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REGISTERED NUMBER: SC074125

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**RICHARD AUSTIN ALLOYS LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**

Milne Craig & Corson  
Abercorn House  
79 Renfrew Road  
Paisley  
PA3 4DA



# **RICHARD AUSTIN ALLOYS LIMITED**

## **COMPANY INFORMATION**

**DIRECTORS:** S T Kelly  
W S Wright  
J R Johnston  
M S Carruthers  
A J McHale  
T J Kelly (appointed 1 April 2005)

**SECRETARY:** W S Wright

**REGISTERED OFFICE:** Dunivaig Road  
Easter Queenslie Industrial Estate  
Glasgow  
G33 4TP

**REGISTERED NUMBER:** SC074125

**AUDITORS:** Milne Craig & Corson  
Abercorn House  
79 Renfrew Road  
Paisley  
PA3 4DA

**BANKERS:** Royal Bank of Scotland  
Glasgow City Branch  
10 Gordon Street  
Glasgow  
G1 3PL

**RICHARD AUSTIN ALLOYS LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2005**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2005.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of stockholders of non-ferrous metals.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

**DIVIDENDS**

The directors propose a dividend of £293,500.

**FUTURE DEVELOPMENTS**

The directors aim to maintain the management policies adopted during the year to 31 March 2005 and consider the company is well placed to take advantage of opportunities which may arise in the current year.

**DIRECTORS**

The directors during the year under review were:

S T Kelly  
W S Wright  
J R Johnston  
M S Carruthers  
A J McHale

T J Kelly was appointed as a director on 1 April 2005

The beneficial interests of the directors holding office on 31 March 2005 in the issued share capital of the company were as follows:

	31.3.05	1.4.04
<b>Ordinary £1 shares</b>		
S T Kelly	20,000	20,000
W S Wright	930	930
J R Johnston	930	930
M S Carruthers	930	930
A J McHale	-	-

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- 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.

**RICHARD AUSTIN ALLOYS LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2005**

**AUDITORS**

The auditors, Milne Craig & Corson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

  
.....  
W S Wright - Director

Date: 26 July 2005

**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 2005 on pages five to twenty three. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the group'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 group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group'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 described on page two the group's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the group 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 transactions with the group 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.

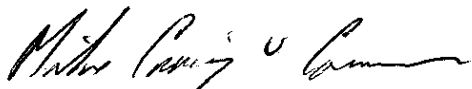
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 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 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st March 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Milne Craig & Corson  
Abercorn House  
79 Renfrew Road  
Paisley  
PA3 4DA

Date: 26 July 2005

**RICHARD AUSTIN ALLOYS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>		44,599,529	37,084,863
Cost of sales		<u>36,358,020</u>	<u>30,258,670</u>
<b>GROSS PROFIT</b>		8,241,509	6,826,193
Selling and distribution costs		4,645,538	3,903,008
Administrative expenses		<u>2,063,648</u>	<u>1,702,930</u>
		<u>6,709,186</u>	<u>5,605,938</u>
<b>OPERATING PROFIT</b>	3	1,532,323	1,220,255
Profit on sale of investments		30,438	-
Income from investments		3,980	995
Interest payable and similar charges	4	<u>(403,036)</u>	<u>(258,719)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,163,705	962,531
Tax on profit on ordinary activities	5	<u>378,455</u>	<u>304,751</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		785,250	657,780
Minority interests			
Minority interest - equity		<u>54,178</u>	<u>133,700</u>
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		731,072	524,080
Dividends		<u>293,500</u>	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<u>437,572</u>	<u>524,080</u>

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2005 £	2004 £
Profit for the year	731,072	524,080
Unrealised surplus on the revaluation of land and buildings	<u>-</u>	<u>880,805</u>
	<u>731,072</u>	<u>1,404,885</u>

