

**RICHARD AUSTIN ALLOYS LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

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COMPANIES HOUSE

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

**RICHARD AUSTIN ALLOYS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

<b>DIRECTORS:</b>	S T Kelly W S Wright J R Johnston A J McHale T J Kelly A J Finlay G Higgins
<b>SECRETARY:</b>	W S Wright
<b>REGISTERED OFFICE:</b>	Dunivaig Road Easter Queenslie Industrial Estate Glasgow G33 4TP
<b>REGISTERED NUMBER:</b>	SC074125
<b>AUDITORS:</b>	Milne Craig Chartered Accountants Registered Auditor Abercorn House 79 Renfrew Road Paisley PA3 4DA
<b>BANKERS:</b>	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 2009**

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2009.

**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 key financial highlights are as follows:

	2009 £	2008 £	2007 £
Turnover	78,674,917	81,621,348	71,820,236
Turnover growth	(4%)	14%	42%
Profit before tax	291,786	3,044,443	3,001,410

The net assets of the group have decreased from £7,558,456 at 31 March 2008 to £7,394,472 at 31 March 2009.

**DIVIDENDS**

On 19th May 2008 an interim dividend of £13.49 per share was paid. The directors recommend that no final dividend be paid.

**FUTURE DEVELOPMENTS**

The directors aim to maintain the management policies adopted during the year to 31 March 2009 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 2008 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 - appointed 1st April 2008  
G Higgins - appointed 1st April 2008

**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.

## **RICHARD AUSTIN ALLOYS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2009**

#### **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 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.

#### **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.

**RICHARD AUSTIN ALLOYS LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

**AUDITORS**

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'S T Kelly', written over the text 'ON BEHALF OF THE BOARD:'.

S T Kelly - Director

11th September 2009

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

We have audited the group and company financial statements of Richard Austin Alloys Limited for the year ended 31st March 2009 on pages seven to twenty seven. 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 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**

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 group's and 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.

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

**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 the group's and parent company's affairs as at 31st March 2009 and of the group's profit 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  
Registered Auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
PA3 4DA

11th September 2009

**RICHARD AUSTIN ALLOYS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

	Notes	2009 £	£	2008 £	£
<b>TURNOVER</b>			78,674,917		81,621,348
Cost of sales			<u>68,196,778</u>		<u>67,952,904</u>
<b>GROSS PROFIT</b>			10,478,139		13,668,444
Distribution costs		7,208,692		7,623,570	
Administrative expenses		<u>2,155,312</u>		<u>2,220,293</u>	
			<u>9,364,004</u>		<u>9,843,863</u>
<b>OPERATING PROFIT</b>	3		1,114,135		3,824,581
Interest receivable and similar income			<u>399</u>		<u>2,895</u>
			1,114,534		3,827,476
Interest payable and similar charges	4		<u>822,748</u>		<u>783,033</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			291,786		3,044,443
Tax on profit on ordinary activities	5		<u>90,417</u>		<u>888,480</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			201,369		2,155,963
Minority interest - equity			<u>64,203</u>		<u>375,678</u>
<b>RETAINED PROFIT CARRIED FORWARD FOR THE GROUP</b>			<u>137,166</u>		<u>1,780,285</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 2009**

	2009 £	2008 £
<b>REPORTED PROFIT</b>		
<b>ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	291,786	3,044,443
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>
<b>HISTORICAL COST PROFIT</b>		
<b>ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>316,126</u>	<u>3,068,783</u>
<b>HISTORICAL COST (LOSS)/PROFIT</b>		
<b>FOR THE YEAR RETAINED AFTER TAXATION, MINORITY INTERESTS AND DIVIDENDS</b>	<u>(139,644)</u>	<u>1,354,625</u>

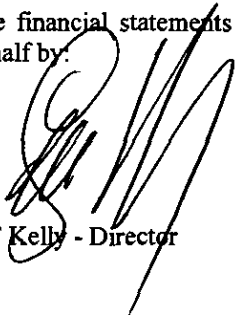
The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**

