

1916920

# **Alchemy Metals Limited**

## **Abbreviated Accounts**

31 OCTOBER 1998



# Alchemy Metals Limited

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Registered no. 1916920

## **DIRECTOR**

P W Newman

Chairman and Managing

## **SECRETARY**

S F Newman

## **AUDITORS**

Ernst & Young

400 Capability Green

Luton

Beds

LU1 3LU

## **BANKERS**

Lloyds Bank Plc

208 Silbury Boulevard

Central Milton Keynes

MK9 1LT

## **REGISTERED OFFICE**

400 Capability Green

Luton

Beds

LU1 3LU

 **ERNST & YOUNG**

**SPECIAL REPORT OF THE AUDITORS  
to Alchemy Metals Limited under Section 247(B) of the Companies Act 1985**

We have examined the abbreviated accounts on pages 4 to 8, together with the annual accounts of Alchemy Metals Limited for the year ended 31 October 1998 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

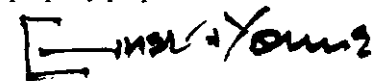
We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

*Fundamental uncertainty*

In forming our opinion we have considered the adequacy of disclosures made in the accounts concerning the provision of additional funds and support required by the company. The accounts have been prepared on a going concern basis, the validity of which depends on such additional funds and support being available. The accounts do not include any adjustments that would result from a failure to obtain such funds and support. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 8 are properly prepared in accordance with those provisions.



Ernst & Young  
Registered Auditor  
Luton

27 January 2000

# Alchemy Metals Limited

## ABBREVIATED BALANCE SHEET

at 31 October 1998

|  | Notes | 1998<br>£ | 1997<br>£ |
|--|-------|-----------|-----------|
| <b>FIXED ASSETS</b>  |       |           |           |
| Tangible assets  | 2     | 371,418   | 350,294   |
| <b>CURRENT ASSETS</b>  |       |           |           |
| Stock  |       | 76,714    | 45,697    |
| Debtors  |       | 323,597   | 467,882   |
| Cash at bank and in hand                                       |       | 9,300     | 9,762     |
|  |       | 409,611   | 523,341   |
| <b>CREDITORS: amounts falling due within one year</b>          |       | (976,653) | (859,329) |
| <b>NET CURRENT LIABILITIES</b>                                 |       | (567,042) | (335,988) |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | (195,624) | 14,306    |
| <b>CREDITORS: amounts falling due after more than one year</b> |       | (119,630) | (92,564)  |
| <b>TOTAL ASSETS LESS LIABILITIES</b>                           |       | (315,254) | (78,258)  |
| <b>CAPITAL AND RESERVES</b>                                    |       |           |           |
| Called up share capital  | 4     | 1,000     | 1,000     |
| Revaluation reserve  |       | 48,585    | 48,585    |
| Profit and loss account  |       | (364,839) | (127,843) |
| Shareholders' funds  |       | (315,254) | (78,258)  |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

P.W. Newman

P W Newman  
Director

27/1/00

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 October 1998

1. ACCOUNTING POLICIES

*Fundamental accounting concept*

The accounts have been prepared on a going concern basis because it has been assumed that support will continue from suppliers of and lenders to the company which, together with funds made available by the director, will enable the company to continue trading.

In particular, since the year end:

- a) the director has advanced a further £70,000 to the company
- b) the company has entered into a sale and leaseback arrangement for its freehold premises realising proceeds of £185,000 part of which has been used to repay borrowing of £136,000
- c) since June 1999 the company has started to trade profitably

Should such funds and support not continue to be available, the going concern basis would not be applicable and adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities

*Accounting convention*

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

*Fixed assets*

All fixed assets are initially recorded at cost. Freehold land and buildings have subsequently been revalued as at 31 October 1997 with the revaluation surplus being taken to the revaluation reserve.

