

REGISTRARS COPY

RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008

Milne Craig
Chartered Accountants
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

WEDNESDAY



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RICHARD AUSTIN ALLOYS LIMITED

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FOR THE YEAR ENDED 31ST MARCH 2008**

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RICHARD AUSTIN ALLOYS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2008

DIRECTORS:	S T Kelly W S Wright J R Johnston A J McHale T J Kelly A J Finlay G Higgins
SECRETARY:	W S Wright
REGISTERED OFFICE:	Dunivaig Road Easter Queenslie Industrial Estate Glasgow G33 4TP
REGISTERED NUMBER:	SC074125
AUDITORS:	Milne Craig Chartered Accountants Abercorn House 79 Renfrew Road Paisley PA3 4DA
BANKERS:	Royal Bank of Scotland plc Corporate Banking Kirkstane House 139 St Vincent Street Glasgow G2 5JF

RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2008

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2008

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of stockholders of non ferrous metals

On 1st April 2008 an additional group company commenced trading, Richard Austin Alloys (South West) Limited, with a view to servicing the market in the South West of England and Wales

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

The key financial highlights are as follows

	2008 £	2007 £	2006 £
Turnover	81,621,348	71,820,236	50,483,206
Turnover growth	14%	42%	13%
Profit before tax	3,044,443	3,001,410	1,484,794

The net assets of the group have increased from £6,228,171 at 31 March 2007 to £7,558,456 at 31 March 2008

DIVIDENDS

An interim dividend of £20 157 per share was paid on 12th June 2007 The directors recommend that no final dividend be paid

The total distribution of dividends for the year ended 31st March 2008 was £450,000

On 19th May 2008, the company paid dividends amounting to £301,150

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the year to 31 March 2008 and consider the group is well placed to take advantage of opportunities which may arise in the current year

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2007 to the date of this report

S T Kelly
W S Wright
J R Johnston
A J McHale
T J Kelly

Other changes in directors holding office are as follows

A J Finlay and G Higgins were appointed as directors after 31st March 2008 but prior to the date of this report

FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors The main purpose of these instruments is to finance the group's operations

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2008

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure has increased in the market place and the directors strive to ensure that margins and profitability remain consistent year on year

In addition the directors seek to control overhead costs in order to maintain the profitability of the group

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

ENVIRONMENT

The group recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment

CREDITOR PAYMENT POLICY

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between group companies and its suppliers, provided that all trading terms and conditions have been complied with

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, 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 financial statements,
- prepare the financial statements 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

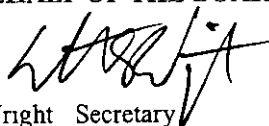
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information

AUDITORS

The auditors, Milne Craig, will be proposed for re appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD.



W S Wright Secretary

1st September 2008

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICHARD AUSTIN ALLOYS LIMITED**

We have audited the financial statements of Richard Austin Alloys Limited for the year ended 31st March 2008 on pages five to twenty six. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 31st March 2008 and of the profit of the group for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Report of the Directors is consistent with the financial statements.



Milne Craig
Chartered Accountants
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

1st September 2008

RICHARD AUSTIN ALLOYS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2008

	Notes	2008 £	£	2007 £	£
TURNOVER			81,621,348		71,820,236
Cost of sales			<u>67,952,904</u>		<u>59,746,748</u>
GROSS PROFIT			13,668,444		12,073,488
Selling and distribution costs		7,623,570		6,889,467	
Administrative expenses		<u>2,220,293</u>		<u>1,589,852</u>	
			<u>9,843,863</u>		<u>8,479,319</u>
OPERATING PROFIT	3		3,824,581		3,594,169
Interest receivable and similar income			<u>2,895</u>		<u>13,475</u>
			3,827,476		3,607,644
Interest payable and similar charges	4		<u>783,033</u>		<u>606,234</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			3,044,443		3,001,410
Tax on profit on ordinary activities	5		<u>888,480</u>		<u>821,078</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			2,155,963		2,180,332
Minority interest equity			<u>375,678</u>		<u>329,246</u>
RETAINED PROFIT CARRIED FORWARD FOR THE GROUP			<u>1,780,285</u>		<u>1,851,086</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current year or previous year

RICHARD AUSTIN ALLOYS LIMITED

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH 2008**

	2008 £	2007 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3,044,443	3,001,410
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>24,340</u>	<u>24,340</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>3,068,783</u>	<u>3,025,750</u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION, MINORITY INTERESTS AND DIVIDENDS	<u>1,354,625</u>	<u>1,469,787</u>

