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RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2010

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

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RICHARD AUSTIN ALLOYS LIMITED

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2010**

	Page
Company Information	1
Report of the Directors	2 to 4
Report of the Independent Auditors	5
Consolidated Profit and Loss Account	6 to 7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Cash Flow Statement	11 to 12
Notes to the Consolidated Financial Statements	13 to 26

RICHARD AUSTIN ALLOYS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2010

DIRECTORS: S T Kelly
J R Johnston
A J McHale
T J Kelly
G Higgins
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
and Registered Auditors
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 2010

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2010.

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:

	2010 £	2009 £	2008 £
Turnover	61,818,890	78,674,917	81,621,348
Turnover growth	(21%)	(4%)	14%
Profit before tax	1,452,147	291,786	3,044,443

The net assets of the group have increased from £7,394,472 at 31 March 2009 to £8,257,558 at 31 March 2010.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2010.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the year to 31 March 2010 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 2009 to the date of this report.

S T Kelly
J R Johnston
A J McHale
T J Kelly
G Higgins
A Finlay

Other changes in directors holding office are as follows:

W S Wright - deceased 12th October 2009
J Murdoch - appointed 1st December 2009

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.

RICHARD AUSTIN ALLOYS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2010

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.

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.

RICHARD AUSTIN ALLOYS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2010

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

21st June 2010

**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 2010 on pages six to twenty six. 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 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.

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 31st March 2010 and of the group's profit for the year then ended;
- the group financial statements 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.



Robert Arnott (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered Accountants
and Registered Auditors
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

21st June 2010

RICHARD AUSTIN ALLOYS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010

	Notes	2010 £	2009 £
TURNOVER		61,818,890	78,674,917
Cost of sales		<u>50,887,334</u>	<u>68,196,778</u>
GROSS PROFIT		10,931,556	10,478,139
Distribution costs		6,624,968	7,208,692
Administrative expenses		<u>2,447,074</u>	<u>2,155,312</u>
		<u>9,072,042</u>	<u>9,364,004</u>
OPERATING PROFIT	3	1,859,514	1,114,135
Interest receivable and similar income		<u>3,675</u>	<u>399</u>
		1,863,189	1,114,534
Interest payable and similar charges	4	<u>411,042</u>	<u>822,748</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,452,147	291,786
Tax on profit on ordinary activities	5	<u>469,972</u>	<u>90,417</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		982,175	201,369
Minority interest - equity		<u>119,089</u>	<u>64,203</u>
RETAINED PROFIT CARRIED FORWARD FOR THE GROUP		<u><u>863,086</u></u>	<u><u>137,166</u></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 2010**

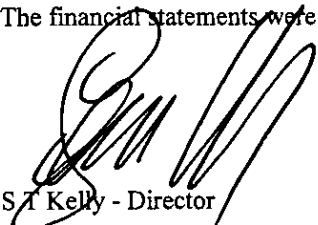
	2010 £	2009 £
REPORTED PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	1,452,147	291,786
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>24,340</u>	<u>24,340</u>
HISTORICAL COST PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,476,487</u>	<u>316,126</u>
HISTORICAL COST PROFIT/(LOSS)		
FOR THE YEAR RETAINED AFTER TAXATION, MINORITY INTERESTS AND DIVIDENDS	<u>887,426</u>	<u>(139,644)</u>

RICHARD AUSTIN ALLOYS LIMITED

CONSOLIDATED BALANCE SHEET
31ST MARCH 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	9,080,795	9,925,496
Investments	9	<u>-</u>	<u>-</u>
		9,080,795	9,925,496
CURRENT ASSETS			
Stocks	10	12,525,875	9,231,999
Debtors	11	16,634,630	15,209,027
Cash at bank and in hand		<u>34,837</u>	<u>48,902</u>
		29,195,342	24,489,928
CREDITORS			
Amounts falling due within one year	12	<u>24,575,460</u>	<u>20,861,485</u>
NET CURRENT ASSETS		<u>4,619,882</u>	<u>3,628,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,700,677	13,553,939
CREDITORS			
Amounts falling due after more than one year	13	(4,279,420)	(5,112,357)
MINORITY INTERESTS	18	<u>(1,163,699)</u>	<u>(1,047,110)</u>
NET ASSETS		<u><u>8,257,558</u></u>	<u><u>7,394,472</u></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>7,330,998</u>	<u>6,467,912</u>
SHAREHOLDERS' FUNDS	26	<u><u>8,257,558</u></u>	<u><u>7,394,472</u></u>

