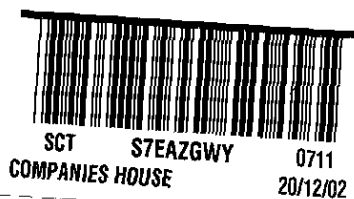


RICHARD AUSTIN ALLOYS LIMITED

Report and Accounts

31 March 2002



DIRECTORS

S T Kelly
W S Wright
J R Johnson
M S Carruthers (Appointed 1 April 2002)

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 2002.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation and minority interests, amounted to £450,993. 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 2002 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 2002 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</i>	<i>At 1 April</i>
	<i>2002</i>	<i>2001</i>
S T Kelly	20,000	20,000
W S Wright	930	-
J R Johnston	930	-

M S Carruthers was appointed a director on 1 April 2002.

During the year the company repurchased 6,310 ordinary shares with a nominal value of £6,310 for a consideration of £502,500. Further repurchase commitments are disclosed in note 25 to the accounts.

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the forthcoming Annual General Meeting.

By order of the board



W S Wright
Secretary

20 November 2002

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.

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

We have audited the company's financial statements for the year ended 31 March 2002 which comprise the Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows, Group Statement of Total Recognised Gains and Losses and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

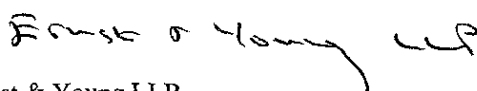
Basis of audit opinion

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2002 and of the results 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

20 November 2002

Richard Austin Alloys Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2002

	Note	2002 £	2001 £
TURNOVER	2	33,920,470	35,532,324
Cost of sales		27,774,971	29,104,194
GROSS PROFIT		6,145,499	6,428,130
Selling and distribution costs		3,456,713	3,598,465
Administrative expenses		1,580,703	1,941,907
		5,037,416	5,540,372
GROUP OPERATING PROFIT	3	1,108,083	887,758
Income from associated company	4	36,991	46,670
		1,145,074	934,428
Net interest payable - Group	6	305,251	400,071
- Associated company		-	6,463
		305,251	406,534
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		839,823	527,894
Tax on profit on ordinary activities	7	237,122	173,822
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		602,701	354,072
Minority interests		151,708	43,943
PROFIT ATTRIBUTABLE TO MEMBERS OF HOLDING COMPANY	8 & 19	450,993	310,129

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 £450,993 in the year ended 31 March 2002 and of £310,129 in the year ended 31 March 2001.

Richard Austin Alloys Limited


GROUP BALANCE SHEET

at 31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	2,762,874	3,064,170
Investments	10	-	188,200
		<u>2,762,874</u>	<u>3,252,370</u>
CURRENT ASSETS			
Stocks	11	5,541,667	5,588,993
Debtors	12	8,364,088	8,498,338
Cash at bank and in hand		846	984
		<u>13,906,601</u>	<u>14,088,315</u>
CREDITORS - amounts falling due within one year	13	12,161,084	12,344,058
		<u>1,745,517</u>	<u>1,744,257</u>
NET CURRENT ASSETS			
		<u>4,508,391</u>	<u>4,996,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due after more than one year			
Loans	14	1,261,952	1,828,888
Obligations under finance leases and hire purchase contracts	15	-	6,132
		<u>1,261,952</u>	<u>1,835,020</u>
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	16	102,300	104,388
MINORITY INTEREST		436,417	301,245
		<u>1,800,669</u>	<u>2,240,653</u>
		<u>2,707,722</u>	<u>2,755,974</u>
CAPITAL AND RESERVES			
Called up share capital	18 & 19	35,875	38,930
Capital redemption reserve	19	9,880	3,570
Profit and loss account	19	2,661,967	2,713,474
EQUITY SHAREHOLDERS' FUNDS		<u>2,707,722</u>	<u>2,755,974</u>