The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**CONSOLIDATED BALANCE SHEET
31ST MARCH 2008**

	Notes	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		10,630,670		6,583,983
Investments	9		<u> </u>		<u> </u>
			10,630,670		6,583,983
CURRENT ASSETS					
Stocks	10	14,371,232		14,731,629	
Debtors	11	20,105,414		20,615,010	
Cash in hand		<u>1,954</u>		<u>1,994</u>	
			34,478,600		35,348,633
CREDITORS					
Amounts falling due within one year	12	<u>30,891,919</u>		<u>32,185,078</u>	
NET CURRENT ASSETS			<u>3,586,681</u>		<u>3,163,555</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,217,351		9,747,538
CREDITORS					
Amounts falling due after more than one year	13		(5,516,888)		(2,584,288)
MINORITY INTERESTS	18		<u>(1,142,007)</u>		<u>(935,079)</u>
NET ASSETS			<u>7,558,456</u>		<u>6,228,171</u>
CAPITAL AND RESERVES					
Called up share capital	19		22,325		22,325
Revaluation reserve	20		880,805		880,805
Capital redemption reserve	20		23,430		23,430
Profit and loss account			<u>6,631,896</u>		<u>5,301,611</u>
SHAREHOLDERS' FUNDS	27		<u>7,558,456</u>		<u>6,228,171</u>

The financial statements were approved by the Board of Directors on 1st September 2008 and were signed on its behalf by

S T Kelly Director

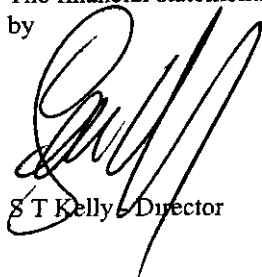
The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**COMPANY BALANCE SHEET
31ST MARCH 2008**

		2008		2007	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8		7,904,982		4,334,825
Investments	9		<u>679,748</u>		<u>609,746</u>
			8,584,730		4,944,571
CURRENT ASSETS					
Debtors	11	444,947		169,625	
Cash in hand				<u>211</u>	
		444,947		169,836	
CREDITORS					
Amounts falling due within one year	12	<u>3,611,837</u>		<u>2,541,312</u>	
NET CURRENT LIABILITIES			<u>(3,166,890)</u>		<u>(2,371,476)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,417,840		2,573,095
CREDITORS					
Amounts falling due after more than one year	13		<u>4,533,385</u>		<u>1,820,483</u>
NET ASSETS			<u>884,455</u>		<u>752,612</u>
CAPITAL AND RESERVES					
Called up share capital	19		22,325		22,325
Revaluation reserve	20		264,262		264,262
Capital redemption reserve	20		23,430		23,430
Profit and loss account			<u>574,438</u>		<u>442,595</u>
SHAREHOLDERS' FUNDS	27		<u>884,455</u>		<u>752,612</u>

The financial statements were approved by the Board of Directors on 1st September 2008 and were signed on its behalf by



S T Kelly - Director

RICHARD AUSTIN ALLOYS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2008

	Notes	2008 £	£	2007 £	£
Net cash inflow/(outflow) from operating activities	1		5,208,599		(2,945,873)
Returns on investments and servicing of finance	2		(878,888)		(641,759)
Taxation			(1,079,674)		(681,704)
Capital expenditure and financial investment	2		(4,735,235)		(1,058,440)
Acquisitions and disposals	2		(70,000)		85,000
Equity dividends paid			<u>(450,000)</u>		<u>(405,639)</u>
			(2,005,198)		(5,648,415)
Financing	2		<u>3,218,618</u>		<u>129,680</u>
Increase/(Decrease) in cash in the period			<u>1,213,420</u>		<u>(5,518,735)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period		1,213,420		(5,518,735)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(1,832,596)</u>		<u>199,330</u>	
Change in net debt resulting from cash flows			(619,176)		(5,319,405)
New finance leases			<u>(1,529,150)</u>		<u>(389,010)</u>
Movement in net debt in the period			(2,148,326)		(5,708,415)
Net debt at 1st April			<u>(15,618,193)</u>		<u>(9,909,778)</u>
Net debt at 31st March			<u>(17,766,519)</u>		<u>(15,618,193)</u>