**CONSOLIDATED BALANCE SHEET  
31ST MARCH 2009**

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	8	9,925,496	10,630,670
Investments	9	<u>-</u>	<u>-</u>
		9,925,496	10,630,670
<b>CURRENT ASSETS</b>			
Stocks	10	9,231,999	14,371,232
Debtors	11	15,209,027	20,105,414
Cash at bank and in hand		<u>48,902</u>	<u>1,954</u>
		24,489,928	34,478,600
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>20,861,485</u>	<u>30,891,919</u>
<b>NET CURRENT ASSETS</b>		<u>3,628,443</u>	<u>3,586,681</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		13,553,939	14,217,351
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(5,112,357)	(5,516,888)
<b>MINORITY INTERESTS</b>	18	<u>(1,047,110)</u>	<u>(1,142,007)</u>
<b>NET ASSETS</b>		<u><u>7,394,472</u></u>	<u><u>7,558,456</u></u>
<b>CAPITAL AND RESERVES</b>			
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>6,467,912</u>	<u>6,631,896</u>
<b>SHAREHOLDERS' FUNDS</b>	27	<u><u>7,394,472</u></u>	<u><u>7,558,456</u></u>

The financial statements were approved by the Board of Directors on 11th September 2009 and were signed on its behalf by:

  
S T Kelly - Director

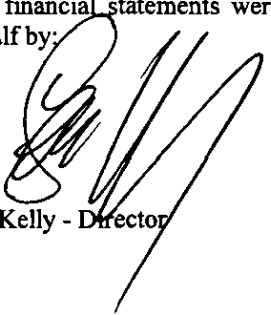
The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**

**COMPANY BALANCE SHEET  
31ST MARCH 2009**

		2009		2008	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		7,144,910		7,904,982
Investments	9		<u>885,996</u>		<u>679,748</u>
			8,030,906		8,584,730
<b>CURRENT ASSETS</b>					
Debtors	11	67,038		444,947	
Cash at bank		<u>46,787</u>		<u>-</u>	
			113,825	444,947	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>3,552,686</u>		<u>3,611,837</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(3,438,861)</u>		<u>(3,166,890)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,592,045		5,417,840
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>4,118,137</u>		<u>4,533,385</u>
<b>NET ASSETS</b>			<u>473,908</u>		<u>884,455</u>
<b>CAPITAL AND RESERVES</b>					
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>163,891</u>		<u>574,438</u>
<b>SHAREHOLDERS' FUNDS</b>	27		<u>473,908</u>		<u>884,455</u>

The financial statements were approved by the Board of Directors on 11th September 2009 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 31ST MARCH 2009**

	Notes	2009		2008	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	1		4,168,818		5,208,599
<b>Returns on investments and servicing of finance</b>	2		(875,199)		(878,888)
<b>Taxation</b>			(390,410)		(1,079,674)
<b>Capital expenditure and financial investment</b>	2		(259,089)		(4,735,235)
<b>Acquisitions and disposals</b>	2		(106,250)		(70,000)
<b>Equity dividends paid</b>			<u>(301,150)</u>		<u>(450,000)</u>
			2,236,720		(2,005,198)
<b>Financing</b>	2		<u>(587,868)</u>		<u>3,218,618</u>
<b>Increase in cash in the period</b>			<u>1,648,852</u>		<u>1,213,420</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase in cash in the period		1,648,852		1,213,420	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>730,996</u>		<u>(1,832,596)</u>	
Change in net debt resulting from cash flows			2,379,848		(619,176)
New finance leases			<u>-</u>		<u>(1,529,150)</u>
<b>Movement in net debt in the period</b>			2,379,848		(2,148,326)
<b>Net debt at 1st April</b>			<u>(17,766,519)</u>		<u>(15,618,193)</u>
<b>Net debt at 31st March</b>			<u>(15,386,671)</u>		<u>(17,766,519)</u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2009**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2009	2008
	£	£
Operating profit	1,114,135	3,824,581
Depreciation charges	972,363	699,857
Profit on disposal of fixed assets	(8,100)	(11,311)
Government grant release	-	(2,088)
Decrease in stocks	5,139,233	360,397
Decrease in debtors	4,826,611	619,525
Decrease in creditors	<u>(7,875,424)</u>	<u>(282,362)</u>
<b>Net cash inflow from operating activities</b>	<b><u>4,168,818</u></b>	<b><u>5,208,599</u></b>