S T Kelly

20 November 2002



Richard Austin Alloys Limited

BALANCE SHEET

at 31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	988,004	1,074,992
Investments	10	429,301	441,817
		<u>1,417,305</u>	<u>1,516,809</u>
CURRENT ASSETS			
Debtors	12	406,624	328,611
CREDITORS - amounts falling due within one year	13	369,107	405,044
NET CURRENT ASSETS/(LIABILITIES)		<u>33,517</u>	<u>(76,433)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,450,822</u>	<u>1,440,376</u>
CREDITORS - amounts falling due after more than one year			
Loans	14	664,244	783,680
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	16	102,300	104,388
		<u>684,278</u>	<u>552,308</u>
CAPITAL AND RESERVES			
Called up share capital	18 & 19	35,875	38,930
Capital redemption reserve	19	9,880	3,570
Profit and loss account	19	638,523	509,808
EQUITY SHAREHOLDERS' FUNDS		<u>684,278</u>	<u>552,308</u>

S T Kelly
Director

20 November 2002



Richard Austin Alloys Limited

GROUP STATEMENT OF CASH FLOWS for the year ended 31 March 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20(a)	2,174,599	1,614,056
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends received		55,300	-
Interest paid		(290,384)	(385,302)
Interest element of hire purchase payments		(14,867)	(14,769)
		(249,951)	(400,071)
TAXATION			
Corporation tax paid		(206,470)	(276,285)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payment to acquire tangible fixed assets		(84,917)	(806,117)
Receipts from disposals of tangible fixed assets		142,212	29,306
Receipt of government grants		-	104,388
		57,295	(672,423)
ACQUISITIONS AND DISPOSALS			
Receipts from minority interests		60,000	-
Payment to acquire minority interest in subsidiary undertakings		(76,536)	(22,000)
Sale of investment in associated company		169,891	-
		153,355	(22,000)
FINANCING			
Share issue		3,255	-
Share buy back		(502,500)	(284,414)
New bank loans	14	24,040	706,990
Bank loan payments	14	(265,976)	(427,644)
Capital element of finance leases and hire purchase contracts	15	(82,907)	(82,906)
		(824,088)	(87,974)
INCREASE IN CASH	20(b)	1,104,740	155,303
RECONCILIATION OF NET CASH TO MOVEMENT IN NET DEBT	20(b)		
Increase in cash in period		1,104,740	155,303
Net cash flow from (increase)/decrease in debt and hire purchase financing		324,843	(196,440)
Changes in net debt resulting from cash flows		1,429,583	(41,137)
Net debt at 1 April 2001		(6,418,730)	(6,377,593)
Net debt at 31 March 2002		(4,989,147)	(6,418,730)

NOTES TO THE ACCOUNTS

at 31 March 2002

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.

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.

FRS 19 'Deferred Taxation' was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2002.

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, excluding the effect of trading losses carried forward as there is insufficient evidence that suitable taxable profits will be generated in future.

NOTES TO THE ACCOUNTS
at 31 March 2002

1 ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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):

	2002	2001
	£	£
Auditors' remuneration		
- audit services	15,600	20,600
- non audit services	9,400	8,000
Depreciation		
- Assets held under finance leases and hire purchase contracts	64,953	84,158
- Owned assets	235,807	266,080
Gain on disposal of fixed assets	(56,759)	(5,068)
Operating lease rentals - land and buildings	63,000	63,000

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2002

3 OPERATING PROFIT (continued)

(b) Directors' remuneration:

	2002	2001
	£	£
Emoluments (includes £Nil compensation for loss of office (2001 - £60,000))	309,883	470,430
Company contributions to money purchase pension schemes	41,514	73,893
	No.	No.
Members of money purchase pension schemes	6	4

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

	£	£
Emoluments	215,953	180,860
Company contributions to money purchase pension scheme	35,475	32,352

