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RICHARD AUSTIN ALLOYS LIMITED

Report and Accounts

31 March 2001

IAM



Richard Austin Alloys Limited

DIRECTORS

S T Kelly
W S Wright (appointed 1 November 2000)
J R Johnson (appointed 12 April 2001)

SECRETARY

W S Wright

AUDITORS

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Bank of Scotland
Head Office
PO Box 5
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

MacDonald Henderson
Standard Buildings
94 Hope Street
Glasgow
G2 6PH

REGISTERED OFFICE

Easter Queenslie Industrial Estate
Glasgow
G33 4TP

COMPANY REGISTRATION NUMBER

SC 074125

Richard Austin Alloys Limited

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 March 2001.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation and minority interests, amounted to £310,129. The directors do not recommend payment of a dividend.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The group's principal activity during the year was that of stockholders of non-ferrous metals.

The operating performance of the group companies was satisfactory in the year ended 31 March 2001 in terms of profitability and market share achieved.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the year to 31 March 2001 and consider the company is well placed to take advantage of opportunities which may arise in the current year.

DIRECTORS AND THEIR INTERESTS

The directors during the year and their interests in the ordinary share capital of the company at the year end were as follows:

	<i>Ordinary shares of £1</i>	
	<i>At 31 March 2001</i>	<i>At 1 April 2000</i>
S T Kelly	20,000	20,000
T McFadden (resigned 17 August 2000)	9,465	11,250
R J Weir (resigned 17 August 2000)	9,465	11,250
W S Wright (appointed 1 November 2000)	-	-

In addition, J R Johnston was appointed to the board on 12 April 2001.

During the year the company repurchased 3,570 ordinary shares with a nominal value of £3,570 for a consideration of £284,414. Further repurchase commitments are disclosed in note 24 to the accounts.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming annual general meeting.

By order of the board



W S Wright
Secretary

3 October 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the shareholders of Richard Austin Alloys Limited

We have audited the accounts on pages 5 to 20, which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Glasgow

3 October 2001

Richard Austin Alloys Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2001

	Note	2001 £	2000 £
TURNOVER	2	35,532,324	29,129,578
Cost of sales		29,104,194	22,961,620
GROSS PROFIT		<u>6,428,130</u>	<u>6,167,958</u>
Selling and distribution costs		3,598,465	3,340,163
Administrative expenses		1,941,907	1,626,256
		<u>5,540,372</u>	<u>4,966,419</u>
GROUP OPERATING PROFIT	3	887,758	1,201,539
Share of operating profit in associates		46,670	84,790
		<u>934,428</u>	<u>1,286,329</u>
Interest payable - Group	5	400,071	315,499
- Share of associated undertakings		6,463	8,205
Interest receivable		-	(4,929)
		<u>406,534</u>	<u>318,775</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>527,894</u>	<u>967,554</u>
Tax on profit on ordinary activities	6	173,822	300,222
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>354,072</u>	<u>667,332</u>
Minority interests		43,943	58,566
PROFIT ATTRIBUTABLE TO MEMBERS OF HOLDING COMPANY	7 & 17	<u><u>310,129</u></u>	<u><u>608,766</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £310,129 in the year ended 31 March 2001 and of £608,766 in the year ended 31 March 2000.

Included in the above is the group's share of total recognised gains and losses of associated companies amounting to £27,259 (2000 - £54,686).

Richard Austin Alloys Limited

GROUP BALANCE SHEET

at 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	3,064,170	2,632,529
Investments	9	188,200	160,941
		<u>3,252,370</u>	<u>2,793,470</u>
CURRENT ASSETS			
Stocks	10	5,588,993	6,153,426
Debtors	11	8,498,338	8,071,309
Cash at bank and in hand		984	146,728
		<u>14,088,315</u>	<u>14,371,463</u>
CREDITORS - amounts falling due within one year	12	12,344,058	12,436,791
		<u>1,744,257</u>	<u>1,934,672</u>
NET CURRENT ASSETS			
		<u>4,996,627</u>	<u>4,728,142</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due after more than one year			
Loans	13	1,828,888	1,629,542
Obligations under finance leases and hire purchase contracts	14	6,132	89,038
		<u>1,835,020</u>	<u>1,718,580</u>
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	15	104,388	-
MINORITY INTEREST		301,245	279,303
		<u>2,240,653</u>	<u>1,997,883</u>
		<u>2,755,974</u>	<u>2,730,259</u>
CAPITAL AND RESERVES			
Called up share capital	16 & 17	38,930	42,500
Capital redemption reserve	17	3,570	-
Profit and loss account	17	2,713,474	2,687,759
EQUITY SHAREHOLDERS' FUNDS		<u>2,755,974</u>	<u>2,730,259</u>