The financial statements were approved by the Board of Directors on 21st June 2010 and were signed on its behalf by:


S T Kelly - Director

RICHARD AUSTIN ALLOYS LIMITED

**COMPANY BALANCE SHEET
31ST MARCH 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	6,943,186	7,144,910
Investments	9	<u>888,496</u>	<u>885,996</u>
		7,831,682	8,030,906
CURRENT ASSETS			
Debtors	11	8,855	67,038
Cash at bank		<u>33,326</u>	<u>46,787</u>
		42,181	113,825
CREDITORS			
Amounts falling due within one year	12	<u>3,782,079</u>	<u>3,552,686</u>
NET CURRENT LIABILITIES		<u>(3,739,898)</u>	<u>(3,438,861)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,091,784	4,592,045
CREDITORS			
Amounts falling due after more than one year	13	(3,635,088)	(4,118,137)
PROVISIONS FOR LIABILITIES	17	<u>(20,898)</u>	<u>-</u>
NET ASSETS		<u><u>435,798</u></u>	<u><u>473,908</u></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>125,781</u>	<u>163,891</u>
SHAREHOLDERS' FUNDS	26	<u><u>435,798</u></u>	<u><u>473,908</u></u>

The financial statements were approved by the Board of Directors on 21st June 2010 and were signed on its behalf by:



S T Kelly - Director

RICHARD AUSTIN ALLOYS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2010

	Notes	2010		2009	
		£	£	£	£
Net cash inflow from operating activities	1		3,489,722		4,168,818
Returns on investments and servicing of finance	2		(407,367)		(875,199)
Taxation			(309,164)		(390,410)
Capital expenditure	2		(59,216)		(259,089)
Acquisitions and disposals	2		(2,500)		(106,250)
Equity dividends paid			-		(301,150)
			2,711,475		2,236,720
Financing	2		(884,697)		(587,868)
Increase in cash in the period			<u>1,826,778</u>		<u>1,648,852</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		1,826,778		1,648,852	
Cash outflow from decrease in debt and lease financing		<u>884,697</u>		<u>730,996</u>	
Change in net debt resulting from cash flows			<u>2,711,475</u>		<u>2,379,848</u>
Movement in net debt in the period			2,711,475		2,379,848
Net debt at 1st April			<u>(15,386,671)</u>		<u>(17,766,519)</u>
Net debt at 31st March			<u>(12,675,196)</u>		<u>(15,386,671)</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 2010**

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

	2010 £	2009 £
Operating profit	1,859,514	1,114,135
Depreciation charges	904,224	972,363
Profit on disposal of fixed assets	(306)	(8,100)
Government grant release	(2,088)	(2,088)
(Increase)/Decrease in stocks	(3,293,876)	5,139,233
(Increase)/Decrease in debtors	(1,408,512)	4,826,611
Increase/(Decrease) in creditors	<u>5,430,766</u>	<u>(7,873,336)</u>
Net cash inflow from operating activities	<u>3,489,722</u>	<u>4,168,818</u>

