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RIGIDIZED METALS EXPORT LIMITED

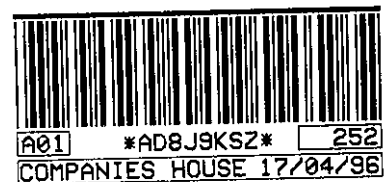
FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 1995

INDEX

	Page
Directors' Report	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 14

FRASER RUSSELL
Chartered Accountants
4 London Wall Buildings
Blomfield Street
London EC2M 5NT



RIGIDIZED METALS EXPORT LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st August 1995.

Principal activity

The principal activity of the company has continued to be that of supplying and exporting metals with an embossed pattern.

Review of the business

The company has continued to trade profitably.

Results and dividends

The company made a net profit on ordinary activities before taxation of £51,032 (1994: £118,796). The directors recommend a proposed final dividend of £85,195 (1994: £25,000) on the company's ordinary shares, leaving an amount of £(57,808) (1994: £46,879) after tax and dividends to be transferred (from)/to reserves. The profit and loss account is set out on page 4.

Future developments

In September 1995 the company transferred its trade and assets apart from the freehold property and associated borrowings, to a fellow group undertaking Rigidized Metals Limited at book value, and subsequently ceased trading.

Fixed assets

There were no significant changes to the fixed assets of the company or any of its subsidiaries during the year under review. Details of movements in fixed assets of the company are set out in Note 9 to the financial statements. The Board continues to be of the opinion that there is no significant difference between the market value and book value of the company's freehold property. The property was transferred to The Rimex Group Limited at net book value after the balance sheet date.

Directors and their interests

The directors of the company who were in office during the year, none of whom had any disclosable interests in the share capital of the company or any other group companies, are set out below:

K. Childs
T.H. Ellison
A.A.H. Jessop
D.E. Stangroom
N.E.S. Barnes

The directors interest in the shares of the ultimate parent company the Rimex Group Limited were as follows:

	As at 31st August 1995	As at 31st August 1994
K. Childs	95,002	95,002

RIGIDIZED METALS EXPORT LIMITED**REPORT OF THE DIRECTORS**
(Continued)**Statement of directors' responsibilities**

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and the profit or loss of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Fraser Russell, Chartered Accountants and Registered Auditors, will be put to the Annual General Meeting.

ON BEHALF OF THE BOARD

G. P. Kieran

Secretary

Registered Office

The Old Rectory
Bramfield
Hertford
Herts SG14 2QJ

Dated: *6th. February, 1996*

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RIGIDIZED METALS EXPORT LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 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 consider 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 the company's affairs as at 31st August 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

4 London Wall Buildings,
Blomfield Street,
London EC2M 5NT

Dated:

February 6, 1996


FRASER RUSSELL
Chartered Accountants
and Registered Auditors

RIGIDIZED METALS EXPORT LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31st August 1995

	<u>Notes</u>	<u>£</u>	<u>Discontinued Activities</u>		<u>1994</u>	<u>£</u>
			<u>1995</u>	<u>£</u>		
Turnover	2		4,715,793		3,096,656	
			4,715,793		3,096,656	
Other operating income			30,316		32,008	
			4,746,109		3,128,664	
Raw materials and consumables		3,935,372		2,403,205		
Other external charges		107,143		138,853		
			(4,042,515)		(2,542,058)	
			703,594		586,606	
Staff Costs	3	107,066		91,482		
Depreciation		9,015		6,510		
Other operating charges		465,789		334,581		
			(581,870)		(432,573)	
Operating profit	5		121,724		154,033	
Interest receivable and similar income			57		-	
Interest payable and similar charges	6		(70,749)		(35,237)	
Profit on ordinary activities before taxation			51,032		118,796	
Tax on ordinary activities	7		(23,645)		(46,917)	
Profit on ordinary activities after taxation			27,387		71,879	
Dividends	8		(85,195)		(25,000)	
Transferred (from)/to reserves	18		£ (57,808)		£ 46,879	

There were no other recognised gains nor losses during the year other than those dealt with above.

The notes on pages 6 to 14 form an integral part of these financial statements.