4 INCOME FROM ASSOCIATED COMPANY

	2002	2001
	£	£
Share of operating profit in associated company	-	46,670
Loss on sale of associated company	(18,309)	-
Dividend receivable	55,300	-
	36,991	46,470

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

5 STAFF COSTS

	2002	2001
	£	£
Wages and salaries	2,391,139	2,481,080
Social security costs	239,776	234,249
Other pension costs	189,803	224,380
	<u>2,820,718</u>	<u>2,939,709</u>

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

	No.	No.
Sales and administration	48	54
Warehouse and drivers	67	67
	<u>115</u>	<u>121</u>

6 NET INTEREST PAYABLE

	2002	2001
	£	£
Bank loans and overdrafts wholly repayable within five years	170,503	299,867
Other loan wholly repayable within five years	10,693	8,303
Bank loans not wholly repayable within five years	111,266	77,132
Finance charges payable under finance leases and hire purchase contracts	14,867	14,769
Other interest	(2,078)	-
	<u>305,251</u>	<u>400,071</u>

7 TAXATION

	2002	2001
	£	£
UK corporation tax:		
UK corporation tax on profits of the period	292,984	162,912
Adjustments in respect of previous periods	1,064	(2,038)
	<u>294,048</u>	<u>160,874</u>
Deferred tax:		
Originating and reversal of timing differences	(22,596)	-
Effect of changes in tax rates on opening liability	(34,330)	-
	<u>237,122</u>	<u>160,874</u>
Associated companies	-	12,948
	<u>237,122</u>	<u>173,822</u>

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

7 TAXATION

Factors affecting the tax charge for the period:

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	839,823	527,894
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK for each company	251,114	156,770
Effect of:		
Disallowed expenses and non-taxable income	37,133	23,129
Capital allowances in excess of depreciation	(3,316)	(27,417)
Short term timing differences	8,858	32,023
Adjustments in respect of previous periods	1,064	(2,038)
Others	(805)	(8,645)
Associated company	-	(12,948)
Current tax charge for the period	294,048	160,874

There has been no restatement of the effects of the implementation of the new accounting policy for deferred tax (FRS 19) on the prior year on the basis that any adjustments are considered immaterial. Any prior year adjustments have been recorded as a current year movement.

8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	2002 £	2001 £
Dealt with in the accounts of the holding company	631,215	(31,799)
Retained by the subsidiaries	(180,222)	341,928
	450,993	310,129

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2002

9 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 2001	2,689,479	960,475	984,505	37,905	4,672,364
Additions	27,159	14,950	42,808	-	84,917
Disposals	(95,000)	(334,147)	-	-	(429,147)
At 31 March 2002	2,621,638	641,278	1,027,313	37,905	4,328,134
Depreciation:					
At 1 April 2001	172,488	703,023	694,778	37,905	1,608,194
Provided during the year	48,634	133,139	18,987	-	300,760
Disposals	(12,666)	(331,028)	-	-	(343,694)
At 31 March 2002	208,456	505,134	813,765	37,905	1,565,260
Net book value:					
At 31 March 2002	2,413,182	136,144	213,548	-	2,762,874
At 1 April 2001	2,516,991	257,452	289,727	-	3,064,170

The net book value of motor vehicles and plant and machinery includes an amount of £4,014 (2001 - £56,830) and £29,900 (2001 - £61,733) 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 2001	1,146,272	74,620	1,220,892
Additions	27,159	-	27,159
Disposals	(95,000)	(10,200)	(105,200)
At 31 March 2002	1,078,431	64,420	1,142,851
Depreciation:			
At 1 April 2001	89,015	56,885	145,900
Provided during the year	23,208	8,605	31,813
Disposals	(12,666)	(10,200)	(22,866)
At 31 March 2002	99,557	55,290	154,847
Net book value:			
At 31 March 2002	978,874	9,130	988,004
At 1 April 2001	1,057,257	17,735	1,074,992

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS at 31 March 2002

10 FIXED ASSET INVESTMENTS GROUP

	£
Cost:	
At 1 April 2001	188,200
Disposals	(188,200)
	<hr/>
At 31 March 2002	-
	<hr/>

During the year the group disposed of its interest in Lite Structures (GB) Limited.