The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2008**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	3,824,581	3,594,169
Depreciation charges	699,857	447,351
Profit on disposal of fixed assets	(11,311)	(3,989)
Government grant release	(2,088)	(2,088)
Decrease/(Increase) in stocks	360,397	(5,716,203)
Decrease/(Increase) in debtors	619,525	(5,809,368)
(Decrease)/Increase in creditors	<u>(282,362)</u>	<u>4,544,255</u>
Net cash inflow/(outflow) from operating activities	<u>5,208,599</u>	<u>(2,945,873)</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	2,895	13,475
Interest paid	(740,162)	(581,002)
Interest element of hire purchase payments	(42,871)	(25,232)
Dividends paid to minority interests	<u>(98,750)</u>	<u>(49,000)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(878,888)</u>	<u>(641,759)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,762,358)	(1,072,724)
Purchase of fixed asset investments	(2)	
Sale of tangible fixed assets	<u>27,125</u>	<u>14,284</u>
Net cash outflow for capital expenditure and financial investment	<u>(4,735,235)</u>	<u>(1,058,440)</u>
Acquisitions and disposals		
Purchase minority interest shareholding	(70,000)	
Sale of minority interest shareholding	<u>—</u>	<u>85,000</u>
Net cash (outflow)/inflow for acquisitions and disposals	<u>(70,000)</u>	<u>85,000</u>
Financing		
New loans in year	2,947,269	455,874
Loan repayments in year	(413,543)	(421,192)
New hire purchase financing	1,529,150	389,010
Capital repayments on hire purchase	(701,130)	(234,012)
Amount withdrawn by directors	(143,128)	
Share buyback	<u>—</u>	<u>(60,000)</u>
Net cash inflow from financing	<u>3,218,618</u>	<u>129,680</u>

The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2008**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 07 £	Cash flow £	Other non cash changes £	At 31 3 08 £
Net cash				
Cash at bank and in hand	1,994	(40)		1,954
Bank overdrafts	<u>(12,218,408)</u>	<u>1,213,460</u>		<u>(11,004,948)</u>
	<u>(12,216,414)</u>	<u>1,213,420</u>		<u>(11,002,994)</u>
Debt				
Hire purchase	(669,208)	701,130	(1,529,150)	(1,497,228)
Debts falling due within one year	(552,751)	(135,969)	-	(688,720)
Debts falling due after one year	<u>(2,179,820)</u>	<u>(2,397,757)</u>		<u>(4,577,577)</u>
	<u>(3,401,779)</u>	<u>(1,832,596)</u>	<u>(1,529,150)</u>	<u>(6,763,525)</u>
Total	<u>(15,618,193)</u>	<u>(619,176)</u>	<u>(1,529,150)</u>	<u>(17,766,519)</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2008

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

Basis of consolidation

The group accounts consolidate the accounts of Richard Austin Alloys Limited and its subsidiaries, Richard Austin Alloys (Scotland) Limited, Richard Austin Alloys (Northern) Limited, Richard Austin Alloys (North West) Limited, Richard Austin Alloys (Midlands) Limited and Richard Austin Alloys (South West) Limited

No profit or loss account is presented for Richard Austin Alloys Limited as permitted by section 230 of the Companies Act 1985

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Consideration is given to the point at which the company is entitled to receive the income

Tangible fixed assets

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

Freehold buildings	over 50 years
Long leasehold	over 150 years
Plant and machinery	over 5 years
Fixtures and fittings	over 5 years
Motor vehicles	over 4 years
Computer equipment	over 3 years

No depreciation has been provided on the long leasehold property and certain items of plant and machinery due to an ongoing project. On completion of the project the property and plant will be depreciated accordingly

Stocks

Stocks are stated at the lower of cost and net realisable value where cost is defined as the cost incurred in bringing each product to its present location and condition

Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal

Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date

Deferred tax is measured on a non discounted 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

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31ST MARCH 2008

1 ACCOUNTING POLICIES continued

Hire purchase and leasing 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 the capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs and other post retirement benefits

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.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

2 STAFF COSTS

	2008 £	2007 £
Wages and salaries	4,672,692	4,307,456
Social security costs	476,915	434,975
Other pension costs	<u>333,898</u>	<u>299,326</u>
	<u><u>5,483,505</u></u>	<u><u>5,041,757</u></u>