S T Kelly
Director

3 October 2001



Richard Austin Alloys Limited

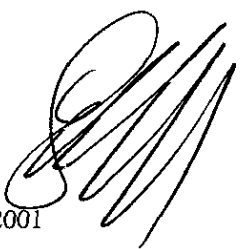
BALANCE SHEET

at 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	1,074,992	446,030
Investments	9	441,817	419,817
		<u>1,516,809</u>	<u>865,847</u>
CURRENT ASSETS			
Debtors	11	328,611	457,811
Cash at bank and in hand		-	145,104
		<u>328,611</u>	<u>602,915</u>
CREDITORS - amounts falling due within one year	12	405,044	138,407
		<u>(76,433)</u>	<u>464,508</u>
NET CURRENT (LIABILITIES)/ASSETS			
		<u>1,440,376</u>	<u>1,330,355</u>
CREDITORS - amounts falling due after more than one year			
Loans	13	783,680	461,834
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	15	104,388	-
		<u>552,308</u>	<u>868,521</u>
CAPITAL AND RESERVES			
Called up share capital	16 & 17	38,930	42,500
Capital redemption reserve	17	3,570	-
Profit and loss account	17	509,808	826,021
		<u>552,308</u>	<u>868,521</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>552,308</u>	<u>868,521</u>

S T Kelly
Director

3 October 2001



Richard Austin Alloys Limited

GROUP STATEMENT OF CASH FLOWS for the year ended 31 March 2001

	Note	2001 £	2000 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18(a)	1,614,056	(950,241)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		-	4,929
Interest paid		(385,302)	(300,732)
Interest element of hire purchase payments		(14,769)	(14,767)
		(400,071)	(310,570)
TAXATION			
Corporation tax paid		(276,285)	(134,194)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payment to acquire tangible fixed assets		(806,117)	(305,312)
Receipts from disposals of tangible fixed assets		29,306	1,600
Receipt of government grants		104,388	-
		(672,423)	(303,712)
ACQUISITIONS AND DISPOSALS			
Payment to acquire minority interest in subsidiary undertakings		(22,000)	-
FINANCING			
Share buy back		(284,414)	-
New bank loans	13	706,990	-
Bank loan payments	13	(427,644)	(248,976)
Capital element of finance leases and hire purchase contracts	14	(82,906)	(82,905)
		(87,974)	(331,881)
INCREASE/(DECREASE) IN CASH	18(b)	155,303	(2,030,598)
RECONCILIATION OF NET CASH TO MOVEMENT IN NET DEBT	18(b)		
Increase/(decrease) in cash in period		155,303	(2,030,598)
Net cash flow from (increase)/decrease in debt and hire purchase financing		(196,440)	331,881
Changes in net debt resulting from cash flows		(41,137)	(1,698,717)
Net debt at 1 April 2000		(6,377,593)	(4,678,876)
Net debt at 31 March 2001		(6,418,730)	(6,377,593)

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and 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 and Richard Austin Alloys (East Midlands) Limited.

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

Companies, other than subsidiary companies, in which the group has an investment and over which it is in a position to exercise a significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 March 2001.

Goodwill

Goodwill arising on consolidation pre the implementation of FRS 10 is written off to reserves in the year in which it arises.

Depreciation

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
Motor vehicles	- over 4 years
Plant and machinery	- over 5 years
Fixtures and fittings	- over 5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value where cost is defined as the cost incurred in bringing each product to its present location and condition, taking the purchase costs on a weighted average basis.

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

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is anticipated the timing differences will reverse.

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

1 ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The 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 capital repayments outstanding.

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

Pension costs

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

Grants in respect of capital expenditure are credited to a deferred income account and released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with expenditure to which they relate.

2 TURNOVER

Turnover represents the invoiced amount of goods sold during the year, stated net of value added tax.

The turnover and pre-tax profit is attributable to one activity, that of stockholders of non-ferrous metals.

