

ASSOCIATED METAL (STAINLESS) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2003



Company No. SC144086

ASSOCIATED METAL (STAINLESS) LIMITED

COMPANY INFORMATION

Directors	J D Cochrane J M Haigh
Secretary	J M Haigh
Company number	SC144086
Registered office	101 Brook Street Glasgow G40 3AP
Auditors	Wheawill & Sudworth 35 Westgate Huddersfield HD1 1PA
Solicitors	Biggart Baillie 7 Castle Street Edinburgh EH2 3AP
Bankers	HSBC Bank plc 2 Cloth Hall Street Huddersfield HD1 2ES

ASSOCIATED METAL (STAINLESS) LIMITED

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ASSOCIATED METAL (STAINLESS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST JULY 2003

The directors present their report and the audited accounts for the company for the year ended 31st July 2003.

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 were:

J D Cochrane

J M Haigh appointed 18 December 2002

J D Cochrane is a director of the ultimate holding company and his interests are disclosed in that company's accounts.

J M Haigh holds no shares in that company.

F H Huby resigned as a director on 18 December 2002.

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;

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 31ST JULY 2003

Auditors

A resolution to re-appoint Wheawill & Sudworth Chartered Accountants and Registered Auditors as auditors will be put to the members 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.

By order of the Board



J M Haigh, Secretary
101 Brook Street
Glasgow
G40 3AP
10th December 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSOCIATED METAL (STAINLESS) LIMITED

We have audited the accounts of Associated Metal (Stainless) Limited for the year ended 31st July 2003 on pages 4 to 13. These accounts 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 pages 6 and 7.

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 other information contained in 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 31st July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Wheawill & Sudworth

Registered Auditors
Chartered Accountants

35 Westgate
Huddersfield
HD1 1PA
10 December 2003

ASSOCIATED METAL (STAINLESS) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST JULY 2003**

	Notes	2003 £	2002 £
Turnover	2	2,127,884	882,364
Cost of sales		(1,436,731)	(639,074)
Gross profit		691,153	243,290
Distribution costs		(57,720)	(43,478)
Administrative expenses		(492,718)	(186,630)
		140,715	13,182
Other operating income		2,500	2,500
Operating profit	3	143,215	15,682
Income from investments	4	81	81
Profit on sale of fixed assets	5	-	91,414
		143,296	107,177
Interest receivable		-	41
Interest payable and similar charges	6	(3,116)	(3,668)
Profit on ordinary activities before taxation		140,180	103,550
Tax on profit on ordinary activities	7	(33,319)	(12,219)
Profit for the financial year		106,861	91,331
Dividends	8	(38,000)	-
Retained profit for the year		68,861	91,331
Retained profit brought forward		264,013	172,682
Retained profit carried forward		332,874	264,013

The notes on pages 6 to 13 form part of these accounts.

ASSOCIATED METAL (STAINLESS) LIMITED

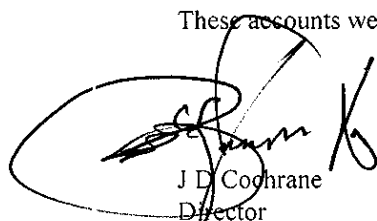
BALANCE SHEET

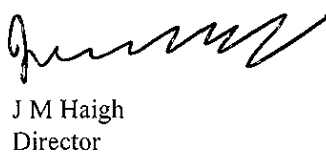
31 JULY 2003

		2003	2002
		£	£
Fixed assets			
Tangible assets	9	148,646	106,592
Current assets			
Stocks	10	160,731	137,130
Debtors	11	874,066	412,511
Current asset investments	12	3,100	3,100
Cash at bank and in hand		46,919	8,555
		<u>1,084,816</u>	<u>561,296</u>
Creditors: amounts falling due within one year	13	<u>(795,683)</u>	<u>(314,357)</u>
Net current assets		<u>289,133</u>	<u>246,939</u>
Total assets less current liabilities		<u>437,779</u>	<u>353,531</u>
Creditors: amounts falling due after more than one year	14	(21,180)	(8,333)
Provisions for liabilities and charges			
Deferred taxation	18	(18,933)	(13,893)
Accruals and deferred income			
Government grant	19	(14,792)	(17,292)
Net assets		<u>382,874</u>	<u>314,013</u>
Capital and reserves			
Share capital	20	50,000	50,000
Profit and loss account		<u>332,874</u>	<u>264,013</u>
Shareholders' funds		<u>382,874</u>	<u>314,013</u>

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 June 2002)

These accounts were approved by the board on 10th December 2003 and signed on its behalf by:


J D Cochrane
Director


J M Haigh
Director

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

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 June 2002).

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.

Investment income

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

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.

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.

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.

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

1. Accounting policies (continued)

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.

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 useful life of the asset.

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.

The percentage of turnover attributable to overseas markets was 2% (2002: -%).