**CONTINUING OPERATIONS**

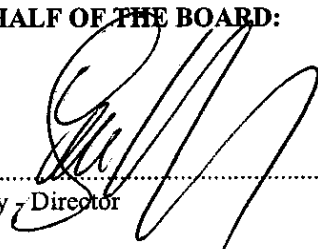
None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**31 MARCH 2005**

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	7	6,030,746	3,478,361
Investments	8	-	7,562
		<u>6,030,746</u>	<u>3,485,923</u>
<b>CURRENT ASSETS</b>			
Stocks	9	9,161,217	6,606,210
Debtors	10	11,512,312	10,193,671
Cash at bank and in hand		<u>199,557</u>	<u>1,720</u>
		20,873,086	16,801,601
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>19,036,501</u>	<u>15,114,895</u>
<b>NET CURRENT ASSETS</b>		<u>1,836,585</u>	<u>1,686,706</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,867,331	5,172,629
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(3,157,911)	(937,397)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(19,130)	-
<b>ACCRUALS AND DEFERRED INCOME</b>	17	(96,037)	(98,125)
<b>MINORITY INTERESTS</b>	18	<u>(606,040)</u>	<u>(586,466)</u>
		<u>3,988,213</u>	<u>3,550,641</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	23,255	23,255
Capital redemption reserve	20	22,500	22,500
Revaluation reserve	20	880,805	880,805
Profit and loss account	20	<u>3,061,653</u>	<u>2,624,081</u>
<b>SHAREHOLDERS' FUNDS</b>	24	<u>3,988,213</u>	<u>3,550,641</u>

**ON BEHALF OF THE BOARD:**

  
.....  
S T Kelly, Director

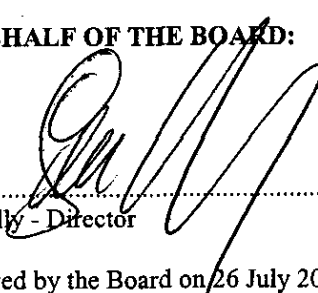
Approved by the Board on 26 July 2005

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**  
**COMPANY BALANCE SHEET**  
**31 MARCH 2005**

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	7	3,344,712	1,324,407
Investments	8	<u>482,901</u>	<u>455,863</u>
		3,827,613	1,780,270
<b>CURRENT ASSETS</b>			
Debtors	10	493,471	106,288
Cash at bank and in hand		<u>197,181</u>	-
		690,652	106,288
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>1,118,917</u>	<u>539,590</u>
<b>NET CURRENT LIABILITIES</b>		<u>(428,265)</u>	<u>(433,302)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,399,348	1,346,968
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(2,515,263)	(449,274)
<b>ACCRUALS AND DEFERRED INCOME</b>	17	<u>(96,037)</u>	<u>(98,125)</u>
		<u>788,048</u>	<u>799,569</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	23,255	23,255
Capital redemption reserve	20	22,500	22,500
Revaluation reserve	20	264,262	264,262
Profit and loss account	20	<u>478,031</u>	<u>489,552</u>
<b>SHAREHOLDERS' FUNDS</b>	24	<u>788,048</u>	<u>799,569</u>

**ON BEHALF OF THE BOARD:**

  
.....  
S T Kelly - Director

Approved by the Board on 26 July 2005

The notes form part of these financial statements



**RICHARD AUSTIN ALLOYS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005 £	2004 £
<b>Net cash (outflow)/inflow from operating activities</b>	1	(338,171)	773,043
<b>Returns on investments and servicing of finance</b>	2	(399,056)	(257,724)
<b>Taxation</b>		(375,430)	(157,166)
<b>Capital expenditure and financial investment</b>	2	(2,816,344)	(68,698)
<b>Acquisitions and disposals</b>	2	<u>(34,600)</u>	<u>(39,000)</u>
		(3,963,601)	250,455
<b>Financing</b>	2	<u>2,339,946</u>	<u>(860,878)</u>
<b>Decrease in cash in the period</b>		<u>(1,623,655)</u>	<u>(610,423)</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Decrease in cash in the period		(1,623,655)	(610,423)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(1,795,781)</u>	<u>358,378</u>
Change in net debt resulting from cash flows		(3,419,436)	(252,045)
New hire purchase contracts		<u>544,165</u>	<u>-</u>
<b>Movement in net debt in the period</b>		(3,963,601)	(252,045)
<b>Net debt at 1st April</b>		<u>(6,277,480)</u>	<u>(6,025,435)</u>
<b>Net debt at 31st March</b>		<u>(10,241,081)</u>	<u>(6,277,480)</u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

