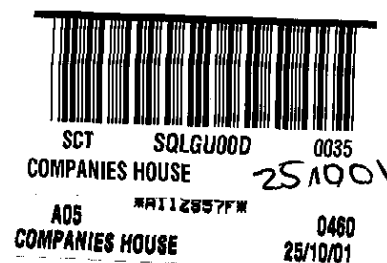


ASSOCIATED METAL (STAINLESS) LIMITED

REPORT AND ACCOUNTS

27 JULY 2001

Company No. SC144086



ASSOCIATED METAL (STAINLESS) LIMITED

COMPANY INFORMATION

Directors	J D Cochrane F H Huby
Secretary	F H Huby
Company number	SC144086
Registered office	101 Brook Street Glasgow G40 3AP
Auditors	Wheawill and Sudworth 35 Westgate Huddersfield HD1 1PA
Solicitors	Steedman Ramage 6 Alva Street Edinburgh EH2 4QQ
Bankers	HSBC Bank plc 2 Cloth Hall Street Huddersfield HD1 2ES

ASSOCIATED METAL (STAINLESS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 27 JULY 2001

The directors present their report and the audited accounts for the company for the year ended 27th July 2001.

Principal activities

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

Directors and their interests

The directors who held office at the end of the year and their beneficial interests in the company's issued share capital are given below:

J D Cochrane	appointed 27 July 2001
F H Huby	appointed 27 July 2001

The directors are also directors of the holding company and their interests are disclosed in that company's accounts.

Other directors during the year:

D M Macaulay	resigned 27 July 2001
P J Tolan	resigned 27 July 2001

Events since the end of the year

The company has sold the whole of its land and buildings for an aggregate consideration of £250,000.

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 and of the profit or loss for that year. 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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

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 enable them to ensure that the accounts 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.

ASSOCIATED METAL (STAINLESS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 27 JULY 2001

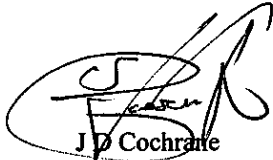
Auditors

During the year Macmillan & Co resigned as auditors. Wheawill & Sudworth were appointed auditors and will proposed for re-appointment at the annual general meeting.

Small company exemptions

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

This report was approved by the board on 12 October 2001 and signed on its behalf by:



J D Cochrane
Director

AUDITORS' REPORT TO THE

SHAREHOLDERS OF ASSOCIATED METAL (STAINLESS) LIMITED

We have audited the accounts on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 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 the 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 27 July 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wheawill and Sudworth

Wheawill and Sudworth
Chartered Accountants and Registered Auditors

35 Westgate
Huddersfield
HD1 1PA
12 October 2001

ASSOCIATED METAL (STAINLESS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 27 JULY 2001

	Notes	2001 £	2000 £
Turnover	2	1,015,569	937,827
Cost of sales		(742,423)	(697,120)
Gross profit		273,146	240,707
Distribution costs		(96,497)	(75,362)
Administrative expenses		(127,777)	(153,532)
		48,872	11,813
Other operating income		2,500	2,708
Operating profit	3	51,372	14,521
Interest receivable		72	-
Interest payable and similar charges	4	(12,903)	(11,429)
Profit on ordinary activities before taxation		38,541	3,092
Tax on profit on ordinary activities	5	(10,119)	-
Profit for the financial year		28,422	3,092
Retained profit brought forward		144,260	141,168
Retained profit carried forward		172,682	144,260

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

ASSOCIATED METAL (STAINLESS) LIMITED

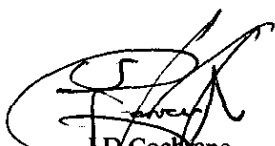
BALANCE SHEET

27 JULY 2001

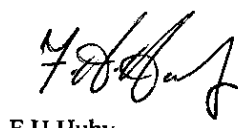
		2001 £	2000 £
Fixed assets			
Tangible assets	6	300,421	311,961
Current assets			
Stocks	7	82,554	108,813
Debtors	8	184,417	143,754
Current asset investments	9	3,100	3,100
Cash in hand		165	313
		270,236	255,980
Creditors: amounts falling due within one year	10	(241,733)	(257,323)
Net current assets/liabilities		28,503	(1,343)
Total assets less current liabilities		328,924	310,618
Creditors: amounts falling due after more than one year	11	(74,500)	(94,066)
Provisions for liabilities and charges			
Deferred taxation	15	(11,950)	-
Accruals and deferred income			
Accruals and deferred income	14	(19,792)	(22,292)
Net assets		222,682	194,260
Capital and reserves			
Share capital	17	50,000	50,000
Profit and loss account		172,682	144,260
Shareholders' funds		222,682	194,260

These 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 March 2000)

These accounts were approved by the board on 12 October 2001 and signed on its behalf by:



J D Cochran
Director



F H Huby
Director

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27 JULY 2001

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

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

Tangible fixed assets and 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 lease term, whichever is shorter.

Buildings	- 2% on cost
Plant and 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.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Contribution 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27 JULY 2001

1 Accounting policies (continued)

Government grants

Government grants in respect of expenditure on tangible fixed assets are treated as deferred income and credited to the profit and loss account over the estimated useful life of the relevant asset.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is stated after charging or crediting:

	2001 £	2000 £
Depreciation of tangible fixed assets:		
-owned assets	10,347	15,290
-assets held under finance leases and hire purchase contracts	21,121	13,906
(Profit) on disposal of fixed assets	-	(3,078)
Directors' remuneration (including pension contributions)	54,055	36,956
Auditors' remuneration	3,500	4,000
Amount paid to C.M.E.Associates for management services provided by D Macaulay	17,334	14,978

Benefits were accruing to one director under a money purchase pension scheme.