3 Operating profit

The operating profit is stated after charging or crediting:

	2003	2002
	£	£
Depreciation of tangible fixed assets:		
-owned assets	8,951	10,688
-assets held under finance leases and hire purchase contracts	12,887	12,825
Loss on disposal of fixed assets	-	176
Operating leases	47,678	22,893
Directors' remuneration	50,000	-
Auditors' remuneration	3,500	3,600

4 Other investment income

	2003	2002
	£	£
Other listed investments	81	81

5 Exceptional items

	2003	2002
	£	£
Profit on sale of freehold property	-	91,414

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

6	Interest payable and similar charges	2003	2002
		£	£
	Interest payable on bank loans and overdrafts	-	450
	Finance leases and hire purchase contracts	3,116	3,218
		<u>3,116</u>	<u>3,668</u>
7	Taxation	2003	2002
		£	£
	Based on the profit for the year:		
	UK corporation tax at 19.0% (2002: 19.67%)	23,862	11,450
	Deferred tax charge	5,040	1,943
		<u>28,902</u>	<u>13,393</u>
	Prior periods		
	UK corporation tax	4,417	-
	Advance corporation tax previously written off	-	(1,174)
		<u>33,319</u>	<u>12,219</u>
8	Dividends	2003	2002
		£	£
	Ordinary dividends - paid	38,000	-

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

9 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1st August 2002	233,671
Additions	63,892
At 31st July 2003	297,563
Depreciation	
At 1st August 2002	127,079
Charge for the year	21,838
At 31st July 2003	148,917
Net book value	
At 31st July 2003	148,646
<i>At 31st July 2002</i>	<i>106,592</i>

Assets held under finance leases and hire purchase contracts originally cost £173,358 (2002 £116,100) and have a net book value of £119,971 (2002 £79,150). Depreciation charged for the year was £12,887 (2002 £12,825).

10	Stocks	2003 £	2002 £
	Stocks	160,731	143,112
	Payments on account	-	(5,982)
		160,731	137,130

11	Debtors	2003 £	2002 £
	Trade debtors	454,230	146,049
	Amounts owed by parent undertaking	212,000	250,000
	Invoice discounting facilities	190,241	-
	Prepayments and accrued income	17,595	16,462
		874,066	412,511

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

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

12	Current asset investments	2003	2002
		£	£
	Listed investment	3,100	3,100
	The market value of the listed investment is £2,637 (2002 £2,462)		
13	Creditors: amounts falling due within one year	2003	2002
		£	£
	Invoice discounting facilities (Note 15)	-	46,841
	Obligations under hire purchase contracts and finance leases (Note 16)	20,212	11,666
	Payments received on account	5,917	10,372
	Trade creditors	205,030	67,316
	Amounts owed to parent undertaking	294,908	110,324
	Corporation tax	23,858	10,276
	Other taxes and social security	104,185	36,427
	Accruals and deferred income	141,573	21,135
		795,683	314,357
14	Creditors: amounts falling due after more than one year	2003	2002
		£	£
	Obligations under hire purchase contracts and finance leases (Note 16)	21,180	8,333
		21,180	8,333
15	Loans and borrowings	2003	2002
		£	£
	Analysis of loans		
	Invoice discounting facilities	-	46,841
	Obligations under hire purchase contracts and finance leases	41,392	19,999
		41,392	66,840
	Maturity of debt		
	In one year or less, or on demand	-	46,841
		-	46,841

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

16	Obligations under hire purchase contracts and finance leases	2003	2002
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	20,212	11,666
	In the second to fifth years inclusive	21,180	8,333
		41,392	19,999

17	Secured creditors	2003	2002
		£	£
	Amount of secured liabilities	41,393	66,840

18	Deferred taxation		
	The movements in deferred taxation during the current and previous years are as follows:		
		2003	2002
		£	£
	At 1st August 2002	13,893	11,950
	Movement in the year	5,040	1,943
	At 31st July 2003	18,933	13,893

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

	Amount provided		
		2003	2002
		£	£
	Accelerated capital allowances	18,933	13,893

19	Accruals and deferred income	2003	2002
		£	£
	Government grant		
	At 1st August 2002	17,292	19,792
	Released during the year	(2,500)	(2,500)
	At 31st July 2003	14,792	17,292

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

20	Share capital	2003 £	2002 £
	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
		<u>50,000</u>	<u>50,000</u>
	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
		<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 Operating lease commitments

At 31 July 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003 £	2002 £
Operating leases which expire:		
Between two and five years	5,678	5,678
After five years	<u>42,000</u>	<u>42,000</u>

22 Contingent liabilities

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

23 Pension scheme

The company operates a defined contribution pension scheme for the benefit of employees. 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 £602 (2002 £210).

24 Parent and ultimate holding company

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

ASSOCIATED METAL (STAINLESS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 2003

25 Related parties

The company has paid the Pland Stainless Pension Scheme rent in the year of £42,000 (2002 £21,000) .

Included in creditors is an amount outstanding to the Pland Stainless Pension Scheme of £3,500 (2002 £3,500).

The company has traded with its parent company on normal commercial terms during the year.