3 OPERATING PROFIT

(a) This is stated after charging/(crediting):

	2001 £	2000 £
Auditors' remuneration		
- audit services	20,600	23,000
- non audit services	8,000	6,000
Depreciation		
- Assets held under finance leases and hire purchase contracts	84,158	84,158
- Owned assets	266,080	238,480
Gain on disposal of fixed assets	(5,068)	(401)
Operating lease rentals - land and buildings	63,000	63,000

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

3 OPERATING PROFIT (continued)

(b) Directors' remuneration:

	2001 £	2000 £
Emoluments (includes £60,000 compensation for loss of office (2000 - £Nil)	470,430	310,942
Company contributions to money purchase pension schemes	73,893	29,415
	No.	No.
Members of money purchase pension schemes	4	3

The amounts in respect of the highest paid director were as follows:

	£	£
Emoluments	180,860	156,149
Company contributions to money purchase pension scheme	32,352	8,246

4 STAFF COSTS

	2001 £	2000 £
Wages and salaries	2,481,080	2,360,651
Social security costs	234,249	249,129
Other pension costs	224,380	219,081
	2,939,709	2,828,861

The average weekly number of employees during the year was made up as follows:

	No.	No.
Sales and administration	54	53
Warehouse and drivers	67	56
	121	109

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

5 INTEREST PAYABLE

	2001	2000
	£	£
Bank loans and overdrafts wholly repayable within five years	299,867	205,580
Other loan wholly repayable within five years	8,303	20,320
Bank loans not wholly repayable within five years	77,132	74,832
Finance charges payable under finance leases and hire purchase contracts	14,769	14,767
	<u>400,071</u>	<u>315,499</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Based on the profit for the year:		
Corporation tax at 28% (2000 - 29%)	162,912	284,349
Overprovision in previous year	(2,038)	(6,026)
	<u>160,874</u>	<u>278,323</u>
Associated companies	12,948	21,899
	<u>173,822</u>	<u>300,222</u>

7 PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	2001	2000
	£	£
Dealt with in the accounts of the holding company	(31,799)	(3,929)
Retained by the subsidiaries	341,928	612,695
	<u>310,129</u>	<u>608,766</u>

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

8 TANGIBLE FIXED ASSETS

<i>GROUP</i>	<i>Freehold land and buildings £</i>	<i>Motor vehicles £</i>	<i>Plant and machinery £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:					
At 1 April 2000	2,034,545	1,014,235	917,004	37,905	4,003,689
Additions	654,934	63,800	87,383	-	806,117
Disposals	-	(117,560)	(19,882)	-	(137,442)
At 31 March 2001	2,689,479	960,475	984,505	37,905	4,672,364
Depreciation:					
At 1 April 2000	137,195	597,618	598,442	37,905	1,371,160
Provided during the year	35,293	198,960	115,985	-	350,238
Disposals	-	(93,555)	(19,649)	-	(113,204)
At 31 March 2001	172,488	703,023	694,778	37,905	1,608,194
Net book value:					
At 31 March 2001	2,516,991	257,452	289,727	-	3,064,170
At 1 April 2000	1,897,350	416,617	318,562	-	2,632,529

The net book value of motor vehicles and plant and machinery includes an amount of £56,830 (2000 - £107,852) and £61,733 (2000 - £93,569) respectively in respect of assets held under finance leases and hire purchase contracts.

<i>COMPANY</i>	<i>Freehold land and buildings £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost:			
At 1 April 2000	491,338	74,620	565,958
Additions	654,934	-	654,934
At 31 March 2001	1,146,272	74,620	1,220,892
Depreciation:			
At 1 April 2000	79,148	40,780	119,928
Provided during the year	9,867	16,105	25,972
At 31 March 2001	89,015	56,885	145,900
Net book value:			
At 31 March 2001	1,057,257	17,735	1,074,992
At 1 April 2000	412,190	33,840	446,030

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

9 FIXED ASSET INVESTMENTS GROUP

	£
Cost:	
At 1 April 2000	160,941
Share of profit retained by associated companies	27,259
	<hr/>
At 31 March 2001	188,200
	<hr/>

COMPANY

	£
Cost:	
At 1 April 2000	419,817
Additions	22,000
	<hr/>
At 31 March 2001	441,817
	<hr/>

Details of the investments which the group or the company hold are as follows:

<i>Name of company</i>	<i>Country of Registration</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>				
<i>All held by the company unless indicated</i>				
Richard Austin Alloys (Scotland) Limited	Scotland	Ordinary shares	100%	Stockholders of non-ferrous metals
Richard Austin Alloys (Northern) Limited	Scotland	Ordinary shares	87.5%	Stockholders of non-ferrous metals
Richard Austin Alloys (North West) Limited	Scotland	Ordinary shares	81.75%	Stockholders of non-ferrous metals
Richard Austin Alloys (East Midlands) Limited	Scotland	Ordinary shares	90%	Stockholders of non-ferrous metals
<i>Associated undertakings</i>				
<i>All held by the company unless indicated</i>				
Lite Structures (GB) Limited	England	Ordinary shares	33.33%	Manufacturers and suppliers of aluminium trussing equipment
		Preference shares	100%	
Lite Structures Deutschland Gmbh	Germany	Ordinary shares	24.66% ⁽¹⁾	Distributors of aluminium trussing equipment

(1) Shares are held by Lite Structures (GB) Limited.