4 Interest payable and similar charges

	2001 £	2000 £
Interest payable on bank loans and overdrafts	9,827	8,427
Finance leases and hire purchase contracts	3,076	3,002
	<u>12,903</u>	<u>11,429</u>

5 Taxation

	2001 £	2000 £
Based on the profit for the year:		
Deferred tax charge	11,950	-
Prior periods		
UK corporation tax	(1,831)	-
	<u>10,119</u>	<u>-</u>

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27 JULY 2001

6 Tangible fixed assets

	Freehold land & buildings £	Plant and machinery etc £	Total £
Cost			
At 28 July 2000	181,615	277,942	459,557
Additions	-	28,828	28,828
Disposals	-	(28,574)	(28,574)
At 27 July 2001	181,615	278,196	459,811
Depreciation			
At 28 July 2000	23,983	123,613	147,596
Charge for the year	3,632	27,836	31,468
On disposals	-	(19,674)	(19,674)
At 27 July 2001	27,615	131,775	159,390
Net book value			
At 27 July 2001	154,000	146,421	300,421
At 27 July 2000	<i>157,632</i>	<i>154,329</i>	<i>311,961</i>

Assets held under finance leases and hire purchase contracts originally cost £149,275 (2000 £88,525) and have a net book value of £112,283 (2000 £72,107). Depreciation charged for the year was £21,121 (2000 £13,906).

7 Stocks	2001	2000
	£	£
Stocks	86,421	108,813
Payments on account	(3,867)	-
	82,554	108,813
8 Debtors	2001	2000
	£	£
Trade debtors	177,859	138,319
Corporation tax	777	4,560
Other debtors	353	875
Prepayments and accrued income	5,428	-
	184,417	143,754
9 Current asset investments	2001	2000
	£	£
Listed investment	3,100	3,100

The market value of the listed investment is £5,387

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27 JULY 2001

10	Creditors: amounts falling due within one year	2001	2000
		£	£
	Bank loans and overdrafts (Note 12)	59,986	99,610
	Obligations under hire purchase contracts and finance leases (Note 13)	17,291	14,500
	Payments received on account	28,432	-
	Trade creditors	72,603	76,759
	Other taxes and social security	44,476	39,339
	Other creditors	-	2,500
	Accruals and deferred income	12,244	17,914
	Proposed dividend	6,701	6,701
		241,733	257,323

The bank borrowings are secured by a fixed and floating charge over all of the company's assets.

11	Creditors: amounts falling due after more than one year	2001	2000
		£	£
	Bank loans and overdrafts (Note 12)	49,445	61,441
	Obligations under hire purchase contracts and finance leases (Note 13)	25,055	32,625
		74,500	94,066

	2001	2000
Amounts included in creditors and payable after more than five years:		
	£	£
Loans repayable by instalments	-	13,457

12	Loans and borrowings	2001	2000
		£	£
	Analysis of loans		
	Bank loans and overdraft	109,431	161,051
	Obligations under hire purchase contracts and finance leases	42,346	47,125
		151,777	208,176

Maturity of debt		
In one year or less, or on demand	59,986	99,610
In more than one year, but not more than two years	49,445	61,441
	109,431	161,051

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27 JULY 2001

13	Obligations under hire purchase contracts and finance leases	2001	2000
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	17,291	14,500
	In the second to fifth years inclusive	25,055	32,625
		<u>42,346</u>	<u>47,125</u>

14	Accruals and deferred income	2001	2000
	Government grant	£	£
	At 28 July 2000	22,292	-
	Received during the year	-	25,000
	Released during the year	(2,500)	(2,708)
	At 27 July 2001	<u>19,792</u>	<u>22,292</u>

15 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2001	2000
	£	£
At 28 July 2000	-	-
Movement in the year	11,950	-
At 27 July 2001	<u>11,950</u>	<u>-</u>

Deferred taxation provided for in the accounts is set out below.

	Amount provided	
	2001	2000
	£	£
Accelerated capital allowances	13,740	-
Other timing differences	(370)	-
	<u>13,370</u>	<u>-</u>
Less:		
Trading losses	1,420	-
	<u>11,950</u>	<u>-</u>

16	Secured creditors	2001	2000
		£	£
	Aggregate amount of secured liabilities	<u>151,777</u>	<u>208,176</u>

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27 JULY 2001

17	Share capital	2001	2000
		£	£
	Authorised		
	42,500 Ordinary shares of £1.00 each	42,500	42,500
	7,500 Preferred ordinary shares of £1.00 each	7,500	7,500
		50,000	50,000
	Allotted		
	42,500 Allotted, called up and fully paid ordinary shares of £1.00 each	42,500	42,500
	7,500 Allotted, called up and fully paid preferred ordinary shares of £1.00 each	7,500	7,500
		50,000	50,000

18 Operating lease commitments

At 27 July 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001	2000
	£	£
Operating leases which expire:		
After five years	12,500	-

19 Post balance sheet events

The company has sold the whole of its land and buildings for an aggregate consideration of £250,000.

20 Contingent liabilities

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

21 Pension scheme

The company operates a defined contribution pension scheme for the benefit of an employee and a director. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £4,778 (2000 £1,684).

22 Parent company

The company's parent company is Pland Stainless Limited a company registered in England.