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

	2005 £	2004 £
Operating profit	1,532,323	1,220,255
Depreciation charges	324,363	269,813
Government grant release	(2,088)	(2,087)
Profit on disposal of fixed assets	(22,404)	(500)
Increase in stocks	(2,555,007)	(327,976)
Increase in debtors	(1,383,349)	(1,386,722)
Increase in creditors	<u>1,767,991</u>	<u>1,000,260</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u><b>(338,171)</b></u>	<u><b>773,043</b></u>

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

	2005 £	2004 £
<b>Returns on investments and servicing of finance</b>		
Dividends received	3,980	995
Interest received	26,459	1,523
Interest paid	(423,222)	(253,969)
Interest element of hire purchase payments	<u>(6,273)</u>	<u>(6,273)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u><b>(399,056)</b></u>	<u><b>(257,724)</b></u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(2,876,748)	(69,198)
Receipts from sale of fixed asset investments	38,000	-
Receipts from sale of tangible fixed assets	<u>22,404</u>	<u>500</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u><b>(2,816,344)</b></u>	<u><b>(68,698)</b></u>
<b>Acquisitions and disposals</b>		
Purchase of shares from minority interest	<u>(34,600)</u>	<u>(39,000)</u>
<b>Net cash inflow for acquisitions and disposals</b>	<u><b>(34,600)</b></u>	<u><b>(39,000)</b></u>
<b>Financing</b>		
New loans in year	2,423,707	-
Loan repayments in year	(492,589)	(319,882)
New hire purchase financing	544,165	-
Capital element of hire purchase payments	(135,337)	(38,496)
Share buyback	<u>-</u>	<u>(502,500)</u>
<b>Net cash inflow/(outflow) from financing</b>	<u><b>2,339,946</b></u>	<u><b>(860,878)</b></u>

The notes form part of these financial statements

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

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

	At 1.4.04 £	Cashflow £	Other non cash changes £	At 31.3.05 £
<b>Net cash:</b>				
Cash at bank and in hand	1,720	197,837		199,557
Bank overdrafts	<u>(5,035,807)</u>	<u>(1,821,492)</u>		<u>(6,857,299)</u>
	<u>(5,034,087)</u>	<u>(1,623,655)</u>		<u>(6,657,742)</u>
<b>Debt:</b>				
Hire purchase	(83,407)	135,337	(544,165)	(492,235)
Loans falling due within one year	(267,500)	379	-	(267,121)
Loans falling due after one year	<u>(892,486)</u>	<u>(1,931,497)</u>	<u>-</u>	<u>(2,823,983)</u>
	<u>(1,243,393)</u>	<u>(1,795,781)</u>	<u>(544,165)</u>	<u>(3,583,339)</u>
<b>Total</b>	<u>(6,277,480)</u>	<u>(3,419,436)</u>	<u>(544,165)</u>	<u>(10,241,081)</u>

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of land and buildings and in accordance with applicable accounting standards.

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax.

**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:

Motor vehicles	-	over 4 years
Plant and machinery	-	over 5 years
Fixtures and fittings	-	over 5 years
Computer equipment	-	over 3 years
Freehold buildings	-	over 50 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.

**Taxation**

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 obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Pensions**

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.