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

	2009	2008
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	399	2,895
Interest paid	(753,945)	(740,162)
Interest element of hire purchase payments	(68,803)	(42,871)
Dividends paid to minority interests	<u>(52,850)</u>	<u>(98,750)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(875,199)</u></b>	<b><u>(878,888)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(267,189)	(4,762,358)
Purchase of fixed asset investments	-	(2)
Sale of tangible fixed assets	<u>8,100</u>	<u>27,125</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(259,089)</u></b>	<b><u>(4,735,235)</u></b>
<b>Acquisitions and disposals</b>		
Purchase minority interest shareholding	(126,250)	(70,000)
Sale of minority interest shareholding	<u>20,000</u>	<u>-</u>
<b>Net cash outflow for acquisitions and disposals</b>	<b><u>(106,250)</u></b>	<b><u>(70,000)</u></b>
<b>Financing</b>		
New loans in year	5,062,997	2,947,269
Loan repayments in year	(5,392,871)	(413,543)
New hire purchase financing	493,417	1,529,150
Capital repayments on hire purchase	(894,539)	(701,130)
Amount introduced by directors	143,128	-
Amount withdrawn by directors	<u>-</u>	<u>(143,128)</u>
<b>Net cash (outflow)/inflow from financing</b>	<b><u>(587,868)</u></b>	<b><u>3,218,618</u></b>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2009**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.08 £	Cash flow £	At 31.3.09 £
Net cash:			
Cash at bank and in hand	1,954	46,948	48,902
Bank overdrafts	<u>(11,004,948)</u>	<u>1,601,904</u>	<u>(9,403,044)</u>
	<u>(11,002,994)</u>	<u>1,648,852</u>	<u>(9,354,142)</u>
Debt:			
Hire purchase	(1,497,228)	401,124	(1,096,104)
Debts falling due within one year	(688,720)	182,420	(506,300)
Debts falling due after one year	<u>(4,577,577)</u>	<u>147,452</u>	<u>(4,430,125)</u>
	<u>(6,763,525)</u>	<u>730,996</u>	<u>(6,032,529)</u>
Total	<u>(17,766,519)</u>	<u>2,379,848</u>	<u>(15,386,671)</u>

## **RICHARD AUSTIN ALLOYS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009**

#### **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

##### **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.

##### **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.

# RICHARD AUSTIN ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

### 1. ACCOUNTING POLICIES - continued

#### 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

	2009	2008
	£	£
Wages and salaries	4,407,364	4,672,692
Social security costs	441,039	476,915
Other pension costs	<u>296,591</u>	<u>333,898</u>
	<u>5,144,994</u>	<u>5,483,505</u>

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

	2009	2008
Sales and administration	72	63
Warehouse and drivers	<u>102</u>	<u>99</u>
	<u>174</u>	<u>162</u>

### 3. OPERATING PROFIT

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

	2009	2008
	£	£
Depreciation - owned assets	493,858	377,821
Depreciation - assets on hire purchase contracts	478,505	322,036
Profit on disposal of fixed assets	(8,100)	(11,311)
Auditors' remuneration	19,150	15,450
Auditors' remuneration for non audit work	<u>26,939</u>	<u>28,143</u>
Directors' emoluments	1,019,827	1,068,659
Directors' pension contributions to money purchase schemes	<u>72,390</u>	<u>74,481</u>

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

Money purchase schemes	<u>14</u>	<u>12</u>
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**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**3. OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows:

