINLESS) LIMITED

COMPANY INFORMATION

The board of directors	J D Cochrane J M Haigh
Company secretary	J M Haigh
Registered office	101 Brook Street Glasgow G40 3AP
Auditors	Wheawill & Sudworth 35 Westgate Huddersfield HD1 1PA
Bankers	HSBC Bank plc 2 Cloth Hall Street Huddersfield HD1 2ES
Solicitors	Biggart Baillie 7 Castle Street Edinburgh EH2 3AP

ASSOCIATED METAL (STAINLESS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2004

The directors present their report and the accounts of the company for the year ended 31 July 2004.

Principal activity

The principal activity of the company during the year was that of the manufacture of stainless steel products.

Directors

The directors who held office during the year were:

J D Cochrane

J M Haigh

The directors had no interest as defined by the Companies Act 1985 in the share capital of the company during the year. The directors' interests in the ultimate holding company are disclosed in that company's financial statements.

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 of the company at the end of the year and of the profit or loss for the year then ended. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are prudent and reasonable;
- 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 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 accounts comply with the Companies Act 1985. The directors 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 re-appoint Wheawill & Sudworth as auditors will be put to the shareholders at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions for small companies within Part VII of the Companies Act 1985.

This report was approved by the board on 4 November 2004 and signed on its behalf by:



J M Haigh
Director

ASSOCIATED METAL (STAINLESS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Associated Metal (Stainless) Limited for the year ended 31 July 2004 on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

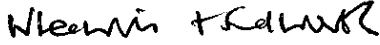
Basis of audit opinion

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 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 July 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


35 Westgate
Huddersfield
HD1 1PA

Wheawill & Sudworth
Chartered Accountants & Registered Auditors

4 November 2004

ASSOCIATED METAL (STAINLESS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JULY 2004

	Note	2004 £	2003 £
Turnover	2	1,336,960	2,127,884
Cost of sales		<u>(948,217)</u>	<u>(1,427,298)</u>
Gross profit		388,743	700,586
Distribution costs		(32,702)	(57,720)
Administrative expenses		(293,821)	(502,151)
Other operating income		<u>2,500</u>	<u>2,500</u>
Operating profit	3	64,720	143,215
Income from fixed asset investments	5	81	81
Interest receivable and similar income		3	—
Interest payable and similar charges		<u>(3,286)</u>	<u>(3,116)</u>
Profit on ordinary activities before taxation		61,518	140,180
Tax on profit on ordinary activities	6	<u>(4,931)</u>	<u>(33,319)</u>
Profit on ordinary activities after taxation		56,587	106,861
Dividends	7	<u>(52,000)</u>	<u>(38,000)</u>
Profit for the year		4,587	68,861
Retained profit brought forward		332,874	264,013
Retained profit carried forward		<u>337,461</u>	<u>332,874</u>

The notes on pages 6 to 11 form part of these accounts.

ASSOCIATED METAL (STAINLESS) LIMITED

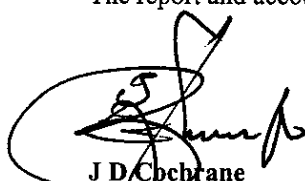
BALANCE SHEET


31 JULY 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	183,631	148,646
Current assets			
Stocks		220,525	160,731
Debtors	9	390,376	874,066
Investments	10	3,100	3,100
Cash at bank and in hand		12,084	46,919
		<u>626,085</u>	<u>1,084,816</u>
Creditors: Amounts falling due within one year	11	(384,098)	(795,683)
Net current assets		<u>241,987</u>	<u>289,133</u>
Total assets less current liabilities		<u>425,618</u>	<u>437,779</u>
Creditors: Amounts falling due after more than one year	12	(9,302)	(21,180)
Provisions for liabilities and charges			
Deferred taxation	15	(16,563)	(18,933)
Government grants	16	(12,292)	(14,792)
Net assets		<u>387,461</u>	<u>382,874</u>
Capital and reserves			
Share capital	20	50,000	50,000
Profit and loss account		337,461	332,874
Shareholders' funds		<u>387,461</u>	<u>382,874</u>

The report and accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective June 2002).

The report and accounts were approved by the board on 4 November 2004 and are signed on its behalf by:


J D Cochrane
Director


J M Haigh
Director

The notes on pages 6 to 11 form part of these accounts.

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2004

1. Accounting policies

Basis of accounting

The report and accounts have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Depreciation

Depreciation has been provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the term of the lease, whichever is shorter.

Plant & Machinery	- 10% on cost
Motor Vehicles	- 25% on cost
Fixtures and Fittings	- 25% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Contributions to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

Deferred taxation

Provision is made on the liability method based on current tax rates for deferred tax assets and liabilities arising from all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Investment income

Investment income comprises dividends and interest and is accounted for on a receivable basis.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2004

2. Turnover

The turnover was derived from the company's principal activity.

The percentage of turnover attributable to overseas markets was 1% (2003: 2%).