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

10 STOCKS

	2001	Group 2000	2001	Company 2000
	£	£	£	£
Non-ferrous metals	5,588,993	6,153,426	-	-

In the opinion of the directors, the difference between the purchase price of stocks and their replacement cost is not material.

11 DEBTORS

	2001	Group 2000	2001	Company 2000
	£	£	£	£
Trade debtors	8,421,822	7,999,434	-	-
Other debtors and prepayments	76,516	71,875	6,582	4,791
Amounts due from group companies	-	-	303,732	453,020
Group relief receivable	-	-	18,297	-
	8,498,338	8,071,309	328,611	457,811

The group's trade debtors include £85,653 (2000 - £78,932) due from an associated company.

12 CREDITORS - amounts falling due within one year

	2001	Group 2000	2001	Company 2000
	£	£	£	£
Bank loans (note 13)	265,976	185,976	143,476	63,476
Bank overdraft	4,235,811	4,536,858	183,758	-
Trade creditors	6,953,491	6,741,693	-	-
Current corporation tax	162,912	278,323	4,766	5,402
Other taxes and social security costs	438,516	406,367	8,359	52,472
Obligations under finance leases and hire purchase contracts (note 14)	82,907	82,907	-	-
Accruals	204,445	204,667	39,217	17,057
Amounts due to group companies	-	-	25,468	-
	12,344,058	12,436,791	405,044	138,407

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

13 LOANS

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Bank loans not wholly repayable within five years				
- by instalments	1,603,197	1,031,708	760,489	66,500
Bank loans wholly repayable within five years				
- by instalments	166,667	223,810	166,667	223,810
- other	325,000	325,000	-	-
Pension loans	-	235,000	-	235,000
	<u>2,094,864</u>	<u>1,815,518</u>	<u>927,156</u>	<u>525,310</u>
Less: amounts within creditors falling due within one year (note 12)	265,976	185,976	143,426	63,476
Amount due after more than one year	<u>1,828,888</u>	<u>1,629,542</u>	<u>783,680</u>	<u>461,834</u>
	<i>2001</i>	<i>Group</i>	<i>2001</i>	<i>Company</i>
	<i>£</i>	<i>2000</i>	<i>£</i>	<i>2000</i>
		<i>£</i>		<i>£</i>
Amounts falling due:				
Payable within one year	265,976	185,976	143,476	63,476
Payable between one and two years	265,976	185,976	143,476	63,476
Payable between two and five years	1,003,882	821,024	311,382	128,524
Payable after five years	559,030	622,542	328,822	269,834
Total	<u>2,094,864</u>	<u>1,815,518</u>	<u>927,156</u>	<u>525,310</u>

Company loans not wholly repayable within five years comprise £60,166 remaining on a bank term loan which bears interest at 1.5% over bank base rate and is repayable in quarterly instalments of £1,583, and £700,323 on a bank term loan which bears interest at 1.25% over bank base rate and is repayable in monthly instalments of £6,667.

In addition, group loans include £197,708 and £645,000 remaining on term loans which bear interest at 1.25% per annum over the bank base rate and are repayable in monthly instalments of £2,708 and £7,500 respectively.

The bank holds a standard security over the company's factory premises and flatted property together with a bond and floating charge.

Analysis of changes in group loan financing during the year:

	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>
At 1 April 2000	1,815,518	2,064,494
Net cash inflow from financing	706,990	-
Repayment of long term loans	(427,644)	(248,976)
At 31 March 2001	<u>2,094,864</u>	<u>1,815,518</u>

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Group

	2001	2000
	£	£
These amounts mature as follows:		
Within one year	97,675	97,675
In the second to fifth years	7,504	105,179
	105,179	202,854
Less: Finance charges allocated to future periods	16,140	30,909
	89,039	171,945

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 12)	82,907	82,907
Non-current obligations	6,132	89,038
	89,039	171,945

Analysis of changes in finance leases and hire purchase contracts - Group

	2001	2000
	£	£
At 1 April 2000	171,945	254,850
Capital element of finance lease rental payments	(82,906)	(82,905)
At 31 March 2001	89,039	171,945

15 DEFERRED GOVERNMENT GRANTS

Group and Company
£

At 1 April 2000	-
Received during year	104,388
At 31 March 2001	104,388

16 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	No.	No.	£	£
Ordinary shares of £1 each	42,500	42,500	38,930	42,500

3,570 ordinary shares were purchased by the company for a consideration of £284,414.