	2009	2008
	£	£
Emoluments etc	162,995	249,842
Pension contributions to money purchase schemes	<u>8,111</u>	<u>11,090</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009	2008
	£	£
Term loan interest	287,045	183,258
Bank overdraft interest	466,741	556,904
Other interest	159	-
Hire purchase interest	<u>68,803</u>	<u>42,871</u>
	<u>822,748</u>	<u>783,033</u>

**5. TAXATION**

**Analysis of the tax charge**

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

	2009	2008
	£	£
Current tax:		
UK corporation tax	148,437	864,295
Adjustments in respect of previous years	<u>15,332</u>	<u>(9,014)</u>
Total current tax	<u>163,769</u>	<u>855,281</u>
Deferred tax:		
Deferred tax	(73,352)	12,375
Effect on changes in tax rates on opening liability	<u>-</u>	<u>20,824</u>
Total deferred tax	<u>(73,352)</u>	<u>33,199</u>
Tax on profit on ordinary activities	<u>90,417</u>	<u>888,480</u>

UK corporation tax has been charged at 28% (2008 - 30%).

# RICHARD AUSTIN ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

### 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:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>291,786</u>	<u>3,044,443</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	81,700	913,333
Effects of:		
Disallowed expenses and non taxable income	24,476	28,269
Capital allowances in excess of depreciation	60,028	(73,760)
Other timing differences	(9,864)	(1,631)
Adjustments in respect of previous years	15,332	(9,014)
Others	<u>(7,903)</u>	<u>(1,916)</u>
Current tax charge	<u>163,769</u>	<u>855,281</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 (2008 - £nil). At present it is not envisaged that any tax will become payable in the foreseeable future.

### 6. LOSS 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 loss for the financial year was £(109,397) (2008 - £581,843 profit).

### 7. DIVIDENDS

	2009 £	2008 £
Ordinary shares of £1 each		
Interim	<u>301,150</u>	<u>450,000</u>

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**8. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Long leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1st April 2008	<u>5,994,920</u>	<u>2,703,233</u>	<u>2,720,289</u>
At 31st March 2009	<u>5,994,920</u>	<u>2,703,233</u>	<u>2,720,289</u>
<b>DEPRECIATION</b>			
At 1st April 2008	436,436	-	1,457,346
Charge for year	130,332	54,065	328,734
Eliminated on disposal	-	-	-
At 31st March 2009	<u>566,768</u>	<u>54,065</u>	<u>1,786,080</u>
<b>NET BOOK VALUE</b>			
At 31st March 2009	<u>5,428,152</u>	<u>2,649,168</u>	<u>934,209</u>
At 31st March 2008	<u>5,558,484</u>	<u>2,703,233</u>	<u>1,262,943</u>

	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>			
At 1st April 2008	1,888,728	320,592	13,627,762
Additions	267,189	-	267,189
Disposals	(91,308)	-	(91,308)
At 31st March 2009	<u>2,064,609</u>	<u>320,592</u>	<u>13,803,643</u>
<b>DEPRECIATION</b>			
At 1st April 2008	782,718	320,592	2,997,092
Charge for year	459,232	-	972,363
Eliminated on disposal	(91,308)	-	(91,308)
At 31st March 2009	<u>1,150,642</u>	<u>320,592</u>	<u>3,878,147</u>
<b>NET BOOK VALUE</b>			
At 31st March 2009	<u>913,967</u>	<u>-</u>	<u>9,925,496</u>
At 31st March 2008	<u>1,106,010</u>	<u>-</u>	<u>10,630,670</u>

Cost or valuation at 31st March 2009 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>

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**8. TANGIBLE FIXED ASSETS - continued**

**Group**

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004	-	-	393,044
Cost	<u>2,064,609</u>	<u>320,592</u>	<u>13,410,599</u>
	<u>2,064,609</u>	<u>320,592</u>	<u>13,803,643</u>

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

	2009 £	2008 £
Cost	<u>2,621,638</u>	<u>2,621,638</u>
Aggregate depreciation	<u>537,426</u>	<u>490,430</u>

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 £1,186,701 (2008 - £1,529,657) in respect of assets held under hire purchase contracts.