The average monthly number of employees during the year was as follows

	2008	2007
Sales and administration	63	58
Warehouse and drivers	<u>99</u>	<u>89</u>
	<u><u>162</u></u>	<u><u>147</u></u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2008	2007
	£	£
Depreciation owned assets	377,821	281,222
Depreciation assets on hire purchase contracts	322,036	166,129
Profit on disposal of fixed assets	(11,311)	(3,989)
Auditors' remuneration	15,450	14,750
Auditors' remuneration for non audit work	<u>28,143</u>	<u>16,329</u>
 Directors' emoluments	 1,068,659	 1,234,409
Directors' pension contributions to money purchase schemes	<u>74,481</u>	<u>76,001</u>

The number of directors to whom retirement benefits were accruing was as follows

	12	12
Money purchase schemes	<u>12</u>	<u>12</u>

Information regarding the highest paid director is as follows

	2008	2007
	£	£
Emoluments etc	249,842	260,650
Pension contributions to money purchase schemes	<u>11,090</u>	<u>6,830</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Term loan interest	183,258	179,507
Bank overdraft interest	556,904	394,727
Other interest		6,768
Hire purchase interest	<u>42,871</u>	<u>25,232</u>
	<u>783,033</u>	<u>606,234</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31ST MARCH 2008

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2008 £	2007 £
Current tax		
UK corporation tax	864,295	869,089
Adjustments in respect of previous years	<u>(9,014)</u>	<u>31,405</u>
Total current tax	<u>855,281</u>	<u>900,494</u>
Deferred tax		
Deferred tax	12,375	(79,416)
Effect on changes in tax rates on opening liability	<u>20,824</u>	<u>—</u>
Total deferred tax	<u>33,199</u>	<u>(79,416)</u>
Tax on profit on ordinary activities	<u>888,480</u>	<u>821,078</u>

UK corporation tax has been charged at 30%

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2008 £	2007 £
Profit on ordinary activities before tax	<u>3,044,443</u>	<u>3,001,410</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 30%)	913,333	900,423
Effects of		
Disallowed expenses and non taxable income	28,269	25,843
Capital allowances in excess of depreciation	(73,760)	(45,895)
Other timing differences	(1,631)	(4,682)
Adjustments in respect of previous years	(9,014)	31,405
Others	<u>(1,916)</u>	<u>(6,600)</u>
Current tax charge	<u>855,281</u>	<u>900,494</u>

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing properties to their market values. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief. The total amount unprovided for the year is £nil (2007 £8,500). At present it is not envisaged that any tax will become payable in the foreseeable future.

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

6 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £581,843 (2007 £477,187)

7 DIVIDENDS

	2008 £	2007 £
Ordinary shares of £1 each		
Interim	<u>450,000</u>	<u>405,639</u>

8 TANGIBLE FIXED ASSETS

Group	Freehold property £	Long leasehold £	Plant and machinery £
COST OR VALUATION			
At 1st April 2007	5,595,016		1,819,608
Additions	<u>399,904</u>	<u>2,703,233</u>	<u>900,681</u>
At 31st March 2008	<u>5,994,920</u>	<u>2,703,233</u>	<u>2,720,289</u>
DEPRECIATION			
At 1st April 2007	311,851		1,256,429
Charge for year	<u>124,585</u>		<u>200,915</u>
At 31st March 2008	<u>436,436</u>		<u>1,457,344</u>
NET BOOK VALUE			
At 31st March 2008	<u>5,558,484</u>	<u>2,703,233</u>	<u>1,262,945</u>
At 31st March 2007	<u>5,283,165</u>		<u>563,179</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

8 TANGIBLE FIXED ASSETS continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1st April 2007	1,271,207	320,592	9,006,423
Additions	758,540		4,762,358
Disposals	(141,020)		(141,020)
At 31st March 2008	<u>1,888,727</u>	<u>320,592</u>	<u>13,627,761</u>
DEPRECIATION			
At 1st April 2007	533,568	320,592	2,422,440
Charge for year	374,357		699,857
Eliminated on disposal	(125,206)		(125,206)
At 31st March 2008	<u>782,719</u>	<u>320,592</u>	<u>2,997,091</u>
NET BOOK VALUE			
At 31st March 2008	<u>1,106,008</u>		<u>10,630,670</u>
At 31st March 2007	<u>737,639</u>		<u>6,583,983</u>