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share capital £</i>	<i>Capital redemption reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 April 1999	42,500	-	2,078,993	2,121,493
Profit for the year	-	-	608,766	608,766
At 1 April 2000	42,500	-	2,687,759	2,730,259
Profit for year	-	-	310,129	310,129
Purchase of own shares	(3,570)	3,570	(284,414)	(284,414)
At 31 March 2001	38,930	3,570	2,713,474	2,755,974
<i>Company</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 April 1999	42,500	-	829,950	872,450
Profit for the year	-	-	(3,929)	(3,929)
At 1 April 2000	42,500	-	826,021	868,521
Loss for year	-	-	(31,799)	(31,799)
Purchase of own shares	(3,570)	3,570	(284,414)	(284,414)
At 31 March 2001	38,930	3,570	509,808	552,308

18 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash outflow from operating activities:

	<i>2001 £</i>	<i>2000 £</i>
Operating profit	887,758	1,201,539
Depreciation	350,238	322,638
Gain on sale of tangible fixed assets	(5,068)	(401)
Decrease/(increase) in stocks	564,433	(2,224,338)
Increase in debtors	(427,029)	(2,383,590)
Increase in creditors	243,724	2,133,911
Net cash inflow/(outflow) from operating activities	1,614,056	(950,241)

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

19 NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Analysis of net debt:

	<i>At 1 April 2000 £</i>	<i>Cash flow £</i>	<i>At 31 March 2001 £</i>
Cash at bank	146,728	(145,744)	984
Overdrafts	(4,536,858)	301,047	(4,235,811)
	<u>(4,390,130)</u>	<u>155,303</u>	<u>(4,234,827)</u>
Loans due within one year	(185,976)	(80,000)	(265,976)
Loans due after one year	(1,629,542)	(199,346)	(1,828,888)
Finance leases and hire purchase contracts	(171,945)	82,906	(89,039)
	<u>(1,987,463)</u>	<u>(196,440)</u>	<u>(2,183,903)</u>
	<u>(6,377,593)</u>	<u>(41,137)</u>	<u>(6,418,730)</u>

19 PENSION COMMITMENTS

The group 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 2001 were £Nil (2000 - £Nil).

20 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers. At 31 March 2001 the group companies' combined bank borrowings amounted to £6,330,675 (2000 - £5,972,303).

Cross guarantees exist between all group companies in favour of one group supplier. At 31 March 2001, the group companies' combined liabilities to this supplier amounted to £749,645 (2000 - £671,481).

21 RELATED PARTIES

During the year the company received rent of £90,000 from one of its subsidiary companies in the normal course of business. It also received management charges from four of its subsidiaries totalling £631,457.

The group made sales during the year to its associated undertaking Lite Structures (GB) Limited of £535,451 from whom it also received a management fee of £98,228. At 31 March 2001, the balance due from Lite Structures (GB) Limited to the group was £85,653.

22 LEASE COMMITMENTS

At 31 March 2001, the group had annual commitments under non-cancellable operating leases which expire in over 5 years as follows:

	<i>2001 £</i>	<i>2000 £</i>
Land and buildings	63,000	63,000

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2001

23 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £Nil (2000 - £850,000).

24 OTHER FINANCIAL COMMITMENTS

On 12 October 2000, the company entered into an agreement with ex-directors, T McFadden and R J Weir, in regards to the repurchase of their shares. The agreement details that the full repurchase will span over four years. The first repurchase took place on 12 October 2000 when 3,570 shares with a nominal value of £3,570 were purchased for a consideration of £284,414.

Future repurchases will comprise 6,310 ordinary shares for a consideration of £500,000 annually on 12 October 2001 to 2003 inclusive.

25 POST BALANCE SHEET EVENTS

After the year end the company has sold shares in Richard Austin Alloys (Scotland) Limited, Richard Austin Alloys (Northern) Limited and Richard Austin Alloys (East Midlands) Limited for a total consideration of £50,000. This reduces the company's holding in these subsidiaries to 87.5%, 82.5% and 75% respectively.

After the year end the associated undertaking, Lite Structures (GB) Limited, repurchased 17 ordinary shares with a nominal value of £17 for a consideration of £45,000. This reduces the company's holding to 24.8%.