**Company**

	Freehold property £	Long leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1st April 2008	4,888,787	2,703,233	523,705
Group transfers	<u>-</u>	<u>-</u>	<u>(523,705)</u>
At 31st March 2009	<u>4,888,787</u>	<u>2,703,233</u>	<u>-</u>
<b>DEPRECIATION</b>			
At 1st April 2008	349,412	-	13,320
Charge for year	104,201	54,065	-
Eliminated on disposal	-	-	-
Group transfers	<u>-</u>	<u>-</u>	<u>(13,320)</u>
At 31st March 2009	<u>453,613</u>	<u>54,065</u>	<u>-</u>
<b>NET BOOK VALUE</b>			
At 31st March 2009	<u>4,435,174</u>	<u>2,649,168</u>	<u>-</u>
At 31st March 2008	<u>4,539,375</u>	<u>2,703,233</u>	<u>510,385</u>

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**8. TANGIBLE FIXED ASSETS - continued**

**Company**

	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>			
At 1st April 2008	238,437	320,592	8,674,754
Additions	61,902	-	61,902
Disposals	(29,740)	-	(29,740)
Group transfers	<u>(175,567)</u>	<u>-</u>	<u>(699,272)</u>
At 31st March 2009	<u>95,032</u>	<u>320,592</u>	<u>8,007,644</u>
<b>DEPRECIATION</b>			
At 1st April 2008	86,448	320,592	769,772
Charge for year	18,711	-	176,977
Eliminated on disposal	(29,740)	-	(29,740)
Group transfers	<u>(40,955)</u>	<u>-</u>	<u>(54,275)</u>
At 31st March 2009	<u>34,464</u>	<u>320,592</u>	<u>862,734</u>
<b>NET BOOK VALUE</b>			
At 31st March 2009	<u>60,568</u>	<u>-</u>	<u>7,144,910</u>
At 31st March 2008	<u>151,989</u>	<u>-</u>	<u>7,904,982</u>

Cost or valuation at 31st March 2009 is represented by:

	Freehold property £	Long leasehold £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004	306,887	-	-	-	306,887
Cost	<u>4,581,900</u>	<u>2,703,233</u>	<u>95,032</u>	<u>320,592</u>	<u>7,700,757</u>
	<u>4,888,787</u>	<u>2,703,233</u>	<u>95,032</u>	<u>320,592</u>	<u>8,007,644</u>

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

	2009 £	2008 £
Cost	<u>2,043,113</u>	<u>2,043,113</u>
Aggregate depreciation	<u>420,273</u>	<u>383,040</u>

The net book value of tangible fixed assets includes £37,197 (2008 - £458,891) in respect of assets held under hire purchase contracts.

# RICHARD AUSTIN ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

### 9. FIXED ASSET INVESTMENTS

#### Company

	Shares in group undertakings £
<b>COST</b>	
At 1st April 2008	679,748
Additions	<u>206,248</u>
At 31st March 2009	<u>885,996</u>
<b>NET BOOK VALUE</b>	
At 31st March 2009	<u>885,996</u>
At 31st March 2008	<u>679,748</u>

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	2009	2008
Ordinary	87.50	£	£
Aggregate capital and reserves		2,295,800	2,318,310
Profit for the year		<u>178,490</u>	<u>708,238</u>

##### Richard Austin Alloys (Northern) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
Class of shares:	holding	2009	2008
Ordinary	90.00	£	£
Aggregate capital and reserves		2,719,818	2,520,004
Profit for the year		<u>257,814</u>	<u>556,051</u>

##### Richard Austin Alloys (North West) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
Class of shares:	holding	2009	2008
Ordinary	87.50	£	£
Aggregate capital and reserves		2,685,870	2,549,468
Profit for the year		<u>231,402</u>	<u>589,028</u>

