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RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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COMPANIES HOUSE

Milne Craig
Chartered accountants
Registered auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

RICHARD AUSTIN ALLOYS LIMITED

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5 to 6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Cash Flow Statement	9
Notes to the Consolidated Cash Flow Statement	10 to 11
Notes to the Consolidated Financial Statements	12 to 25

RICHARD AUSTIN ALLOYS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS:	S T Kelly J R Johnston A J McHale T J Kelly G Higgins P Rawlinson A Finlay J Murdoch
SECRETARY:	J Murdoch
REGISTERED OFFICE:	Dunivaig Road Easter Queenslie Industrial Estate Glasgow G33 4TP
REGISTERED NUMBER:	SC074125
AUDITORS:	Milne Craig Chartered accountants Registered auditor Abercorn House 79 Renfrew Road Paisley Renfrewshire PA3 4DA
BANKERS:	Royal Bank of Scotland plc Corporate Banking Kirkstane House 139 St. Vincent Street Glasgow G2 5JF
SOLICITORS:	Speechly Bircham LLP 6 New Street Square London EC4A 3LX

RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2012.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of stockholders of non-ferrous metals. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

REVIEW OF BUSINESS

The key financial highlights are as follows:

	2012 £	2011 £	2010 £
Turnover	96,353,567	81,599,918	61,818,890
Turnover growth	18%	32%	(21%)
Profit before tax	2,778,076	2,719,864	1,452,147

The net assets of the group have increased from £10,044,539 at 31 March 2011 to £11,929,625 at 31 March 2012.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2012.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the year to 31 March 2012 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 1 April 2011 to the date of this report.

S T Kelly
J R Johnston
A J McHale
T J Kelly
G Higgins
P Rawlinson
A Finlay
J Murdoch

Other changes in directors holding office are as follows:

D Smith - resigned 29 April 2011

GROUP'S POLICY ON PAYMENT OF CREDITORS

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.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure continues 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.

RICHARD AUSTIN ALLOYS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 418 of the Companies Act 2006) 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 at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



S F Kelly - Director

7 September 2012

**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 31 March 2012 on pages five to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SB Malcolm

Mrs S B Malcolm (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered accountants
Registered auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

7 September 2012

RICHARD AUSTIN ALLOYS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	£	2011 £	£
TURNOVER			96,353,567		81,599,918
Cost of sales			82,228,805		68,281,751
GROSS PROFIT			14,124,762		13,318,167
Distribution costs		8,576,836		7,957,516	
Administrative expenses		2,175,866		2,186,641	
			10,752,702		10,144,157
OPERATING PROFIT	3		3,372,060		3,174,010
Interest receivable and similar income			1,365		468
			3,373,425		3,174,478
Interest payable and similar charges	4		595,349		454,614
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			2,778,076		2,719,864
Tax on profit on ordinary activities	5		797,077		802,350
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			1,980,999		1,917,514
Minority interest - equity			95,913		130,533
RETAINED PROFIT CARRIED FORWARD FOR THE GROUP			1,885,086		1,786,981

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 31 MARCH 2012**

	2012 £	2011 £
REPORTED PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	2,778,076	2,719,864
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	24,340	24,340
HISTORICAL COST PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2,802,416</u>	<u>2,744,204</u>
HISTORICAL COST PROFIT		
FOR THE YEAR RETAINED AFTER TAXATION		
AND MINORITY INTERESTS	<u>1,909,426</u>	<u>1,811,321</u>

The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**CONSOLIDATED BALANCE SHEET
31 MARCH 2012**