COMPANY

	£
Cost:	
At 1 April 2001	441,817
Additions	76,535
Disposals	(89,051)
	<hr/>
At 31 March 2002	429,301
	<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	82.5%	Stockholders of non-ferrous metals
Richard Austin Alloys (Northern) Limited	Scotland	Ordinary shares	82.5%	Stockholders of non-ferrous metals
Richard Austin Alloys (North West) Limited	Scotland	Ordinary shares	87.5%	Stockholders of non-ferrous metals
Richard Austin Alloys (East Midlands) Limited	Scotland	Ordinary shares	95%	Stockholders of non-ferrous metals

11 STOCKS

	<i>2002</i>	<i>Group 2001</i>	<i>2002</i>	<i>Company 2001</i>
	£	£	£	£
Non-ferrous metals	5,541,667	5,588,993	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

12 DEBTORS

	2002	Group 2001	2002	Company 2001
	£	£	£	£
Trade debtors	7,991,437	8,421,822	-	-
Other debtors and prepayments	315,725	76,516	210,786	6,582
Amounts due from group companies	-	-	184,335	303,732
Group relief receivable	-	-	-	18,297
Deferred tax asset (note 17)	56,926	-	7,503	-
	<u>8,364,088</u>	<u>8,498,338</u>	<u>402,624</u>	<u>328,611</u>

13 CREDITORS - amounts falling due within one year

	2002	Group 2001	2002	Company 2001
	£	£	£	£
Bank loans (note 13)	590,976	265,976	143,476	143,476
Bank overdraft	3,130,933	4,235,811	132,272	183,758
Trade creditors	7,509,240	6,953,491	-	-
Current corporation tax	250,490	162,912	35,304	4,766
Other taxes and social security costs	431,922	438,516	24,463	8,359
Obligations under finance leases and hire purchase contracts (note 14)	6,132	82,907	-	-
Accruals	241,391	204,445	33,592	39,217
Amounts due to group companies	-	-	-	25,468
	<u>12,161,084</u>	<u>12,344,058</u>	<u>369,107</u>	<u>405,044</u>

14 LOANS

	2002	2001
	£	£
At 1 April 2001	2,094,864	1,815,518
Net cash inflow from financing	24,040	706,990
Repayment of long term loans	(265,976)	(427,644)
At 31 March 2002	1,852,928	2,094,864

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

15 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Group

	2002	2001
	£	£
These amounts mature as follows:		
Within one year	7,275	97,675
In the second to fifth years	-	7,504
	<u>7,275</u>	<u>105,179</u>
Less: Finance charges allocated to future periods	1,143	16,140
	<u>6,132</u>	<u>89,039</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 12)	6,132	82,907
Non-current obligations	-	6,132
	<u>6,132</u>	<u>89,039</u>

Analysis of changes in finance leases and hire purchase contracts

	2002	2001
	£	£
At 1 April 2001	89,039	171,945
Capital element of finance lease rental payments	(82,907)	(82,906)
	<u>6,132</u>	<u>89,039</u>

16 DEFERRED GOVERNMENT GRANTS

Group and Company
£

At 1 April 2001	104,388
Released during year	(2,088)
	<u>102,300</u>

Richard Austin Alloys Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

17 DEFERRED TAX

	<i>Deferred tax asset</i>	
	<i>Group</i>	<i>Company</i>
	£	£
At 1 April 2001	-	-
Credited during the year	56,926	7,503
At 30 March 2002	<u>56,926</u>	<u>7,503</u>

The deferred tax asset consists of:

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	£	£	£	£
Accelerated capital allowances	16,321	-	(24,395)	-
Other timing differences	40,605	-	31,898	-
Total deferred tax asset	<u>56,926</u>	<u>-</u>	<u>7,503</u>	<u>-</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 SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>No.</i>	<i>No.</i>	£	£
Ordinary shares of £1 each	42,500	42,500	35,875	38,930

6,310 ordinary shares were purchased by the company for a consideration of £502,500 and 3,255 ordinary shares were issued at par.