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	3,675	399
Interest paid	(344,996)	(753,945)
Interest element of hire purchase payments	(66,046)	(68,803)
Dividends paid to minority interests	<u>-</u>	<u>(52,850)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(407,367)</u>	<u>(875,199)</u>
Capital expenditure		
Purchase of tangible fixed assets	(75,817)	(267,189)
Sale of tangible fixed assets	<u>16,601</u>	<u>8,100</u>
Net cash outflow for capital expenditure	<u>(59,216)</u>	<u>(259,089)</u>
Acquisitions and disposals		
Purchase minority interest shareholding	(2,500)	(126,250)
Sale of minority interest shareholding	<u>-</u>	<u>20,000</u>
Net cash outflow for acquisitions and disposals	<u>(2,500)</u>	<u>(106,250)</u>
Financing		
New loans in year	-	5,062,997
Loan repayments in year	(506,300)	(5,392,871)
New hire purchase financing	75,154	493,417
Capital repayments on hire purchase	(453,551)	(894,539)
Amount introduced by directors	<u>-</u>	<u>143,128</u>
Net cash outflow from financing	<u>(884,697)</u>	<u>(587,868)</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 2010**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.09 £	Cash flow £	At 31.3.10 £
Net cash:			
Cash at bank and in hand	48,902	(14,065)	34,837
Bank overdraft	<u>(9,403,044)</u>	<u>1,840,843</u>	<u>(7,562,201)</u>
	<u>(9,354,142)</u>	<u>1,826,778</u>	<u>(7,527,364)</u>
Debt:			
Hire purchase	(1,096,104)	378,397	(717,707)
Debts falling due within one year	(506,300)	-	(506,300)
Debts falling due after one year	<u>(4,430,125)</u>	<u>506,300</u>	<u>(3,923,825)</u>
	<u>(6,032,529)</u>	<u>884,697</u>	<u>(5,147,832)</u>
Total	<u><u>(15,386,671)</u></u>	<u><u>2,711,475</u></u>	<u><u>(12,675,196)</u></u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

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.

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 2010

1. ACCOUNTING POLICIES - continued

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

	2010	2009
	£	£
Wages and salaries	3,971,369	4,407,364
Social security costs	405,588	441,039
Other pension costs	292,194	296,591
	<u>4,669,151</u>	<u>5,144,994</u>

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

	2010	2009
Sales and administration	71	72
Warehouse and drivers	96	102
	<u>167</u>	<u>174</u>

3. OPERATING PROFIT

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

	2010	2009
	£	£
Depreciation - owned assets	496,326	493,858
Depreciation - assets on hire purchase contracts	407,897	478,505
Profit on disposal of fixed assets	(306)	(8,100)
Auditors' remuneration	19,825	19,150
Auditors' remuneration for non audit work	18,561	26,939
	<u>984,763</u>	<u>1,019,827</u>
Directors' remuneration	68,234	72,390
Directors' pension contributions to money purchase schemes	<u>15</u>	<u>14</u>

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

Money purchase schemes	<u>15</u>	<u>14</u>
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RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2010**

3. OPERATING PROFIT - continued

Information regarding the highest paid director is as follows:

	2010	2009
	£	£
Emoluments etc	173,360	162,995
Pension contributions to money purchase schemes	<u>8,111</u>	<u>8,111</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Term loan interest	192,701	287,045
Bank overdraft interest	152,295	466,741
Other interest	-	159
Hire purchase interest	<u>66,046</u>	<u>68,803</u>
	<u>411,042</u>	<u>822,748</u>

5. TAXATION

Analysis of the tax charge

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

	2010	2009
	£	£
Current tax:		
UK corporation tax	483,130	148,437
Adjustments in respect of previous years	<u>3,933</u>	<u>15,332</u>
Total current tax	487,063	163,769
Deferred tax	<u>(17,091)</u>	<u>(73,352)</u>
Tax on profit on ordinary activities	<u>469,972</u>	<u>90,417</u>

UK corporation tax has been charged at 32% (2009 - 31%).

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2010**

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:

	2010 £	2009 £
Profit on ordinary activities before tax	<u>1,452,147</u>	<u>291,786</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	406,601	81,700
Effects of:		
Disallowed expenses and non taxable income	53,719	24,476
Capital allowances in excess of depreciation	36,649	60,028
Other timing differences	(10,344)	(9,864)
Adjustments in respect of previous years	3,933	15,332
Others	<u>(3,495)</u>	<u>(7,903)</u>
Current tax charge	<u>487,063</u>	<u>163,769</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 (2009 - £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 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 loss for the financial year was £(38,110) (2009 - £(109,397)).

