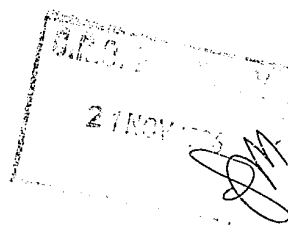


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RICHARD AUSTIN (ALLOYS) LIMITED

REPORT AND ACCOUNTS
MARCH 31, 1986



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RICHARD AUSTIN (ALLOYS) LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended March 31, 1986.

Results and dividends

The trading profit for the year, after taxation, amounted to £68,856 to which was added £128,427 brought forward leaving a retained profit of £197,283.

The directors do not recommend payment of a dividend.

Review of the business

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

Turnover has increased by 14% to £2,971,470 during the year and the directors are hopeful that the trend will continue.

Fixed assets

Movements in fixed assets during the year are shown in the notes to the accounts.

Directors and their interests

The directors at March 31, 1986 and their interests in the ordinary share capital of the company were as follows:

	<u>At March 31, 1986</u>	<u>At April 1, 1985</u>
	<u>Ordinary shares of £1</u>	<u>Ordinary shares of £1</u>
S.T. Kelly	20,000	20,000
T. McFadden	11,250	11,250
R.J. Weir	11,250	11,250

Auditors

A resolution to reappoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD

Director.

September 4, 1986.



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Arthur Young

Chartered Accountants
George House, 50 George Square,
Glasgow G2 1RR

2.

REPORT OF THE AUDITORS TO THE MEMBERS OF
RICHARD AUSTIN (ALLOYS) LIMITED

We have audited the accounts on pages 3 to 10 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the affairs of the company at March 31, 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

September 4, 1986.

RICHARD AUSTIN (ALLOYS) LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1986

	<u>Notes</u>	£	<u>1986</u> £	<u>1985</u> £
Turnover	2		2,971,470	2,605,250
Cost of sales			2,314,262	2,118,913
Gross profit			657,208	486,337
Selling and distribution costs		265,717		154,193
Administrative expenses		245,942		230,648
			511,659	384,841
Other operating income			145,549	101,496
			1,328	3,328
Operating profit	3		146,877	104,824
Interest payable	5	51,743		35,074
Interest receivable		(632)		-
			51,111	35,074
Profit on ordinary activities before taxation			95,766	69,750
Tax on profit on ordinary activities	6		26,910	21,062
Profit on ordinary activities after taxation			68,856	48,688
Retained profit brought forward			128,427	79,739
Retained profit carried forward			£197,283	£128,427

The notes on pages 6 to 10 form part of these accounts.

RICHARD AUSTIN (ALLOYS) LIMITED

4.

BALANCE SHEET AT MARCH 31, 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
		£	£
Fixed assets:			
Tangible assets:	7		
Freehold land and buildings		174,994	178,618
Motor vehicles		55,384	55,896
Plant and machinery		38,994	34,980
Fixtures and fittings		14,263	12,662
		-----	-----
		283,635	282,156
Current assets:			
Stocks	8	561,299	439,843
Debtors	9	680,544	690,675
Cash at bank and in hand		742	65,578
		-----	-----
		1,242,585	1,196,096
Creditors: amounts falling due within one year	10	1,052,329	1,043,998
		-----	-----
Net current assets		190,256	152,098
Total assets less current liabilities		473,891	434,254
		-----	-----
Creditors: amounts falling due after more than one year:			
Loans	11	191,328	218,164
Hire purchase creditors		23,351	20,619
		-----	-----
		214,679	238,783
Provision for liabilities and charges:			
Deferred taxation	12	16,966	20,753
Accruals and deferred income:			
Deferred government grants		2,463	3,791
		-----	-----
		234,108	263,327
		-----	-----
		£ 239,783	£ 170,927
		=====	=====
Capital and reserves:			
Called up share capital	13	42,500	42,500
Profit and loss account		197,283	128,427
		-----	-----
		£ 239,783	£ 170,927
		=====	=====

)
) Directors
)

September 4, 1986.