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**9. FIXED ASSET INVESTMENTS - continued**

**Richard Austin Alloys (Midlands) Limited**

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
Class of shares:	holding		
Ordinary	87.50		
		2009	2008
		£	£
Aggregate capital and reserves		1,029,954	1,104,135
(Loss)/Profit for the year		<u>(74,181)</u>	<u>322,056</u>

**Richard Austin Alloys (South West) Limited**

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals

	%		
Class of shares:	holding		
Ordinary	80.00		
		2009	2008
		£	£
Aggregate capital and reserves		118,383	2
Profit for the year		<u>18,383</u>	<u>-</u>

**10. STOCKS**

	<b>Group</b>	
	2009	2008
	£	£
Stocks	<u>9,231,999</u>	<u>14,371,232</u>

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

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	14,678,617	19,393,436	-	-
Other debtors and prepayments	417,895	529,687	28,757	277,795
Amounts due by group companies	-	-	29,719	-
Directors' current accounts	-	143,128	-	143,128
Corporation tax	-	-	-	338
Deferred tax asset	<u>112,515</u>	<u>39,163</u>	<u>8,562</u>	<u>23,686</u>
	<u>15,209,027</u>	<u>20,105,414</u>	<u>67,038</u>	<u>444,947</u>

Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	£	£	£	£
Deferred tax	<u>112,515</u>	<u>39,163</u>	<u>8,562</u>	<u>23,686</u>

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts (see note 14)	9,909,344	11,693,668	468,307	624,159
Hire purchase contracts (see note 15)	413,872	557,917	9,087	184,341
Trade creditors	9,067,038	16,900,897	-	-
Amounts due to group companies	-	-	2,879,154	2,540,925
Corporation tax	125,972	352,613	10,148	-
Social security and other taxes	837,776	801,422	17,514	49,966
Accrued expenses	419,797	495,628	80,790	122,672
Deferred government grants	87,686	89,774	87,686	89,774
	<u>20,861,485</u>	<u>30,891,919</u>	<u>3,552,686</u>	<u>3,611,837</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	£	£	£	£
Bank loans (see note 14)	4,430,125	4,577,577	4,097,690	4,210,293
Hire purchase contracts (see note 15)	682,232	939,311	20,447	323,092
	<u>5,112,357</u>	<u>5,516,888</u>	<u>4,118,137</u>	<u>4,533,385</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	9,403,044	11,004,948	-	14,298
Bank loans	506,300	688,720	468,307	609,861
	<u>9,909,344</u>	<u>11,693,668</u>	<u>468,307</u>	<u>624,159</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	506,300	811,751	468,307	732,892
Amounts falling due between two and five years:				
Bank loans - 2-5 years	3,923,825	2,367,336	3,629,383	2,130,759
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	-	1,398,490	-	1,346,642

Company loans are wholly repayable within five years and bear interest at 2.00% above LIBOR and are repayable in quarterly instalments.



**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

**Group**

	Hire purchase contracts	
	2009	2008
	£	£
Gross obligations repayable:		
Within one year	475,847	619,437
Between one and five years	<u>787,494</u>	<u>1,086,026</u>
	<u>1,263,341</u>	<u>1,705,463</u>
Finance charges repayable:		
Within one year	61,975	61,520
Between one and five years	<u>105,262</u>	<u>146,715</u>
	<u>167,237</u>	<u>208,235</u>
Net obligations repayable:		
Within one year	413,872	557,917
Between one and five years	<u>682,232</u>	<u>939,311</u>
	<u>1,096,104</u>	<u>1,497,228</u>

**Company**

	Hire purchase contracts	
	2009	2008
	£	£
Gross obligations repayable:		
Within one year	10,537	200,815
Between one and five years	<u>23,708</u>	<u>377,327</u>
	<u>34,245</u>	<u>578,142</u>
Finance charges repayable:		
Within one year	1,450	16,474
Between one and five years	<u>3,261</u>	<u>54,235</u>
	<u>4,711</u>	<u>70,709</u>
Net obligations repayable:		
Within one year	9,087	184,341
Between one and five years	<u>20,447</u>	<u>323,092</u>
	<u>29,534</u>	<u>507,433</u>