Cost or valuation at 31st March 2008 is represented by

	Freehold property £	Long leasehold £	Plant and machinery £
Valuation in 2004	393,044		
Cost	<u>5,601,876</u>	<u>2,703,233</u>	<u>2,720,289</u>
	<u>5,994,920</u>	<u>2,703,233</u>	<u>2,720,289</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004			393,044
Cost	<u>1,888,727</u>	<u>320,592</u>	<u>13,234,717</u>
	<u>1,888,727</u>	<u>320,592</u>	<u>13,627,761</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost

	2008 £	2007 £
Cost	<u>2,621,638</u>	<u>2,621,638</u>
Aggregate depreciation	<u>490,430</u>	<u>443,434</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

8 TANGIBLE FIXED ASSETS continued

Group

The freehold property was valued by FPD Savills Commercial Ltd as at 26 March 2004 on the basis of open market value in accordance with the Practice Statements of the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual

The net book value of tangible fixed assets includes £1,529,657 (2007 £693,185) in respect of assets held under hire purchase contracts

Company

	Freehold property £	Long leasehold £	Plant and machinery £
COST OR VALUATION			
At 1st April 2007	4,488,883		
Additions	399,904	2,703,233	480,385
Group transfers			43,320
At 31st March 2008	<u>4,888,787</u>	<u>2,703,233</u>	<u>523,705</u>
DEPRECIATION			
At 1st April 2007	250,958		
Charge for year	98,454		
Group transfers			13,320
At 31st March 2008	<u>349,412</u>		<u>13,320</u>
NET BOOK VALUE			
At 31st March 2008	<u>4,539,375</u>	<u>2,703,233</u>	<u>510,385</u>
At 31st March 2007	<u>4,237,925</u>		
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1st April 2007	134,348	320,592	4,943,823
Additions	118,402		3,701,924
Group transfers	(14,313)		29,007
At 31st March 2008	<u>238,437</u>	<u>320,592</u>	<u>8,674,754</u>
DEPRECIATION			
At 1st April 2007	37,448	320,592	608,998
Charge for year	58,840		157,294
Group transfers	(9,840)		3,480
At 31st March 2008	<u>86,448</u>	<u>320,592</u>	<u>769,772</u>
NET BOOK VALUE			
At 31st March 2008	<u>151,989</u>		<u>7,904,982</u>
At 31st March 2007	<u>96,900</u>		<u>4,334,825</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

8 TANGIBLE FIXED ASSETS continued

Company

Cost or valuation at 31st March 2008 is represented by

	Freehold property £	Long leasehold £	Plant and machinery £
Valuation in 2004	121,569		
Cost	<u>4,767,218</u>	<u>2,703,233</u>	<u>523,705</u>
	<u>4,888,787</u>	<u>2,703,233</u>	<u>523,705</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004			121,569
Cost	<u>238,437</u>	<u>320,592</u>	<u>8,553,185</u>
	<u>238,437</u>	<u>320,592</u>	<u>8,674,754</u>

If freehold property had not been revalued it would have been included at the following historical cost

	2008 £	2007 £
Cost	<u>1,078,431</u>	<u>1,078,431</u>
Aggregate depreciation	<u>231,741</u>	<u>207,401</u>

The net book value of tangible fixed assets includes £458,891 (2007 £67,959) in respect of assets held under hire purchase contracts

9 FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st April 2007	609,746
Additions	<u>70,002</u>
At 31st March 2008	<u>679,748</u>
NET BOOK VALUE	
At 31st March 2008	<u>679,748</u>
At 31st March 2007	<u>609,746</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31ST MARCH 2008

9 FIXED ASSET INVESTMENTS continued

The company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Richard Austin Alloys (Scotland) Limited

Country of incorporation Scotland

Nature of business Stockholders of non ferrous metals

	%		
Class of shares	holding		
Ordinary	82 50	2008 £	2007 £
Aggregate capital and reserves		2,318,310	1,810,072
Profit for the year		<u>508,238</u>	<u>377,287</u>

Richard Austin Alloys (Northern) Limited

Country of incorporation Scotland

Nature of business Stockholders of non ferrous metals

	%		
Class of shares	holding		
Ordinary	90 00	2008 £	2007 £
Aggregate capital and reserves		2,520,004	2,213,953
Profit for the year		<u>306,051</u>	<u>598,066</u>

Richard Austin Alloys (North West) Limited

Country of incorporation Scotland

Nature of business Stockholders of non ferrous metals

	%		
Class of shares	holding		
Ordinary	87 50	2008 £	2007 £
Aggregate capital and reserves		2,549,468	2,160,440
Profit for the year		<u>389,028</u>	<u>408,580</u>