	Notes	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		8,232,376		8,364,245
Investments	8		300,066		-
			<u>8,532,442</u>		<u>8,364,245</u>
CURRENT ASSETS					
Stocks	9	15,467,475		18,380,127	
Debtors	10	25,470,775		23,815,327	
Cash at bank and in hand		582,744		603,280	
		<u>41,520,994</u>		<u>42,798,734</u>	
CREDITORS					
Amounts falling due within one year	11	33,677,895		36,358,760	
NET CURRENT ASSETS			<u>7,843,099</u>		<u>6,439,974</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			16,375,541		14,804,219
CREDITORS					
Amounts falling due after more than one year	12		(3,221,071)		(3,570,448)
MINORITY INTERESTS	17		(1,224,845)		(1,189,232)
NET ASSETS			<u><u>11,929,625</u></u>		<u><u>10,044,539</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		22,325		22,325
Revaluation reserve	19		880,805		880,805
Capital redemption reserve	19		23,430		23,430
Profit and loss account			11,003,065		9,117,979
SHAREHOLDERS' FUNDS	25		<u><u>11,929,625</u></u>		<u><u>10,044,539</u></u>

The financial statements were approved by the Board of Directors on 7 September 2012 and were signed on its behalf by:


S T Kelly - Director

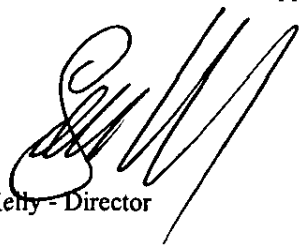
The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**COMPANY BALANCE SHEET
31 MARCH 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	6,610,528	6,774,694
Investments	8	<u>1,293,562</u>	<u>993,496</u>
		7,904,090	7,768,190
CURRENT ASSETS			
Debtors	10	96,388	41,315
Cash at bank		<u>580,555</u>	<u>600,488</u>
		676,943	641,803
CREDITORS			
Amounts falling due within one year	11	<u>5,324,854</u>	<u>4,704,769</u>
NET CURRENT LIABILITIES		<u>(4,647,911)</u>	<u>(4,062,966)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,256,179	3,705,224
CREDITORS			
Amounts falling due after more than one year	12	(2,692,767)	(3,162,216)
PROVISIONS FOR LIABILITIES	16	<u>(2,960)</u>	<u>(14,914)</u>
NET ASSETS		<u><u>560,452</u></u>	<u><u>528,094</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	22,325	22,325
Revaluation reserve	19	264,262	264,262
Capital redemption reserve	19	23,430	23,430
Profit and loss account		<u>250,435</u>	<u>218,077</u>
SHAREHOLDERS' FUNDS	25	<u><u>560,452</u></u>	<u><u>528,094</u></u>

The financial statements were approved by the Board of Directors on 7 September 2012 and were signed on its behalf by:


S T Kelly - Director

The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	1	6,556,080	(2,384,204)
Returns on investments and servicing of finance	2	(593,984)	(454,146)
Taxation		(915,241)	(549,387)
Capital expenditure and financial investment	2	(796,317)	(71,805)
Acquisitions and disposals	2	(60,300)	(105,000)
		4,190,238	(3,564,542)
Financing	2	(360,538)	(825,474)
Increase/(decrease) in cash in the period		<u>3,829,700</u>	<u>(4,390,016)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		3,829,700	(4,390,016)
Cash outflow from decrease in debt and lease financing		<u>360,538</u>	<u>825,474</u>
Change in net debt resulting from cash flows		4,190,238	(3,564,542)
Movement in net debt in the period		4,190,238	(3,564,542)
Net debt at 1 April		<u>(16,239,738)</u>	<u>(12,675,196)</u>
Net debt at 31 March		<u>(12,049,500)</u>	<u>(16,239,738)</u>

The notes form part of these financial statements

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

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

	2012	2011
	£	£
Operating profit	3,372,060	3,174,010
Depreciation charges	647,120	795,564
Profit on disposal of fixed assets	(19,000)	(7,211)
Government grant release	-	(2,088)
Decrease/(increase) in stocks	2,912,652	(5,854,252)
Increase in debtors	(1,677,025)	(7,119,398)
Increase in creditors	1,320,273	6,629,171
Net cash inflow/(outflow) from operating activities	<u>6,556,080</u>	<u>(2,384,204)</u>