**RICHARD AUSTIN ALLOYS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	£	£	£	£
Bank overdrafts	9,403,044	11,004,948	-	14,298
Bank loans	4,936,425	5,266,297	4,565,997	4,820,154
Hire purchase contracts	<u>1,096,104</u>	<u>1,497,228</u>	<u>29,534</u>	<u>507,433</u>
	<u>15,435,573</u>	<u>17,768,473</u>	<u>4,595,531</u>	<u>5,341,885</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 2008	(39,163)
Profit and loss account	<u>(73,352)</u>
Balance at 31st March 2009	<u>(112,515)</u>

**Company**

	£
Balance at 1st April 2008	(23,686)
Profit and loss account	6,799
Adjustments in respect of prior years	<u>8,325</u>
Balance at 31st March 2009	<u>(8,562)</u>

**18. MINORITY INTERESTS**

All of the amounts are attributable to equity minority interests.

**19. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2009	2008
			£	£
42,500	Ordinary	£1	<u>42,500</u>	<u>42,500</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2009	2008
			£	£
22,325	Ordinary	£1	<u>22,325</u>	<u>22,325</u>

# RICHARD AUSTIN ALLOYS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

### 20. RESERVES

#### Group

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2008	6,631,896	880,805	23,430	7,536,131
Profit for the year	137,166			137,166
Dividends	(301,150)			(301,150)
At 31st March 2009	<u>6,467,912</u>	<u>880,805</u>	<u>23,430</u>	<u>7,372,147</u>

#### Company

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2008	574,438	264,262	23,430	862,130
Deficit for the year	(109,397)			(109,397)
Dividends	(301,150)			(301,150)
At 31st March 2009	<u>163,891</u>	<u>264,262</u>	<u>23,430</u>	<u>451,583</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 2009 were £29,564 (2008 - £28,824).

### 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 2009, the group companies' combined bank borrowings amounted to £14,691,324 (2008 - £12,784,136).

Cross guarantees exist between all group companies in favour of three group suppliers. At 31st March 2009, the group companies' combined liabilities to these suppliers amounted to £3,218,500 (2008 - £2,250,586).

### 24. TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31st March 2009 and 31st March 2008:

	2009 £	2008 £
<b>W S Wright</b>		
Balance outstanding at start of year	143,128	-
Balance outstanding at end of year	-	143,128
Maximum balance outstanding during year	<u>143,128</u>	<u>143,128</u>

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

# **RICHARD AUSTIN ALLOYS LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31ST MARCH 2009**

### **25. RELATED PARTY DISCLOSURES**

During the year the company received rent of £426,000 (2008 - £393,000) and dividends of £301,150 (2008 - £601,250) from three of its subsidiary companies in the normal course of business. It also received management charges from four of its subsidiaries totalling £1,251,000 (2008 - £1,436,000).

### **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**

	2009 £	2008 £
Profit for the financial year	137,166	1,780,285
Dividends	<u>(301,150)</u>	<u>(450,000)</u>
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(163,984)</b>	<b>1,330,285</b>
Opening shareholders' funds	<u>7,558,456</u>	<u>6,228,171</u>
<b>Closing shareholders' funds</b>	<b><u>7,394,472</u></b>	<b><u>7,558,456</u></b>

#### **Company**

	2009 £	2008 £
(Loss)/Profit for the financial year	(109,397)	581,843
Dividends	<u>(301,150)</u>	<u>(450,000)</u>
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(410,547)</b>	<b>131,843</b>
Opening shareholders' funds	<u>884,455</u>	<u>752,612</u>
<b>Closing shareholders' funds</b>	<b><u>473,908</u></b>	<b><u>884,455</u></b>