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**1. ACCOUNTING POLICIES (cont.)**

**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 (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 2005.

**Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the 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 the expenditure to which they relate.

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**2. STAFF COSTS**

	2005	2004
	£	£
Wages and salaries	2,970,642	2,576,658
Social security costs	316,971	268,508
Other pension costs	229,429	168,078
	<u>3,517,042</u>	<u>3,013,244</u>

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

	2005	2004
Sales and administration	52	50
Warehouse and drivers	70	65
	<u>122</u>	<u>115</u>

**3. OPERATING PROFIT**

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

	2005	2004
	£	£
Other operating leases	69,804	68,047
Depreciation - owned assets	249,439	212,790
Depreciation - assets on hire purchase contracts	74,924	57,025
Profit on disposal of fixed assets	(22,404)	(500)
Auditors remuneration - audit services	13,500	13,000
Auditors remuneration - non audit services	<u>9,100</u>	<u>10,065</u>
Directors' emoluments	<u>679,520</u>	<u>582,876</u>
Directors' pension contributions to money purchase schemes	<u>61,388</u>	<u>69,655</u>

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

Money purchase schemes	<u>5</u>	<u>5</u>
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**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2005	2004
	£	£
Bank loans and overdrafts	423,222	253,969
Hire purchase	6,273	6,273
Other interest	<u>(26,459)</u>	<u>(1,523)</u>
	<u>403,036</u>	<u>258,719</u>

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**5. TAXATION**

**Analysis of the tax charge**

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

	2005 £	2004 £
Current tax:		
UK corporation tax	295,062	306,137
Adjustments in respect of previous year	<u>(445)</u>	<u>7,348</u>
Total current tax	294,617	313,485
Deferred tax	<u>83,838</u>	<u>(8,734)</u>
Tax on profit on ordinary activities	<u><u>378,455</u></u>	<u><u>304,751</u></u>

**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:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>1,163,705</u>	<u>962,531</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	349,111	288,759
Effects of:		
Disallowed expenses and non taxable income	39,737	17,240
Capital allowances in excess of depreciation	(80,352)	3,391
Short term timing differences	(1,986)	6,317
Adjustments in respect of previous year	(445)	7,348
Marginal relief	<u>(11,448)</u>	<u>(9,570)</u>
Current tax charge	<u><u>294,617</u></u>	<u><u>313,485</u></u>

**Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognized 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 £72,977. At present it is not envisaged that any tax will become payable in the foreseeable future.

**6. PROFIT OF PARENT COMPANY**

As permitted by Section 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 profit for the financial year was £281,979 (2004 - £407,626).

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**7. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>					
As at 1 April 2004	3,200,000	1,079,779	640,726	320,592	5,241,097
Additions	2,138,883	331,249	406,616	-	2,876,748
Disposals	-	-	(262,873)	-	(262,873)
As at 31 March 2005	<u>5,338,883</u>	<u>1,411,028</u>	<u>784,469</u>	<u>320,592</u>	<u>7,854,972</u>
<b>DEPRECIATION</b>					
As at 1st April 2004	-	998,552	567,999	196,185	1,762,736
Charge for year	82,031	66,502	68,966	106,864	324,363
Disposals	-	-	(262,873)	-	(262,873)
As at 31 March 2005	<u>82,031</u>	<u>1,065,054</u>	<u>374,092</u>	<u>303,049</u>	<u>1,824,226</u>
<b>NET BOOK VALUE</b>					
At 31st March 2005	<u>5,256,852</u>	<u>345,974</u>	<u>410,377</u>	<u>17,543</u>	<u>6,030,746</u>
At 31st March 2004	<u>3,200,000</u>	<u>81,227</u>	<u>72,727</u>	<u>124,407</u>	<u>3,478,361</u>

The net book value of tangible fixed assets includes £471,203 (2004-£66,393) in respect of assets held under hire purchase. Depreciation amounted to £74,924 (2004 - £57,025).