The notes on pages 6 to 10 form part of these accounts.

RICHARD AUSTIN (ALLOYS) LIMITED

5.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED MARCH 31, 1986

	1986	1985
£	£	£
Source of funds:		
Profit on ordinary activities before taxation	95,766	69,750
Adjustment for items not involving the movement of funds:		
Depreciation	37,091	31,891
Loss on disposal of tangible fixed assets	1,814	3,789
Release from deferred government grants	(1,328)	(1,328)
Total generated from operations	133,343	104,102
Funds from other sources:		
Proceeds of disposal of tangible fixed assets	9,761	5,036
Government grants received	-	1,202
Bank loan	-	177,500
Small firms loan	-	75,000
Pension fund loan	44,000	-
	187,104	362,840
Application of funds:		
Purchase of tangible fixed assets	(50,144)	(226,146)
Current instalment due on loans	(26,836)	(12,500)
Tax paid	(29,734)	(1,000)
Repayment of pension fund loan	(44,000)	-
	(150,714)	239,646
Working capital - increase	£ 36,390	£123,194
Components of increase in working capital:		
Stocks	121,456	168,348
Debtors	(10,131)	269,353
Creditors	67,821	(469,225)
	179,146	(31,524)
Movement in net liquid funds:		
Cash at bank and in hand	(64,836)	65,094
Bank overdraft	(77,920)	89,624
	(142,756)	154,718
	£ 36,390	£123,194

The notes on pages 6 to 10 form part of these accounts.

RICHARD AUSTIN (ALLOYS) LIMITED

6.

NOTES TO THE ACCOUNTS AT MARCH 31, 1986

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

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

Deferred government grants

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual amounts.

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 cost on a first-in, first-out 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 estimated that tax will be payable.

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 ferrous and non-ferrous metals.

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RICHARD AUSTIN (ALLOYS) LIMITED

7.

NOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)

3. Operating profit

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

	<u>1986</u> £	<u>1985</u> £
Directors' remuneration (see below)	132,505	120,955
Auditors' remuneration	3,000	3,000
Depreciation	37,091	31,891
Hire of plant and machinery	776	503
Bad debts	(7,087)	6,347
Loss on disposal of fixed assets	1,814	3,789
Release from deferred government grants	(1,328)	(1,328)
Bank interest receivable	(632)	-
	=====	=====

(b) Directors' remuneration:

	<u>1986</u> £	<u>1985</u> £
Fees	-	-
Other emoluments (including pension contributions)	132,505	120,955
	=====	=====

The emoluments of the chairman, excluding pension contributions, were £48,217 (1985 - £32,356). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	No.	No.
£15,001 - £20,000	-	1
£20,001 - £25,000	1	1
£25,001 - £30,000	1	-

4. Staff costs

	<u>1986</u> £	<u>1985</u> £
Wages and salaries	199,338	137,333
Social security costs	17,963	11,263
Other pension costs	31,631	50,000
	=====	=====
	£248,932	£198,596
	=====	=====

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

	No.	No.
Office and management	12	10
Warehouse	6	5
	=====	=====
	18	15
	=====	=====

RICHARD AUSTIN (ALLOYS) LIMITED

8.

NOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)

5. Interest payable

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Hire purchase interest	4,123	3,287
Bank loans and overdrafts	42,641	6,075
Other loans wholly repayable within five years	5,483	12,098
Other loans not wholly repayable within five years	-	13,614
Other interest	96	-
	<u>£ 51,743</u>	<u>£ 35,074</u>
	=====	=====

6. Tax on profit on ordinary activities

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Based on the profit for the year:		
Corporation tax at 30%	29,815	18,153
Deferred taxation	(728)	2,909
	<u>29,087</u>	<u>21,062</u>
	=====	=====
Taxation over/(under) provided in previous years:		
Corporation tax	882	-
Deferred taxation	(3,059)	-
	<u>£ 26,910</u>	<u>£ 21,062</u>
	=====	=====