7. DIVIDENDS

	2010 £	2009 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>301,150</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2010**

8. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Plant and machinery £
COST OR VALUATION			
At 1st April 2009	5,994,920	2,703,233	2,720,289
Additions	-	-	6,477
At 31st March 2010	<u>5,994,920</u>	<u>2,703,233</u>	<u>2,726,766</u>
DEPRECIATION			
At 1st April 2009	566,768	54,065	1,786,076
Charge for year	130,332	54,064	312,959
Eliminated on disposal	-	-	-
At 31st March 2010	<u>697,100</u>	<u>108,129</u>	<u>2,099,035</u>
NET BOOK VALUE			
At 31st March 2010	<u>5,297,820</u>	<u>2,595,104</u>	<u>627,731</u>
At 31st March 2009	<u>5,428,152</u>	<u>2,649,168</u>	<u>934,213</u>

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1st April 2009	2,064,609	320,592	13,803,643
Additions	69,340	-	75,817
Disposals	(91,593)	-	(91,593)
At 31st March 2010	<u>2,042,356</u>	<u>320,592</u>	<u>13,787,867</u>
DEPRECIATION			
At 1st April 2009	1,150,646	320,592	3,878,147
Charge for year	406,868	-	904,223
Eliminated on disposal	(75,298)	-	(75,298)
At 31st March 2010	<u>1,482,216</u>	<u>320,592</u>	<u>4,707,072</u>
NET BOOK VALUE			
At 31st March 2010	<u>560,140</u>	<u>-</u>	<u>9,080,795</u>
At 31st March 2009	<u>913,963</u>	<u>-</u>	<u>9,925,496</u>

Cost or valuation at 31st March 2010 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>2,726,766</u>
	<u>5,994,920</u>	<u>2,703,233</u>	<u>2,726,766</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2010**

8. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2004	-	-	393,044
Cost	<u>2,042,356</u>	<u>320,592</u>	<u>13,394,823</u>
	<u>2,042,356</u>	<u>320,592</u>	<u>13,787,867</u>

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

	2010 £	2009 £
Cost	<u>5,601,876</u>	<u>5,601,876</u>
Aggregate depreciation	<u>839,182</u>	<u>739,556</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 2010 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 £770,246 (2009 - £1,186,701) in respect of assets held under hire purchase contracts.

Company

	Freehold property £	Long leasehold £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION					
At 1st April 2009	4,888,787	2,703,233	95,032	320,592	8,007,644
Disposals	-	-	(23,383)	-	(23,383)
Group transfers	-	-	(14,916)	-	(14,916)
At 31st March 2010	<u>4,888,787</u>	<u>2,703,233</u>	<u>56,733</u>	<u>320,592</u>	<u>7,969,345</u>
DEPRECIATION					
At 1st April 2009	453,613	54,065	34,464	320,592	862,734
Charge for year	104,201	54,064	17,481	-	175,746
Eliminated on disposal	-	-	(8,281)	-	(8,281)
Group transfers	-	-	(4,040)	-	(4,040)
At 31st March 2010	<u>557,814</u>	<u>108,129</u>	<u>39,624</u>	<u>320,592</u>	<u>1,026,159</u>
NET BOOK VALUE					
At 31st March 2010	<u>4,330,973</u>	<u>2,595,104</u>	<u>17,109</u>	<u>-</u>	<u>6,943,186</u>
At 31st March 2009	<u>4,435,174</u>	<u>2,649,168</u>	<u>60,568</u>	<u>-</u>	<u>7,144,910</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2010**

8. TANGIBLE FIXED ASSETS - continued

Company

Cost or valuation at 31st March 2010 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>56,733</u>	<u>320,592</u>	<u>7,662,458</u>
	<u>4,888,787</u>	<u>2,703,233</u>	<u>56,733</u>	<u>320,592</u>	<u>7,969,345</u>

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

	2010 £	2009 £
Cost	<u>4,581,900</u>	<u>4,581,900</u>
Aggregate depreciation	<u>705,902</u>	<u>616,039</u>

The net book value of tangible fixed assets includes £12,784 (2009 - £37,197) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st April 2009	885,996
Additions	<u>2,500</u>
At 31st March 2010	<u>888,496</u>
NET BOOK VALUE	
At 31st March 2010	<u>888,496</u>
At 31st March 2009	<u>885,996</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2010

9. 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.