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.

On the historical cost basis, freehold land and buildings would have been included as follows:

<b>Cost</b>	<b>£</b>
At 1 April 2004 and 31 March 2005	<u>2,261,638</u>
<b>Cumulative depreciation based on cost</b>	<b>£</b>
At 1 April 2004	<u>302,446</u>
At 31 March 2005	<u>349,442</u>



**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**7. TANGIBLE FIXED ASSETS - continued**

<b>Company</b>	<b>Freehold property £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>				
At 1 April 2004	1,200,000	64,420	320,592	1,585,012
Additions	2,138,883	15,240	-	2,154,123
Disposals	-	(64,420)	-	(64,420)
Group transfers	-	14,500	-	14,500
At 31 March 2005	<u>3,338,883</u>	<u>29,740</u>	<u>320,592</u>	<u>3,689,215</u>
<b>DEPRECIATION</b>				
At 1 April 2004	-	64,420	196,185	260,605
Charge for year	36,226	4,926	106,864	148,016
Eliminated on disposal	-	(64,420)	-	(64,420)
Group transfers	-	302	-	302
At 31 March 2005	<u>36,226</u>	<u>5,228</u>	<u>303,049</u>	<u>344,503</u>
<b>NET BOOK VALUE</b>				
At 31 March 2005	<u>3,302,657</u>	<u>24,512</u>	<u>17,543</u>	<u>3,344,712</u>
At 31 March 2004	<u>1,200,000</u>	<u>-</u>	<u>124,407</u>	<u>1,324,407</u>

The net book value of tangible fixed assets includes £9,362 (2004 - £66,393) in respect of assets held under hire purchase contracts. Depreciation amounted to £57,031 (2004 - £57,025).

**Company**

On the historical cost basis, freehold land and buildings would have been included as follows:

<b>Cost</b>	<b>£</b>
At 1 April 2004 and 31 March 2005	<u>1,078,431</u>
<b>Cumulative depreciation based on cost</b>	<b>£</b>
At 1 April 2004	<u>142,694</u>
At 31 March 2005	<u>164,263</u>

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**8. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1st April 2004	448,301	7,562	455,863
Additions	34,600	-	34,600
Disposals	-	(7,562)	(7,562)
	<u>482,901</u>	<u>-</u>	<u>482,901</u>
<b>NET BOOK VALUE</b>			
At 31st March 2005	<u>482,901</u>	<u>-</u>	<u>482,901</u>
At 31st March 2004	<u>448,301</u>	<u>7,562</u>	<u>455,863</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:	%
Ordinary	holding 80

**Richard Austin Alloys (Northern) Limited**

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

Class of shares:	%
Ordinary	holding 87.5

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

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

Class of shares:	%
Ordinary	holding 87.5

**Richard Austin Alloys (Midlands) Limited**

Country of incorporation: Scotland

Nature of business: Stockholders of non-ferrous metals.

Class of shares:	%
Ordinary	holding 87.5

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**9. STOCKS**

	<b>Group</b>	
	2005	2004
	£	£
Stocks	<u>9,161,217</u>	<u>6,606,210</u>

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

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

	<b>Group</b>		<b>Company</b>	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	11,308,986	9,752,588	-	-
Other debtors and prepayments	203,326	376,374	54,718	71,683
Dividends receivable	-	-	258,500	-
Due by group companies	-	-	173,133	16,177
Deferred tax asset (see note 13)	-	64,709	7,120	18,428
	<u>11,512,312</u>	<u>10,193,671</u>	<u>493,471</u>	<u>106,288</u>