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NOTES TO THE ACCOUNTS at 31 March 2002

19 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 2000	42,500	-	2,687,759	2,730,259
Profit for the year	-	-	310,129	310,129
Purchase of own shares	(3,570)	3,570	(284,414)	(284,414)
At 1 April 2001	38,930	3,570	2,713,474	2,755,974
Profit for year	-	-	450,993	450,993
Purchase of own shares	(6,310)	6,310	(502,500)	(502,500)
Issue of shares	3,255	-	-	3,255
At 31 March 2002	35,875	9,880	2,661,967	2,707,722
<i>Company</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 April 2000	42,500	-	826,021	868,521
Loss for the year	-	-	(31,799)	(31,799)
Purchase of own shares	(3,570)	3,570	(284,414)	(284,414)
At 1 April 2001	38,930	3,570	509,808	552,308
Profit for year	-	-	631,215	631,215
Purchase of own shares	(6,310)	6,310	(502,500)	(502,500)
Issue of shares	3,255	-	-	3,255
At 31 March 2002	35,875	9,880	638,523	684,278

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NOTES TO THE ACCOUNTS at 31 March 2002

20 NOTES TO THE STATEMENT OF CASH FLOWS

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

	2002 £	2001 £
Operating profit	1,108,083	887,758
Depreciation	300,760	350,238
Gain on sale of tangible fixed assets	(56,759)	(5,068)
Government grant release	(2,088)	-
Decrease in stocks	47,326	564,433
Decrease/(increase) in debtors	191,176	(427,029)
Increase in creditors	586,101	243,724
Net cash inflow from operating activities	2,174,599	1,614,056

(b) Analysis of net debt:

	At 1 April 2001 £	Cash flow £	At 31 March 2002 £
Cash at bank	984	(138)	846
Overdrafts	(4,235,811)	1,104,878	(3,130,933)
	(4,234,827)	1,104,740	(3,130,087)
Loans due within one year	(265,976)	(325,000)	(590,976)
Loans due after one year	(1,828,888)	566,936	(1,261,952)
Finance leases and hire purchase contracts	(89,039)	82,907	(6,132)
	(2,183,903)	324,843	(1,859,060)
	(6,418,730)	1,429,583	(4,989,147)

21 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 2002 were £32,009 (2001 - £Nil).

22 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers. At 31 March 2002 the group companies' combined bank borrowings amounted to £4,983,861 (2001 - £6,330,675).

Cross guarantees exist between all group companies in favour of one group supplier. At 31 March 2002, the group companies' combined liabilities to this supplier amounted to £1,407,274 (2001 - £749,645).

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NOTES TO THE ACCOUNTS at 31 March 2002

23 RELATED PARTIES

During the year the company received rent of £150,000 from one of its subsidiary companies in the normal course of business. It also received management charges from four of its subsidiaries totalling £397,145.

During the year the company sold a property to Harriet Kelly, daughter of Mr S T Kelly, director, for an open market value of £105,000.

24 LEASE COMMITMENTS

At 31 March 2002, the group had annual commitments under non-cancellable operating leases which expire in over 5 years as follows:

	2002 £	2001 £
Land and buildings	63,000	63,000

25 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 ordinary shares. The agreement detailed that the full repurchase would span 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.

The second repurchase took place on 12 October 2001 when 6,310 shares with a nominal value of £6,310 were purchased for a consideration of £502,500.

After the balance sheet date the third repurchase took place on 12 October 2002 when 6,310 shares were purchased for a consideration of £500,000. The final repurchase will also comprise 6,310 ordinary shares and a consideration of £500,000 and will take place on 12 October 2003.