Richard Austin Alloys (Midlands) Limited

Country of incorporation Scotland

Nature of business Stockholders of non ferrous metals

	%		
Class of shares	holding		
Ordinary	85 00	2008 £	2007 £
Aggregate capital and reserves		1,104,135	832,079
Profit for the year		<u>272,056</u>	<u>317,737</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

9 FIXED ASSET INVESTMENTS continued

Richard Austin Alloys (South West) Limited
Country of incorporation Scotland
Nature of business Dormant

	%	
Class of shares	holding	
Ordinary	100 00	
		2008
		£
Aggregate capital and reserves		<u>2</u>

10 STOCKS

	Group	
	2008	2007
	£	£
Stocks	<u>14,371,232</u>	<u>14,731,629</u>

The difference between the purchase price of stocks and their replacement cost is not material

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	19,393,436	19,710,492		
Other debtors and prepayments	529,687	832,156	277,795	99,436
Amounts due by group companies				24,554
Directors' current accounts	143,128		143,128	
Corporation tax			338	
Deferred tax asset	<u>39,163</u>	<u>72,362</u>	<u>23,686</u>	<u>45,635</u>
	<u>20,105,414</u>	<u>20,615,010</u>	<u>444,947</u>	<u>169,625</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31ST MARCH 2008

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts (see note 14)	11,693,668	12,771,159	624,159	565,796
Hire purchase contracts (see note 15)	557,917	264,740	184,341	27,699
Trade creditors	16,900,897	16,795,196		
Amounts due to group companies			2,540,925	1,745,156
Corporation tax	352,613	577,006		11,400
Social security and other taxes	801,422	1,330,847	49,966	64,155
Accrued expenses	495,628	354,269	122,672	35,245
Deferred government grants	89,774	91,861	89,774	91,861
	<u>30,891,919</u>	<u>32,185,078</u>	<u>3,611,837</u>	<u>2,541,312</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans (see note 14)	4,577,577	2,179,820	4,210,293	1,783,090
Hire purchase contracts (see note 15)	939,311	404,468	323,092	37,393
	<u>5,516,888</u>	<u>2,584,288</u>	<u>4,533,385</u>	<u>1,820,483</u>

14 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	11,004,948	12,218,408	14,298	91,999
Bank loans	688,720	552,751	609,861	473,797
	<u>11,693,668</u>	<u>12,771,159</u>	<u>624,159</u>	<u>565,796</u>
Amounts falling due between one and two years				
Bank loans 1 2 years	811,751	486,219	732,892	407,360
Amounts falling due between two and five years				
Bank loans 2 5 years	2,367,336	1,232,948	2,130,759	996,372
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans more 5 yr by instal	1,398,490	460,653	1,346,642	379,358

Company loans not wholly repayable within five years bear interest at rates of 1% over the base rate and are repayable in monthly and quarterly instalments

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31ST MARCH 2008**

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2008	2007
	£	£
Gross obligations repayable		
Within one year	619,437	287,307
Between one and five years	<u>1,086,026</u>	<u>452,839</u>
	<u>1,705,463</u>	<u>740,146</u>
 Finance charges repayable		
Within one year	61,520	22,567
Between one and five years	<u>146,715</u>	<u>48,371</u>
	<u>208,235</u>	<u>70,938</u>
 Net obligations repayable		
Within one year	557,917	264,740
Between one and five years	<u>939,311</u>	<u>404,468</u>
	<u>1,497,228</u>	<u>669,208</u>

Company

	Hire purchase contracts	
	2008	2007
	£	£
Gross obligations repayable		
Within one year	200,815	29,496
Between one and five years	<u>377,327</u>	<u>42,785</u>
	<u>578,142</u>	<u>72,281</u>
 Finance charges repayable		
Within one year	16,474	1,797
Between one and five years	<u>54,235</u>	<u>5,392</u>
	<u>70,709</u>	<u>7,189</u>
 Net obligations repayable		
Within one year	184,341	27,699
Between one and five years	<u>323,092</u>	<u>37,393</u>
	<u>507,433</u>	<u>65,092</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31ST MARCH 2008