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

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	1,365	468
Interest paid	(551,362)	(398,917)
Interest element of hire purchase payments	(43,987)	(55,697)
Net cash outflow for returns on investments and servicing of finance	<u>(593,984)</u>	<u>(454,146)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(515,251)	(82,105)
Purchase of fixed asset investments	(300,066)	-
Sale of tangible fixed assets	19,000	10,300
Net cash outflow for capital expenditure and financial investment	<u>(796,317)</u>	<u>(71,805)</u>
Acquisitions and disposals		
Purchase minority interest shareholding	(60,300)	(105,000)
Net cash outflow for acquisitions and disposals	<u>(60,300)</u>	<u>(105,000)</u>
Financing		
Loan repayments in year	(506,300)	(506,300)
New hire purchase financing	574,842	63,674
Capital repayments on hire purchase	(429,080)	(382,848)
Net cash outflow from financing	<u>(360,538)</u>	<u>(825,474)</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.11 £	Cash flow £	At 31.3.12 £
Net cash:			
Cash at bank and in hand	603,280	(20,536)	582,744
Bank overdraft	(12,520,660)	3,850,236	(8,670,424)
	<u>(11,917,380)</u>	<u>3,829,700</u>	<u>(8,087,680)</u>
Debt:			
Hire purchase	(398,533)	(145,762)	(544,295)
Debts falling due within one year	(506,300)	-	(506,300)
Debts falling due after one year	(3,417,525)	506,300	(2,911,225)
	<u>(4,322,358)</u>	<u>360,538</u>	<u>(3,961,820)</u>
Total	<u>(16,239,738)</u>	<u>4,190,238</u>	<u>(12,049,500)</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 408 of the Companies Act 2006.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Consideration is given to the point at which the group 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 properties	-	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

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.

Deferred tax assets are only included where it is expected that they will be received within the foreseeable future.

Investments

Fixed asset investments are included at cost less provisions for permanent diminution in value.

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2012

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 on a straight line basis.

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 group 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

	2012 £	2011 £
Wages and salaries	5,051,144	4,860,213
Social security costs	502,957	489,692
Other pension costs	371,909	350,048
	<u>5,926,010</u>	<u>5,699,953</u>

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

	2012	2011
Sales and administration	58	69
Warehouse and drivers	108	96
	<u>166</u>	<u>165</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2012 £	2011 £
Depreciation - owned assets	381,795	454,253
Depreciation - assets on hire purchase contracts	265,325	341,313
Profit on disposal of fixed assets	(19,000)	(7,211)
Auditors' remuneration	20,948	20,100
Auditors' remuneration for non audit work	16,888	23,750
	<u>673,956</u>	<u>832,205</u>
Directors' remuneration	983,621	1,242,180
Directors' pension contributions to money purchase schemes	70,187	88,485

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2012

3. OPERATING PROFIT - continued

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

Money purchase schemes	<u>12</u>	<u>15</u>
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Information regarding the highest paid director is as follows:

	2012	2011
	£	£
Emoluments etc	181,000	204,237
Pension contributions to money purchase schemes	<u>-</u>	<u>8,111</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Term loan interest	151,587	171,843
Bank overdraft interest	397,232	227,072
Other interest	2,543	2
Hire purchase interest	43,987	55,697
	<u>595,349</u>	<u>454,614</u>

5. TAXATION

Analysis of the tax charge

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

	2012	2011
	£	£
Current tax:		
UK corporation tax	772,501	863,177
Adjustments in respect of previous years	<u>2,690</u>	<u>472</u>
Total current tax	775,191	863,649
Deferred tax	<u>21,886</u>	<u>(61,299)</u>
Tax on profit on ordinary activities	<u>797,077</u>	<u>802,350</u>

UK corporation tax has been charged at 26% (2011 - 28%).

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2012**

5. TAXATION - continued

Factors affecting the tax charge

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

	2012 £	2011 £
Profit on ordinary activities before tax	<u>2,778,076</u>	<u>2,719,864</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	722,300	761,562
Effects of:		
Disallowed expenses and non taxable income	60,560	41,190
Capital allowances in excess of depreciation	(4,443)	56,966
Other timing differences	(11,161)	6,641
Adjustments in respect of previous years	11,190	472
Others	<u>(3,255)</u>	<u>(3,182)</u>
Current tax charge	<u>775,191</u>	<u>863,649</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. At present it is not envisaged that any tax will become payable in the foreseeable future.

6. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, 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 £32,358 (2011 - £92,296).

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

7. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 April 2011	5,994,920	2,703,233	2,708,026
Additions	-	-	5,583
At 31 March 2012	5,994,920	2,703,233	2,713,609
DEPRECIATION			
At 1 April 2011	827,432	162,194	2,338,420
Charge for year	130,332	54,064	221,655
Eliminated on disposal	-	-	-
At 31 March 2012	957,764	216,258	2,560,075
NET BOOK VALUE			
At 31 March 2012	5,037,156	2,486,975	153,534
At 31 March 2011	5,167,488	2,541,039	369,606

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 April 2011	2,049,885	320,592	13,776,656
Additions	509,668	-	515,251
Disposals	(260,820)	-	(260,820)
At 31 March 2012	2,298,733	320,592	14,031,087
DEPRECIATION			
At 1 April 2011	1,763,773	320,592	5,412,411
Charge for year	241,069	-	647,120
Eliminated on disposal	(260,820)	-	(260,820)
At 31 March 2012	1,744,022	320,592	5,798,711
NET BOOK VALUE			
At 31 March 2012	554,711	-	8,232,376
At 31 March 2011	286,112	-	8,364,245

Cost or valuation at 31 March 2012 is represented by:

	Freehold property £	Long leasehold £	Plant and machinery £
Valuation in 2004	393,044	-	-
Cost	5,601,876	2,703,233	2,713,609
	5,994,920	2,703,233	2,713,609

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

7. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004	-	-	393,044
Cost	2,298,733	320,592	13,638,043
	<u>2,298,733</u>	<u>320,592</u>	<u>14,031,087</u>

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

	2012 £	2011 £
Cost	<u>5,601,876</u>	<u>5,601,876</u>
Aggregate depreciation	<u>963,148</u>	<u>938,808</u>

The freehold properties were 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 directors continue to write down the freehold properties in accordance with the group's accounting policy and do not consider the net book value at 31 March 2012 to be materially different from their open market value. On this basis, no independent, professional valuation has taken place during the year.

The net book value of tangible fixed assets includes £614,870 (2011 - £427,614) in respect of assets held under hire purchase contracts.

Company

	Freehold property £	Long leasehold £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION					
At 1 April 2011	4,888,787	2,703,233	56,219	320,592	7,968,831
Disposals	-	-	(32,616)	-	(32,616)
At 31 March 2012	<u>4,888,787</u>	<u>2,703,233</u>	<u>23,603</u>	<u>320,592</u>	<u>7,936,215</u>
DEPRECIATION					
At 1 April 2011	662,015	162,194	49,336	320,592	1,194,137
Charge for year	104,201	54,064	5,901	-	164,166
Eliminated on disposal	-	-	(32,616)	-	(32,616)
At 31 March 2012	<u>766,216</u>	<u>216,258</u>	<u>22,621</u>	<u>320,592</u>	<u>1,325,687</u>
NET BOOK VALUE					
At 31 March 2012	<u>4,122,571</u>	<u>2,486,975</u>	<u>982</u>	<u>-</u>	<u>6,610,528</u>
At 31 March 2011	<u>4,226,772</u>	<u>2,541,039</u>	<u>6,883</u>	<u>-</u>	<u>6,774,694</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

7. TANGIBLE FIXED ASSETS - continued

Company

Cost or valuation at 31 March 2012 is represented by:

	Freehold property £	Long leasehold £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004	306,887	-	-	-	306,887
Cost	4,581,900	2,703,233	23,603	320,592	7,629,328
	<u>4,888,787</u>	<u>2,703,233</u>	<u>23,603</u>	<u>320,592</u>	<u>7,936,215</u>

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

	2012 £	2011 £
Cost	<u>4,581,900</u>	<u>4,581,900</u>
Aggregate depreciation	<u>810,101</u>	<u>795,765</u>

The net book value of tangible fixed assets includes £982 (2011 - £6,883) in respect of assets held under hire purchase contracts.

8. FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings £
COST	
Additions	<u>300,066</u>
At 31 March 2012	<u>300,066</u>
NET BOOK VALUE	
At 31 March 2012	<u>300,066</u>

Company

	Shares in group undertakings £
COST	
At 1 April 2011	993,496
Additions	<u>300,066</u>
At 31 March 2012	<u>1,293,562</u>
NET BOOK VALUE	
At 31 March 2012	<u>1,293,562</u>
At 31 March 2011	<u>993,496</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2012

8. FIXED ASSET INVESTMENTS - continued

The group or 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	87.50		
		2012	2011
		£	£
Aggregate capital and reserves		3,584,790	2,981,378
Profit for the year		663,712	459,182
		<u> </u>	<u> </u>

Richard Austin Alloys (Northern) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
Class of shares:	holding		
Ordinary	95.00		
		2012	2011
		£	£
Aggregate capital and reserves		4,345,927	3,779,342
Profit for the year		566,585	657,905
		<u> </u>	<u> </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		
		2012	2011
		£	£
Aggregate capital and reserves		3,795,453	3,362,313
Profit for the year		433,140	478,233
		<u> </u>	<u> </u>

Richard Austin Alloys (Midlands) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
Class of shares:	holding		
Ordinary	87.50		
		2012	2011
		£	£
Aggregate capital and reserves		1,513,058	1,356,959
Profit for the year		156,099	173,998
		<u> </u>	<u> </u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

8. FIXED ASSET INVESTMENTS - continued

Richard Austin Alloys (South West) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals

	%		
Class of shares:	holding		
Ordinary	82.50		
		2012	2011
		£	£
Aggregate capital and reserves		344,443	215,342
Profit for the year		129,101	55,900
		<u> </u>	<u> </u>

The directors consider that the market value of the investment is not materially different from its cost.

9. STOCKS

	Group	
	2012	2011
	£	£
Stocks	15,467,475	18,380,127
	<u> </u>	<u> </u>

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

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	24,741,364	22,811,135	-	-
Other debtors and prepayments	548,573	612,727	12,024	21,526
Amounts due by group companies	-	-	84,364	19,789
Corporation tax	309	-	-	-
Value added tax	11,510	200,560	-	-
Deferred tax asset	169,019	190,905	-	-
	<u>25,470,775</u>	<u>23,815,327</u>	<u>96,388</u>	<u>41,315</u>

Deferred tax asset

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax	169,019	190,905	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 13)	9,176,724	13,026,960	468,307	468,307
Hire purchase contracts (see note 14)	234,449	245,610	1,141	4,565
Trade creditors	21,215,663	19,787,406	2	-
Amounts due to group companies	-	-	4,562,472	3,950,825
Corporation tax	478,392	618,133	130,664	104,320
Social security and other taxes	2,041,695	1,880,569	40,680	41,893
Accrued expenses	449,549	716,572	40,165	51,349
Deferred government grants	81,423	83,510	81,423	83,510
	<u>33,677,895</u>	<u>36,358,760</u>	<u>5,324,854</u>	<u>4,704,769</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 13)	2,911,225	3,417,525	2,692,767	3,161,075
Hire purchase contracts (see note 14)	309,846	152,923	-	1,141
	<u>3,221,071</u>	<u>3,570,448</u>	<u>2,692,767</u>	<u>3,162,216</u>

13. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	8,670,424	12,520,660	-	-
Bank loans	506,300	506,300	468,307	468,307
	<u>9,176,724</u>	<u>13,026,960</u>	<u>468,307</u>	<u>468,307</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>506,301</u>	<u>506,300</u>	<u>468,307</u>	<u>468,307</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>2,404,924</u>	<u>2,911,225</u>	<u>2,224,460</u>	<u>2,692,768</u>

The bank term loans are wholly repayable within five years and bear interest at 2% above LIBOR and are repayable in quarterly instalments.