*Depreciation*

Depreciation is provided on all tangible assets other than freehold land at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

|                              |   |                       |
|------------------------------|---|-----------------------|
| Freehold buildings           | - | over 20 years         |
| Freehold improvements        | - | over 10 years         |
| Short leasehold improvements | - | over the lease period |
| Plant and machinery          | - | over 5 years          |
| Fixtures and fittings        | - | over 5 years          |
| Motor vehicles               | - | 25% reducing balance  |

*Stocks*

Stock has been valued at the lower of cost and net realisable value.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated the timing differences will reverse.

# Alchemy Metals Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 31 October 1998

### 1. ACCOUNTING POLICIES (continued)

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2. TANGIBLE FIXED ASSETS

|                     | <i>Total<br/>£</i> |
|---------------------|--------------------|
| Cost or valuation:  |                    |
| At 1 November 1997  | 679,981            |
| Additions           | 119,432            |
| Disposals           | (64,313)           |
| At 31 October 1998  | 735,100            |
| Depreciation:       |                    |
| At 1 November 1997  | 329,687            |
| Charge for the year | 72,859             |
| Disposals           | (38,864)           |
| At 31 October 1998  | 363,682            |
| Net book value:     |                    |
| At 31 October 1998  | 371,418            |
| At 1 November 1997  | 350,294            |

The freehold land and buildings were valued at £185,000 being their open market value for existing use on 31 October 1997, by Black Horse Surveying Services, Surveyors.

# Alchemy Metals Limited

## NOTES TO THE ABBREVIATED ACCOUNTS at 31 October 1998

### 2. TANGIBLE FIXED ASSETS (continued)

On the historical cost basis, freehold land and buildings would have been included as follows:

|  | £       |
|--|---------|
| Cost:                                  |         |
| At 1 November 1997 and 31 October 1998 | 167,034 |
| Cumulative depreciation based on cost: |         |
| At 1 November 1997                     | 30,619  |
| At 31 October 1998                     | 33,979  |

The net book value includes an amount of £37,489 (1997: £29,300) in respect of assets held under hire purchase contracts.

### 3. LOANS

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Creditors include the following secured liabilities repayable within one year | 275,093   | 266,990   |

### 4. SHARE CAPITAL

|                            | 1998<br>No. | Authorised<br>1997<br>No. | called up and fully paid<br>1998<br>No. | Allotted,<br>1997<br>No. |
|----------------------------|-------------|---------------------------|---|--------------------------|
| Ordinary shares of £1 each | 1,000       | 1,000                     | 1,000                                   | 1,000                    |

### 5. POST BALANCE SHEET EVENT

On 26 October 1999 the group sold its freehold interest in Alchemist Works, Whempstead Road, Benington to the Trustees of the Alchemy Metals Limited Retirement and Death Benefit Scheme ("The Trustees") for its estimated market value of £185,000 and on the same date repaid loans from the Trustees amounting to £25,000 and £50,000 which had been due for repayment on 24 August 1999 and 20 March 2000 respectively. The group also repaid a bank loan of £61,000.

The group has entered into a 5 year lease of Alchemist Works from the Trustees from 3 November 1999 at an initial annual rent of £15,000 rising to £17,500 in the second year and to £22,500 per annum for the remainder of the term.

Mr Philip Newman, a director, is a Trustee and member of the Scheme.

## Alchemy Metals Limited

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### NOTES TO THE ABBREVIATED ACCOUNTS

at 31 October 1998

#### 6. CONTINGENT LIABILITIES

- a) The company has given an unlimited guarantee in respect of bank borrowings of other group companies. At 31 October 1998 these borrowings amounted to £1,702 (1997: £17,266).
- b) For VAT purposes the company is grouped with other companies in the Alchemy Metals Group; under these arrangements the company has a joint and several liability for amounts due to Customs & Excise by companies in the Alchemy Metals Group.
- c) There is an unlimited cross guarantee between companies in the Alchemy Metals Group regarding amounts due to the factor. The amount due to the factors by other group companies at 31 October 1998 was £12,715.

#### 7. PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Alchemy Metals Group Limited which is registered in England and Wales and which is the ultimate parent company. Copies of the accounts of Alchemy Metals Group Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.