7. Tangible fixed assets

	<u>Freehold</u>	<u>Motor</u>	<u>Plant</u>	<u>Fixtures</u>	<u>Total</u>
	<u>land and</u>	<u>vehicles</u>	<u>and</u>	<u>and</u>	
	<u>buildings</u>	<u></u>	<u>machinery</u>	<u>fittings</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	
Cost:					
At April 1, 1985	181,318	77,944	51,659	16,520	327,441
Additions	-	29,680	15,097	5,367	50,144
Disposals	-	(21,520)	-	-	(21,520)
	<u>181,318</u>	<u>86,104</u>	<u>66,756</u>	<u>21,887</u>	<u>356,065</u>
	=====	=====	=====	=====	=====
At March 31, 1986	181,318	86,104	66,756	21,887	356,065
	<u>181,318</u>	<u>86,104</u>	<u>66,756</u>	<u>21,887</u>	<u>356,065</u>
	=====	=====	=====	=====	=====
Depreciation:					
At April 1, 1985	2,700	22,048	16,679	3,858	45,285
Provided during the year	3,624	18,617	11,083	3,766	37,090
Disposals	-	(9,945)	-	-	(9,945)
	<u>6,324</u>	<u>30,720</u>	<u>27,762</u>	<u>7,624</u>	<u>72,430</u>
	=====	=====	=====	=====	=====
At March 31, 1986	6,324	30,720	27,762	7,624	72,430
	<u>6,324</u>	<u>30,720</u>	<u>27,762</u>	<u>7,624</u>	<u>72,430</u>
	=====	=====	=====	=====	=====
Net book value:					
At March 31, 1986	£174,994	£ 55,384	£ 38,994	£ 14,263	£283,635
	=====	=====	=====	=====	=====
At April 1, 1985	£178,618	£ 55,896	£ 34,980	£ 12,662	£282,156
	=====	=====	=====	=====	=====

RICHARD AUSTIN (ALLOYS) LIMITED

9.

NOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)

8. Stocks

	<u>1986</u> £	<u>1985</u> £
Ferrous	125,710	60,000
Non-ferrous	435,589	379,843
	<u>£561,299</u>	<u>£439,843</u>

9. Debtors

	<u>1986</u> £	<u>1985</u> £
Trade debtors	675,571	689,800
Other debtors	3,120	-
Prepayments and accrued income	1,853	875
	<u>£680,544</u>	<u>£690,675</u>

10. Creditors: amounts falling due within one year

	<u>1986</u> £	<u>1985</u> £
Current instalments due on loans (note 11)	26,836	26,836
Bank overdraft (see below)	83,670	5,750
Trade creditors	840,170	899,783
Current corporation tax	29,816	28,852
Other taxes and social security costs	24,684	10,458
Hire purchase creditors	24,482	18,185
Accruals	22,671	54,134
	<u>£1,052,329</u>	<u>£1,043,998</u>

The bank overdraft is secured by a bond and floating charge.

The bank also holds a standard security over the company's factory premises.

RICHARD AUSTIN (ALLOYS) LIMITED

10.

NOTES TO THE ACCOUNTS AT MARCH 31, 1986
(continued)

11. Loans

The business term loan bears interest at 1% over bank base rate and is repayable in quarterly instalments of £2,959.

The small firm loan bears interest at 2½% over bank base rate and is repayable in quarterly instalments of £3,750

	Business term loan £	Small firm loan £	Total £
Amounts repayable within five years	59,180	52,500	111,680
Less repayable within twelve months (note 10)	11,836	15,000	26,836
	47,344	37,500	84,844
Amounts repayable after five years	106,484	-	106,484
	£153,828	£ 37,500	£191,328
	=====	=====	=====

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

12 Deferred taxation

Deferred taxation provided in the accounts is as follows:

	1986	1985
Accelerated capital allowances	£ 16,966	£ 20,753
	=====	=====

13. Share capital

	1986 No.	Authorised 1985 No.	Allotted, called up and fully paid 1986	1985
Ordinary shares of £1 each	42,500	42,500	£ 42,500	£ 42,500
	=====	=====	=====	=====