3. Operating profit

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Directors' emoluments	1,540	50,000
Amortisation of government grants	(2,500)	(2,500)
Depreciation of tangible fixed assets:		
- owned assets	17,944	8,951
- assets held under hire purchase agreements	8,437	12,887
Profit on disposal of fixed assets	(1,188)	--
Auditors' fees	3,600	3,500

4. Directors' pension schemes

Neither of the directors are accruing benefits in any company pension schemes.

5. Income from fixed asset investments

	2004	2003
	£	£
Income from listed investments	81	81

6. Tax on profit on ordinary activities

	2004	2003
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2003 - 19%)	7,300	23,862
Under provision in prior year	1	4,417
Total current tax	7,301	28,279
Deferred tax:		
(Decrease)/Increase in deferred tax provision (note 15)		
Capital allowances	(2,370)	5,040
Tax on profit on ordinary activities	4,931	33,319

7. Dividends

The following dividends have been paid in respect of the year:

	2004	2003
	£	£
Dividend paid on ordinary shares	52,000	38,000

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2004

8. Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost				
At 1 August 2003	222,572	29,600	45,392	297,564
Additions	60,583	—	1,295	61,878
Disposals	—	(8,100)	—	(8,100)
At 31 July 2004	283,155	21,500	46,687	351,342
Depreciation				
At 1 August 2003	103,292	7,470	38,156	148,918
Charge for the year	17,107	6,388	2,886	26,381
On disposals	—	(7,588)	—	(7,588)
At 31 July 2004	120,399	6,270	41,042	167,711
Net book value				
At 31 July 2004	162,756	15,230	5,645	183,631
At 31 July 2003	119,280	22,130	7,236	148,646

Included within the net book value of £183,631 is £41,775 (2003 - £115,012) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £8,437 (2003 - £12,887).

9. Debtors

	2004 £	2003 £
Trade debtors	210,999	454,230
Amounts owed by parent undertaking	160,000	212,000
Invoice discounting facilities	—	190,241
Prepayments and accrued income	19,377	17,595
	390,376	874,066

Trade debtors include amounts which have been negotiated or assigned in relation to advances included within creditors.

10. Investments

	2004 £	2003 £
Listed investment	3,100	3,100

The market value of the listed investment is £3,062 (2003: £2,637).

ASSOCIATED METAL (STAINLESS) LIMITED**NOTES TO THE REPORT AND ACCOUNTS****YEAR ENDED 31 JULY 2004****11. Creditors: Amounts falling due within one year**

	2004	2003
	£	£
Trade creditors	149,392	205,030
Amounts owed to group undertakings	66,505	294,908
Invoice discounting facilities	90,646	—
Payments received on account	—	5,917
Corporation tax	7,300	23,858
Other taxes and social security	36,533	104,185
Obligations under hire purchase contracts	11,878	20,212
Accruals and deferred income	21,844	141,573
	<u>384,098</u>	<u>795,683</u>

12. Creditors: Amounts falling due after more than one year

	2004	2003
	£	£
Obligations under hire purchase contracts	<u>9,302</u>	<u>21,180</u>

13. Pensions

The company operates a defined contribution pension scheme for the benefit of some employees. The assets of the scheme are administered by trustees in funds independent from those of the company.

The total contributions paid in the year amounted to £— (2003: £602)

14. Secured liabilities

	2004	2003
	£	£
Aggregate amount of secured liabilities	<u>111,826</u>	<u>41,392</u>

15. Deferred taxation

	2004	2003
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	18,933	13,893
Profit and loss account movement	(2,370)	5,040
Provision carried forward	<u>16,563</u>	<u>18,933</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004	2003
	£	£
Accelerated capital allowances	16,563	18,933
	<u>16,563</u>	<u>18,933</u>

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2004

16. Government grants

	2004 £	2003 £
Received and receivable:		
At 1 August 2003	25,000	25,000
At 31 July 2004	<u>25,000</u>	<u>25,000</u>
Amortisation:		
At 1 August 2003	10,208	7,708
Credit to profit and loss account	2,500	2,500
At 31 July 2004	<u>12,708</u>	<u>10,208</u>
Net balance at 31 July 2004	<u>12,292</u>	<u>14,792</u>

17. Commitments under operating leases

At 31 July 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	2004 £	2003 £
Operating leases which expire:		
Within one year	5,678	—
Within two to five years	42,000	47,678
	<u>47,678</u>	<u>47,678</u>

18. Contingencies

The company has entered into an unlimited guarantee arrangement in respect of the bank facilities of its parent company.

19. Related party transactions

The company has traded with its parent company, Pland Stainless Limited, on normal commercial terms during the year.

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2004

20. Share capital

Authorised

	2004	2003
	£	£
42,500 Ordinary shares of £1 each	42,500	42,500
7,500 Preferred ordinary shares of £1 each	7,500	7,500
	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	42,500	42,500	42,500	42,500
Preferred ordinary shares of £1 each	7,500	7,500	7,500	7,500
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Other than a prior entitlement to income for the preferred ordinary shares, the two classes of share generally rank pari passu.

21. Capital commitments

The directors have confirmed that there were no capital commitments at 31 July 2004 or 31 July 2003.

22. Ultimate parent company

The company's parent company is Pland Stainless Limited, a company registered in England. Its ultimate holding company is Pland Holdings Limited.