

Alchemy Metals Limited

Abbreviated Accounts

31 OCTOBER 1999



Alchemy Metals Limited

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
Black Horse House
Castle Park
Cambridge
CB3 0AR

REGISTERED OFFICE

Alchemist Works
Whempstead Road
Benington
Stevenage
Herts
SG2 7BX

 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 7, together with the annual accounts of Alchemy Metals Limited for the year ended 31 October 1999 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

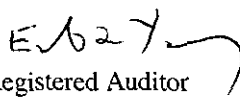
We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared. The scope of our work for the purpose of this report 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 7 are properly prepared in accordance with those provisions.


Registered Auditor
Luton

15 December 2000

Alchemy Metals Limited

ABBREVIATED BALANCE SHEET at 31 October 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	2	131,168	371,418
CURRENT ASSETS			
Stocks		23,124	76,714
Debtors		183,015	323,597
Cash at bank and in hand		1,453	9,300
		207,592	409,611
CREDITORS: amounts falling due within one year	3	(662,417)	(976,653)
NET CURRENT LIABILITIES		(454,825)	(567,042)
TOTAL ASSETS LESS CURRENT LIABILITIES		(323,657)	(195,624)
CREDITORS: amounts falling due after more than one year	3	(172,487)	(119,630)
TOTAL ASSETS LESS LIABILITIES		(496,144)	(315,254)
CAPITAL AND RESERVES			
Called up share capital	4	1,000	1,000
Revaluation reserve		—	48,585
Profit and loss account		(497,144)	(364,839)
Shareholders' funds		(496,144)	(315,254)

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

P.W. [Signature]
15/12/00

Director

Alchemy Metals Limited

NOTE TO THE ABBREVIATED ACCOUNTS at 31 October 1999

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:

- a) since June 1999 the company has returned to profitability. This trend has continued into the new financial year and the company continues to be cash generative. The director knows of no reason why this trend should not continue;
- b) the sale and leaseback of the company's freehold premises in October 1999 has enabled the bank and other borrowings to be repaid; and
- c) current purchases are being settled on normal credit terms.

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 recorded at cost.

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

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.

Stocks

Stocks are stated 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

NOTE TO THE ABBREVIATED ACCOUNTS at 31 October 1999

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 interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and represent 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.

2. TANGIBLE FIXED ASSETS

	<i>Total</i> £
Cost or valuation:	
At 1 November 1998	735,100
Additions	17,776
Disposals	(214,369)
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At 31 October 1999	538,507
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Depreciation:	
At 1 November 1998	363,682
Provided during the year	70,052
Disposals	(26,395)
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At 31 October 1999	407,339
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Net book value:	
At 31 October 1999	131,168
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At 1 November 1998	371,418
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The net book values of plant and machinery and motor vehicles above include amounts of £28,117 (1998: £37,489) in respect of assets held under hire purchase contracts.

Alchemy Metals Limited

NOTE TO THE ABBREVIATED ACCOUNTS

at 31 October 1999

2. TANGIBLE FIXED ASSETS (continued)

On 22 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 P W Newman, a director, is a Trustee and member of the Scheme.

3. CREDITORS

	1999	1998
	£	£
Creditors include the following secured liabilities:		
Falling due within one year	54,851	275,093
	=====	=====
Falling due after more than one year	70,000	--
	=====	=====

4. SHARE CAPITAL

	1999	Authorised 1998	Allotted, called up and fully paid 1999	1998
	£	£	£	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	=====	=====	=====	=====

5. RELATED PARTY TRANSACTIONS

During the year P W Newman, a director of the company, advanced loans of £90,000, of which £11,462 was repaid leaving a balance of £79,466 at 31 October 1999, of which £70,000 was not repayable within 12 months.

6. PARENT UNDERTAKING AND CONTROLLING PARTY

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.

The company is controlled by P W Newman.