16 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank overdrafts	11,004,948	12,218,408	14,298	91,999
Bank loans	5,266,297	2,732,571	4,820,154	2,256,887
Hire purchase contracts	<u>1,497,228</u>	<u>669,208</u>	<u>507,433</u>	<u>65,092</u>
	<u>17,768,473</u>	<u>15,620,187</u>	<u>5,341,885</u>	<u>2,413,978</u>

The bank overdrafts and bank loans are secured by a bond and floating charge and standard securities over the freehold and leasehold land and buildings, in favour of the Royal Bank of Scotland Group

Hire purchase contracts are secured over the assets to which they relate

17 DEFERRED TAX

Group

	£
Balance at 1st April 2007	(72,362)
Profit and loss account	54,239
Adjustment in respect of prior years	<u>(21,040)</u>
Balance at 31st March 2008	<u>(39,163)</u>

Company

	£
Balance at 1st April 2007	(45,635)
Profit and loss account	38,788
Adjustments in respect of prior years	<u>(16,839)</u>
Balance at 31st March 2008	<u>(23,686)</u>

18 MINORITY INTERESTS

All of the amounts are attributable to equity minority interests

19 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2008	2007
		£1	£	£
42,500	Ordinary		<u>42,500</u>	<u>42,500</u>
Allotted, issued and fully paid Number	Class	Nominal value	2008	2007
		£1	£	£
22,325	Ordinary		<u>22,325</u>	<u>22,325</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31ST MARCH 2008

20 RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2007	5,301,611	880,805	23,430	6,205,846
Profit for the year	1,780,285			1,780,285
Dividends	(450,000)			(450,000)
At 31st March 2008	<u>6,631,896</u>	<u>880,805</u>	<u>23,430</u>	<u>7,536,131</u>

Company

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2007	442,595	264,262	23,430	730,287
Profit for the year	581,843			581,843
Dividends	(450,000)			(450,000)
At 31st March 2008	<u>574,438</u>	<u>264,262</u>	<u>23,430</u>	<u>862,130</u>

21 PENSION COMMITMENTS

The company operates a defined contribution scheme The assets of the scheme are held separately from those of the group in an independently administered fund The outstanding contributions at 31 March 2008 were £28,824 (2007 £50,637)

22 ULTIMATE PARENT COMPANY

The ultimate parent company is Richard Austin Alloys Limited, a company registered in Scotland

23 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers At 31st March 2008, the group companies' combined bank borrowings amounted to £12,784,136 (2007 £11,284,595)

Cross guarantees exist between all group companies in favour of a group supplier At 31st March 2008, the group companies' combined liabilities to this supplier amounted to £ 2,250,586 (2007 £2,552,801)

24 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31st March 2008 and 31st March 2007

	2008 £	2007 £
W S Wright		
Balance outstanding at start of year		
Balance outstanding at end of year	143,128	
Maximum balance outstanding during year	<u>143,128</u>	<u></u>

The loan was repaid in full on 7th May 2008 and was interest free

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued **FOR THE YEAR ENDED 31ST MARCH 2008**

25 RELATED PARTY DISCLOSURES

During the year the company received rent of £393,000 (2007 £352,500) and dividends of £601,250 (2007 £391,000) from three of its subsidiary companies in the normal course of business. It also received management charges from four of its subsidiaries totalling £1,436,000 (2007 £833,000).

26 ULTIMATE CONTROLLING PARTY

By virtue of his interests in the share capital of Richard Austin Alloys Limited, the parent company, Mr S T Kelly, a director, controls the majority of the voting rights and thus has ultimate control of the group.

27 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2008 £	2007 £
Profit for the financial year	1,780,285	1,851,086
Dividends	<u>(450,000)</u>	<u>(405,639)</u>
	1,330,285	1,445,447
Purchase of own shares	<u> </u>	<u>(60,000)</u>
Net addition to shareholders' funds	1,330,285	1,385,447
Opening shareholders' funds	<u>6,228,171</u>	<u>4,842,724</u>
Closing shareholders' funds	<u>7,558,456</u>	<u>6,228,171</u>

Company

	2008 £	2007 £
Profit for the financial year	581,843	477,187
Dividends	<u>(450,000)</u>	<u>(405,639)</u>
	131,843	71,548
Purchase of own shares	<u> </u>	<u>(60,000)</u>
Net addition to shareholders' funds	131,843	11,548
Opening shareholders' funds	<u>752,612</u>	<u>741,064</u>
Closing shareholders' funds	<u>884,455</u>	<u>752,612</u>