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

	<b>Group</b>		<b>Company</b>	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts (see note 14)	7,124,420	5,303,307	79,621	400,450
Hire purchase contracts (see note 15)	158,307	38,496	38,496	38,496
Trade creditors	10,188,298	8,352,412	-	-
Due to group companies	-	-	600,000	23,573
Corporation tax	223,504	304,317	12,937	3,121
Other taxes and social security	615,547	693,104	34,645	52,811
Accrued expenses	432,925	423,259	59,718	21,139
Proposed dividend	293,500	-	293,500	-
	<u>19,036,501</u>	<u>15,114,895</u>	<u>1,118,917</u>	<u>539,590</u>

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

	<b>Group</b>		<b>Company</b>	
	2005	2004	2005	2004
	£	£	£	£
Bank loans (see note 14)	2,823,983	892,486	2,508,847	404,363
Hire purchase contracts (see note 15)	333,928	44,911	6,416	44,911
	<u>3,157,911</u>	<u>937,397</u>	<u>2,515,263</u>	<u>449,274</u>

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

**Group**

	Deferred tax liability
	£
At 1 April 2004	(64,709)
Charge for year	82,339
Adjustment in respect of prior years	<u>1,500</u>
At 31 March 2005	<u>19,130</u>

The deferred tax liability/(asset) consists of:

	2005 £	2004 £
Accelerated capital allowances	63,725	(16,627)
Other timing differences	<u>(44,595)</u>	<u>(48,082)</u>
Total deferred tax liability/(asset)	<u>19,130</u>	<u>(64,709)</u>

**Company**

	Deferred tax asset
	£
At 1 April 2004	(18,428)
Charge for year	<u>11,308</u>
At 31 March 2005	<u>(7,120)</u>

The deferred tax asset consists of:

	2005 £	2004 £
Accelerated capital allowances	22,726	13,297
Other timing differences	<u>(29,846)</u>	<u>(31,725)</u>
Total deferred tax asset (see note 10)	<u>(7,120)</u>	<u>(18,428)</u>

Provision has been made for all deferred tax liabilities/(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.

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**14. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2005	2004	2005	2004
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	6,857,299	5,035,807	-	320,450
Bank loans - less than 1 yr	<u>267,121</u>	<u>267,500</u>	<u>79,621</u>	<u>80,000</u>
	<u>7,124,420</u>	<u>5,303,307</u>	<u>79,621</u>	<u>400,450</u>
Amounts falling due between one and two years:				
Bank loans	<u>267,121</u>	<u>267,500</u>	<u>79,621</u>	<u>80,000</u>
Amounts falling due between two and five years:				
Bank loans	<u>366,499</u>	<u>540,623</u>	<u>238,863</u>	<u>240,000</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	<u>2,190,363</u>	<u>84,363</u>	<u>2,190,363</u>	<u>84,363</u>

Company loans not wholly repayable within five years bear interest at rates of 1.25% to 1.5% over the base rate and are repayable in monthly instalments.

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	<b>Group</b>		<b>Company</b>	
	2005	2004	2005	2004
	£	£	£	£
Gross obligations repayable:				
Within one year	170,659	44,769	44,769	44,769
Between two and five years	<u>354,405</u>	<u>52,230</u>	<u>7,461</u>	<u>52,230</u>
	<u>525,064</u>	<u>96,999</u>	<u>52,230</u>	<u>96,999</u>
Finance charges repayable:				
Within one year	12,352	6,273	6,273	6,273
Between two and five years	<u>20,477</u>	<u>7,319</u>	<u>1,045</u>	<u>7,319</u>
	<u>32,829</u>	<u>13,592</u>	<u>7,318</u>	<u>13,592</u>
Net obligations repayable:				
Within one year	158,307	38,496	38,496	38,496
Between two and five years	<u>333,928</u>	<u>44,911</u>	<u>6,416</u>	<u>44,911</u>
	<u>492,235</u>	<u>83,407</u>	<u>44,912</u>	<u>83,407</u>

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES (continued..)**

The following payments are committed to be paid within one year:

**Group**

	Land and buildings Operating leases	
	2005	2004
	£	£
Expiring:		
Between one and five years	<u>-</u>	<u>68,672</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	2005	2004
	£	£
Bank overdrafts	6,857,299	5,035,807
Bank loans	3,091,104	1,159,986
Hire purchase contracts	<u>492,235</u>	<u>83,407</u>
	<u>10,440,638</u>	<u>6,279,200</u>

The bank overdrafts and bank loans are secured by bond and floating charges and standard securities over the freehold 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. ACCRUALS AND DEFERRED INCOME**

	<b>Group</b>		<b>Company</b>	
	2005	2004	2005	2004
	£	£	£	£
Deferred government grants	<u>96,037</u>	<u>98,125</u>	<u>96,037</u>	<u>98,125</u>

**18. MINORITY INTERESTS**

	<b>Group</b>	
	2005	2004
	£	£
Equity interests	<u>606,040</u>	<u>586,466</u>

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**19. CALLED UP SHARE CAPITAL**

Authorised:		Nominal value:	2005 £	2004 £
Number:	Class:			
42,500	Ordinary	£1	<u>42,500</u>	<u>42,500</u>

Allotted, issued and fully paid:		Nominal value:	2005 £	2004 £
Number:	Class:			
23,255	Ordinary	£1	<u>23,255</u>	<u>23,255</u>

**20. RESERVES**

**Group**

	Profit and loss account £	Capital redemption reserve £	Revaluation reserve £	Totals £
At 1 April 2004	2,624,081	22,500	880,805	3,527,386
Retained profit for the year	<u>437,572</u>	<u>-</u>	<u>-</u>	<u>437,572</u>
At 31 March 2005	<u>3,061,653</u>	<u>22,500</u>	<u>880,805</u>	<u>3,964,958</u>

**Company**

	Profit and loss account £	Capital redemption reserve £	Revaluation reserve £	Totals £
At 1 April 2004	489,552	22,500	264,262	776,314
Retained loss for the year	<u>(11,521)</u>	<u>-</u>	<u>-</u>	<u>(11,521)</u>
At 31 March 2005	<u>478,031</u>	<u>22,500</u>	<u>264,262</u>	<u>764,793</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, 2005 were £52,613 (2004 - £48,189).

**RICHARD AUSTIN ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**22. CONTINGENT LIABILITIES**

Cross guarantees exist between all group companies in favour of the group bankers. At 31 March, 2005 the group companies combined bank borrowings amounted to £9,751,223 (2004 - £6,195,793).

Cross guarantees exist between all group companies in favour of one group supplier. At 31 March 2005, the group companies combined liabilities to this supplier amounted to £1,219,262 (2004 - £1,311,298).

**23. RELATED PARTY DISCLOSURES**

During the year the company received rent of £97,500 (2004 - £90,000) from one of its subsidiary companies in the normal course of business. It also received management charges from three of its subsidiaries totalling £876,000 (2004 - £610,000).

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2005 £	2004 £
Profit for the financial year	731,072	524,080
Dividends	(293,500)	-
Purchase of own shares	-	(502,500)
Property revaluations	-	880,805
<b>Net addition to shareholders' funds</b>	<b>437,572</b>	<b>902,385</b>
Opening shareholders' funds	<u>3,550,641</u>	<u>2,648,256</u>
<b>Closing shareholders' funds</b>	<b><u>3,988,213</u></b>	<b><u>3,550,641</u></b>
 Equity interests	 <u>3,988,213</u>	 <u>3,550,641</u>

**Company**

	2005 £	2004 £
Profit for the financial year	281,979	407,626
Dividends	(293,500)	-
Purchase of own shares	-	(502,500)
Property revaluation	-	264,262
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(11,521)</b>	<b>169,388</b>
Opening shareholders' funds	<u>799,569</u>	<u>630,181</u>
<b>Closing shareholders' funds</b>	<b><u>788,048</u></b>	<b><u>799,569</u></b>
 Equity interests	 <u>788,048</u>	 <u>799,569</u>