	%		
	holding		
Class of shares:		2010	2009
Ordinary	87.50	£	£
Aggregate capital and reserves		2,522,197	2,295,800
Profit for the year		<u>226,397</u>	<u>178,490</u>

Richard Austin Alloys (Northern) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
	holding		
Class of shares:		2010	2009
Ordinary	90.00	£	£
Aggregate capital and reserves		3,121,437	2,719,818
Profit for the year		<u>401,619</u>	<u>257,814</u>

Richard Austin Alloys (North West) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
	holding		
Class of shares:		2010	2009
Ordinary	87.50	£	£
Aggregate capital and reserves		2,884,080	2,685,870
Profit for the year		<u>198,210</u>	<u>231,402</u>

Richard Austin Alloys (Midlands) Limited

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

	%		
	holding		
Class of shares:		2010	2009
Ordinary	87.50	£	£
Aggregate capital and reserves		1,182,961	1,029,954
Profit/(Loss) for the year		<u>153,007</u>	<u>(74,181)</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2010**

9. 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	2010	2009
Ordinary	82.50	£	£
Aggregate capital and reserves		159,442	118,383
Profit for the year		<u>41,059</u>	<u>18,383</u>

10. STOCKS

	Group	
	2010	2009
	£	£
Stocks	<u>12,525,875</u>	<u>9,231,999</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	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	15,902,167	14,678,617	-	-
Other debtors and prepayments	602,857	417,895	8,855	28,757
Amounts due by group companies	-	-	-	29,719
Deferred tax asset	<u>129,606</u>	<u>112,515</u>	<u>-</u>	<u>8,562</u>
	<u>16,634,630</u>	<u>15,209,027</u>	<u>8,855</u>	<u>67,038</u>

Deferred tax asset

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Deferred tax	<u>129,606</u>	<u>112,515</u>	<u>-</u>	<u>8,562</u>

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2010**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts (see note 14)	8,068,501	9,909,344	468,307	468,307
Hire purchase contracts (see note 15)	362,112	413,872	4,565	9,087
Trade creditors	14,800,125	9,067,038	-	-
Amounts due to group companies	-	-	2,990,147	2,879,154
Corporation tax	303,871	125,972	162,866	10,148
Social security and other taxes	688,755	837,776	21,526	17,514
Accrued expenses	266,498	419,797	49,070	80,790
Deferred government grants	85,598	87,686	85,598	87,686
	<u>24,575,460</u>	<u>20,861,485</u>	<u>3,782,079</u>	<u>3,552,686</u>

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans (see note 14)	3,923,825	4,430,125	3,629,382	4,097,690
Hire purchase contracts (see note 15)	355,595	682,232	5,706	20,447
	<u>4,279,420</u>	<u>5,112,357</u>	<u>3,635,088</u>	<u>4,118,137</u>

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	7,562,201	9,403,044	-	-
Bank loans	506,300	506,300	468,307	468,307
	<u>8,068,501</u>	<u>9,909,344</u>	<u>468,307</u>	<u>468,307</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	506,300	506,300	468,307	468,307
	<u>506,300</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	3,417,525	3,923,825	3,161,075	3,629,383
	<u>3,417,525</u>	<u>3,923,825</u>	<u>3,161,075</u>	<u>3,629,383</u>

The bank term loans are wholly repayable within five years and bear interest at 2% above LIBOR and are repayable in quarterly instalments. However, during the year, the group entered into a three year interest rate swap agreement at a fixed rate of 4.1%.