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable:		
Within one year	265,222	282,251
Between one and five years	342,795	175,281
	<u>608,017</u>	<u>457,532</u>
Finance charges repayable:		
Within one year	30,773	36,641
Between one and five years	32,949	22,358
	<u>63,722</u>	<u>58,999</u>
Net obligations repayable:		
Within one year	234,449	245,610
Between one and five years	309,846	152,923
	<u>544,295</u>	<u>398,533</u>

Company

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable:		
Within one year	1,323	5,293
Between one and five years	-	1,323
	<u>1,323</u>	<u>6,616</u>
Finance charges repayable:		
Within one year	182	728
Between one and five years	-	182
	<u>182</u>	<u>910</u>
Net obligations repayable:		
Within one year	1,141	4,565
Between one and five years	-	1,141
	<u>1,141</u>	<u>5,706</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2012

15. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank overdrafts	8,670,424	12,520,660	-	-
Bank loans	3,417,525	3,923,825	3,161,074	3,629,382
Hire purchase contracts	544,295	398,533	1,141	5,706
	<u>12,632,244</u>	<u>16,843,018</u>	<u>3,162,215</u>	<u>3,635,088</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.

16. DEFERRED TAX

	Company	
	2012	2011
	£	£
Deferred tax	<u>2,960</u>	<u>14,914</u>
Group		
		£
Balance at 1 April 2011		(190,905)
Profit and loss account		24,571
Adjustment in respect of prior years		(2,685)
Balance at 31 March 2012		<u>(169,019)</u>
Company		
		£
Balance at 1 April 2011		14,914
Profit and loss account		(11,707)
Adjustments in respect of prior years		(247)
Balance at 31 March 2012		<u>2,960</u>

Provision has been made for all deferred tax assets in respect of accelerated capital allowances, short term timing differences arising from transactions and events recognised in the financial statements of the current year and previous years.

17. MINORITY INTERESTS

All of the amounts are attributable to equity minority interests.

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2012

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2012 £	2011 £
Number:	Class:			
22,325	Ordinary		<u>22,325</u>	<u>22,325</u>

19. RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 April 2011	9,117,979	880,805	23,430	10,022,214
Profit for the year	<u>1,885,086</u>			<u>1,885,086</u>
At 31 March 2012	<u>11,003,065</u>	<u>880,805</u>	<u>23,430</u>	<u>11,907,300</u>

Company

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 April 2011	218,077	264,262	23,430	505,769
Profit for the year	<u>32,358</u>			<u>32,358</u>
At 31 March 2012	<u>250,435</u>	<u>264,262</u>	<u>23,430</u>	<u>538,127</u>

20. PENSION COMMITMENTS

The group operate a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered scheme. The pension cost charge represents contributions payable by the group to the fund and amounted to £371,909 (2011 - £338,957) for directors and employees.

Contributions were payable to the fund at 31st March 2012 amounting to £51,845 (2011 - £57,102).

21. ULTIMATE PARENT COMPANY

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

22. CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers. At 31st March 2012, the group companies' combined bank borrowings amounted to £11,507,394 (2011 - £15,862,026).

Cross guarantees exist between all group companies in favour of three group suppliers. At 31st March 2012, the group companies' combined liabilities to these suppliers amounted to £9,558,168 (2011 - £8,615,875).

23. RELATED PARTY DISCLOSURES

There have been no related party transactions other than inter group transactions which are not disclosed due to the exemptions within Financial Reporting Standard No 8.

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2012**

24. 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.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012 £	2011 £
Profit for the financial year	1,885,086	1,786,981
Net addition to shareholders' funds	1,885,086	1,786,981
Opening shareholders' funds	10,044,539	8,257,558
Closing shareholders' funds	11,929,625	10,044,539

Company

	2012 £	2011 £
Profit for the financial year	32,358	92,296
Net addition to shareholders' funds	32,358	92,296
Opening shareholders' funds	528,094	435,798
Closing shareholders' funds	560,452	528,094