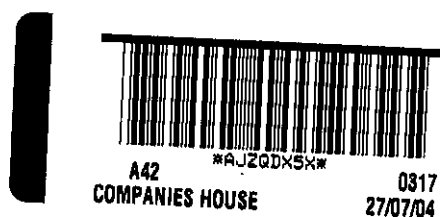


Alchemy Metals Limited

Abbreviated Accounts

31 October 2003

ERNST & YOUNG



Alchemy Metals Limited

Registered No: 1916920

Director

P W Newman (Chairman and Managing)

Secretary

S F Newman

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Beds
LU1 3LU

Bankers

Lloyds Bank Plc
Black Horse House
Castle Park
Cambridge
CB3 0AR

Registered Office

Alchemist Works
Whempstead Road
Benington
Stevenage
Herts
SG2 7BX

Independent auditors' report**to Alchemy Metals Limited under Section 247B of the Companies Act 1985**

We have examined the company's abbreviated accounts for the year ended 31 October 2003 which comprise the Balance Sheet and the related notes 1 to 6 which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 October 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company pursuant to Section 247B 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 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, for this report, or for the opinions we have formed.

Respective responsibilities of director 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 (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 audit opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are 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 financial statements.

Opinion

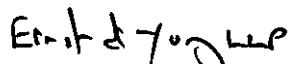
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and 246(6) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with those provisions.

Other information

On 26 July 2004 we reported as auditors to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our report included the following paragraph:

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.



Ernst & Young LLP
Registered Auditor
Luton

26 July 2004

Balance sheet

at 31 October 2003

			As restated 2002
	Notes	2003 £	£
Fixed assets			
Tangible assets	2	374,672	302,277
Current assets			
Stocks		183,869	122,900
Debtors		376,409	309,503
Cash at bank and in hand		3,209	6,201
		563,487	438,604
Creditors: amounts falling due within one year	3	(740,367)	(587,943)
Net current liabilities		(176,880)	(149,339)
Total assets less current liabilities		197,792	152,938
Creditors: amounts falling due after more than one year		(189,112)	(170,095)
Provisions for liabilities and charges		(7,558)	(2,275)
		1,122	(19,432)
Capital and reserves			
Called up share capital	4	1,000	1,000
Revaluation reserve		88,898	88,898
Profit and loss account		(88,776)	(109,330)
Shareholders' funds		1,122	(19,432)

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



Philip Newman
Director

26 JUL 2004

Notes to the abbreviated accounts

at 31 October 2003

1. Accounting policies

Fundamental accounting concept

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

- (a) since June 1999 the company has traded profitably. This trend has continued into the new financial year and the company's operating activities continue to be cash generative. The director is confident this trend will continue;
- (b) current purchases are being settled on normal credit terms.

On this basis, the director believes that the going concern basis is appropriate.

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.

Basis of preparation

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and under the historical cost convention, modified to include the revaluation of certain plant and equipment.

During the current year, the company's skips and cages which are included in plant and machinery were revalued by the director at their estimated market value. The revaluation constitutes a change of accounting policy and the comparative figures for 2002 have been restated. As a result of the change, fixed assets and shareholder's funds have increased by £88,898. The surplus arising on revaluation has been credited to a non-distributable revaluation reserve.

Depreciation

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

Short leasehold improvements	-	over the lease period
Plant and machinery	-	over 5 - 10 years
Fixtures and fittings	-	over 5 years
Motor vehicles	-	over 5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

During the year the director has reviewed the expected useful lives of plant and machinery. As a consequence, the lives of some of these assets have been extended. The effect of this change has been to reduce the depreciation charge for the year by £13,000.

Stocks

Stocks are stated at the lower of cost, as estimated by the director, and net realisable value.

Notes to the abbreviated accounts

at 31 October 2003

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 stated 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 payable under operating leases are charged in the profit and loss account 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.

Notes to the abbreviated accounts

at 31 October 2003

2. Tangible fixed assets

	<i>Short leasehold improvements</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 November 2002					
(as previously reported)	4,500	380,913	46,829	218,535	650,777
Prior period adjustment (note 1)	—	66,009	—	—	66,009
At 1 November 2002 (as restated)	4,500	446,922	46,829	218,535	716,786
Additions	478	150,973	729	—	152,180
Disposals	—	—	—	(13,516)	(13,516)
At 31 October 2003	4,978	597,895	47,558	205,019	855,450
Depreciation:					
At 1 November 2002					
(as previously reported)	2,700	314,763	40,316	79,619	437,398
Prior period adjustment (note 1)	—	(22,889)	—	—	(22,889)
At 1 November 2002 (as restated)	2,700	291,874	40,316	79,619	414,509
Provided during the year	988	35,853	2,481	39,466	78,788
Disposals	—	—	—	(12,519)	(12,519)
At 31 October 2003	3,688	327,727	42,797	106,566	480,778
Net book value:					
At 31 October 2003	1,290	270,168	4,761	98,453	374,672
At 1 November 2002 (as restated)	1,800	155,048	6,513	138,916	302,277

Notes to the abbreviated accounts

at 31 October 2003

2. Tangible fixed assets (continued)

Plant and machinery comprises the following:

	£
At cost	467,535
At valuation	130,360
	<hr/>
Depreciation	597,895 (327,727)
	<hr/>
Net book value at 31 October 2003	270,168
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The net book values of plant and machinery and motor vehicles above include amounts of £198,505 (2002: £132,225) in respect of assets held under hire purchase contracts.

3. Creditors

	2003 £	2002 £
Creditors include the following secured liabilities:		
Falling due within one year	147,802	91,483
	<hr/>	<hr/>

4. Share capital

	2003 £	Authorised 2002 £	called up and fully paid 2003 £	Allotted, 2002 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>

5. Related party transactions

At 31 October 2002 Alchemy Metals Limited owed £10,448 to P W Newman, a director of the company. During the year £30,852 was advanced to P W Newman leaving a balance due to the company of £20,404 at 31 October 2003.

During the year the company rented land and buildings from the trustees of the Alchemy Metals Limited Retirement and Death Benefit Scheme for a rental of £34,500. Mr P W Newman, a director of the company, is a Trustee and member of the scheme.

With regard to transactions with group undertakings the director has taken advantage of the exemption available under FRS 8 on the grounds that the consolidated financial statements in which the company is included are publicly available.

Notes to the abbreviated accounts

at 31 October 2003

6. Parent undertaking and controlling party

The parent undertaking of the group of undertakings for which group financial statements 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 financial statements of Alchemy Metals Group Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The company is controlled by P W Newman.