RICHARD AUSTIN ALLOYS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2010**

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2010	2009
	£	£
Gross obligations repayable:		
Within one year	416,303	475,847
Between one and five years	<u>409,582</u>	<u>787,494</u>
	<u>825,885</u>	<u>1,263,341</u>
Finance charges repayable:		
Within one year	54,191	61,975
Between one and five years	<u>53,987</u>	<u>105,262</u>
	<u>108,178</u>	<u>167,237</u>
Net obligations repayable:		
Within one year	362,112	413,872
Between one and five years	<u>355,595</u>	<u>682,232</u>
	<u>717,707</u>	<u>1,096,104</u>

Company

	Hire purchase contracts	
	2010	2009
	£	£
Gross obligations repayable:		
Within one year	5,293	10,537
Between one and five years	<u>6,617</u>	<u>23,708</u>
	<u>11,910</u>	<u>34,245</u>
Finance charges repayable:		
Within one year	728	1,450
Between one and five years	<u>911</u>	<u>3,261</u>
	<u>1,639</u>	<u>4,711</u>
Net obligations repayable:		
Within one year	4,565	9,087
Between one and five years	<u>5,706</u>	<u>20,447</u>
	<u>10,271</u>	<u>29,534</u>

RICHARD AUSTIN ALLOYS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2010

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank overdrafts	7,562,201	9,403,044	-	-
Bank loans	4,430,125	4,936,425	4,097,689	4,565,997
Hire purchase contracts	<u>717,707</u>	<u>1,096,104</u>	<u>10,271</u>	<u>29,534</u>
	<u>12,710,033</u>	<u>15,435,573</u>	<u>4,107,960</u>	<u>4,595,531</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. PROVISIONS FOR LIABILITIES

	Company	
	2010	2009
	£	£
Deferred tax	<u>20,898</u>	<u>-</u>
Group		
		Deferred tax
		£
Balance at 1st April 2009		(112,515)
Profit and loss account		(18,708)
Adjustment in respect of prior years		<u>1,617</u>
Balance at 31st March 2010		<u>(129,606)</u>
Company		
		Deferred tax
		£
Balance at 1st April 2009		(8,562)
Profit and loss account		<u>29,460</u>
Balance at 31st March 2010		<u>20,898</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.

18. 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 31ST MARCH 2010

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2010 £	2009 £
Number:	Class:			
22,325	Ordinary	£1	<u>22,325</u>	<u>22,325</u>

20. RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2009	6,467,912	880,805	23,430	7,372,147
Profit for the year	<u>863,086</u>			<u>863,086</u>
At 31st March 2010	<u>7,330,998</u>	<u>880,805</u>	<u>23,430</u>	<u>8,235,233</u>

Company

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2009	163,891	264,262	23,430	451,583
Deficit for the year	<u>(38,110)</u>			<u>(38,110)</u>
At 31st March 2010	<u>125,781</u>	<u>264,262</u>	<u>23,430</u>	<u>413,473</u>

21. 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 £292,194 (2009 - £296,591) for directors and employees.

Contributions were payable to the fund at 31st March 2010 amounting to £30,822 (2009 - £29,564).

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 2010, the group companies' combined bank borrowings amounted to £12,000,236 (2009 - £14,691,691).

Cross guarantees exist between all group companies in favour of three group suppliers. At 31st March 2010, the group companies' combined liabilities to these suppliers amounted to £8,853,456 (2009 - £3,218,500).

24. 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 31ST MARCH 2010**

25. 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.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010 £	2009 £
Profit for the financial year	863,086	137,166
Dividends	-	(301,150)
Net addition/(reduction) to shareholders' funds	863,086	(163,984)
Opening shareholders' funds	<u>7,394,472</u>	<u>7,558,456</u>
Closing shareholders' funds	<u>8,257,558</u>	<u>7,394,472</u>

Company

	2010 £	2009 £
Loss for the financial year	(38,110)	(109,397)
Dividends	-	(301,150)
Net reduction of shareholders' funds	(38,110)	(410,547)
Opening shareholders' funds	<u>473,908</u>	<u>884,455</u>
Closing shareholders' funds	<u>435,798</u>	<u>473,908</u>