RIGIDIZED METALS EXPORT LIMITED
BALANCE SHEET
As at 31st August 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
Fixed assets			
Tangible assets	9	333,364	334,033
Investments	10	1,125,021	1,055,287
		<u>1,458,385</u>	<u>1,389,320</u>
Current assets			
Stock	11	55,000	65,000
Debtors	12	911,508	831,128
Cash at bank and in hand		21,989	5,474
		<u>988,497</u>	<u>901,602</u>
Creditors: amounts falling due within one year	13	(2,231,597)	(1,362,112)
Net current liabilities		<u>(1,243,100)</u>	<u>(460,510)</u>
Total assets less current liabilities		<u>215,285</u>	<u>928,810</u>
Creditors: amounts falling due in more than one year	14	(215,185)	(870,902)
		<u>£ 100</u>	<u>£ 57,908</u>
Financed by:			
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	18	-	57,808
Shareholders' Funds	19	<u>£ 100</u>	<u>£ 57,908</u>

Approved by the board on: 6th February, 1996

Directors

The notes on pages 6 to 14 form an integral part of these financial statements.

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995

1. Accounting policies

a) Basis of Accounting

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

As referred to in Note 20(i), the company's banking facilities have been negotiated in conjunction with other group companies. Borrowing facilities have been agreed on a "group" basis with each individual company's borrowings being guaranteed by the others. In view of these arrangements the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

b) Consolidation

The company is a wholly owned subsidiary of The Rimex Group Limited and in accordance with section 228(1) of the Companies Act 1985 no consolidated financial statements have been prepared by the company.

c) Depreciation

Depreciation is provided in order to write off the cost of fixed assets over their estimated useful lives at the following principal rates per annum:

Freehold Buildings	- 1%	- straight line
Plant and Machinery	- 6.67%	- straight line
Fixtures and Fittings	- 10 to 20%	- straight line
Motor Vehicles	- 33.3%	- reducing balance

No depreciation is provided on land.

d) Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

e) Deferred Taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

f) Leased Assets

Assets held under operating leases are not capitalised and leasing charges are allocated to accounting periods as they are incurred.

Assets held under finance leases and hire purchase contracts are capitalised at their cost or estimated fair values at the date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary periods of the leases in proportion to the capital element outstanding.

g) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the date of transaction.

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995

2. Turnover

Turnover represents the invoiced value of goods sold exclusive of value added tax. The turnover and pre tax profit all relates to supplying and exporting metals with an embossed pattern and is derived from the continuing operations of the company.

An analysis of turnover by geographical area is not given as in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

		<u>1995</u>	<u>1994</u>
		£	£
3. Staff costs			
(a)	Wages and salaries	94,546	82,859
	Social security costs	5,044	4,369
	Other pension costs	7,476	4,254
		£107,066	£ 91,482
(b)	The average weekly number of employees during the year was made up as follows:	No.	No.
	Sales and distribution	3	3
		3	3
4. Directors' emoluments		£	£
	Executive remuneration and benefits	71,114	62,283
	Pension contributions	5,610	3,086
		£ 76,724	£ 65,369
	The emoluments of the directors (excluding pension contributions) were:		
	Chairman and highest paid director	£ 33,000	£ 30,000
	Other directors	No.	No.
	£ Nil - £ 5,000	3	3
	£30,001 - £35,000	-	1
	£35,001 - £40,000	1	-

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995

	<u>1995</u>	<u>1994</u>
	£	£
5. Operating profit is after charging:		
Directors' remuneration	76,724	65,369
Auditors' remuneration	5,950	5,900
Depreciation of owned assets	2,367	2,821
Depreciation of assets held under finance lease and hire purchase contracts	6,648	3,689
and after crediting:		
Net rental income	30,316	32,008
6. Interest payable and similar charges		
On bank loans, overdrafts and other loans:		
Repayable within 5 years other than by instalments	43,153	13,029
Repayable wholly or partly in more than 5 years	21,102	21,295
	64,255	34,324
Other loans	5,000	-
Finance charges on leases and hire purchase contracts	1,494	913
	£ 70,749	£ 35,237
7. Tax on ordinary activities		
Corporation tax at 33% (1994: 33%)	29,000	47,500
Over provision in prior years	(5,355)	(583)
	£23,645	£ 46,917
8. Dividends		
Equity dividends on ordinary shares:		
Final proposed £851.95 (1994 : £250)	£ 85,195	£ 25,000

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995
(Continued)

9. Tangible fixed assets

	Freehold Property £	Plant and Machinery £	Motor Vehicles £	Total £
Cost:				
At 1st September 1994	492,905	-	36,956	529,861
Additions	-	10,000	15,900	25,900
Disposals	-	(10,000)	(8,100)	(18,100)
Inter group transfer	-	-	(23,206)	(23,206)
At 31st August 1995	492,905	-	21,550	514,455
Depreciation:				
At 1st September 1994	168,305	-	27,523	195,828
Provision for year	1,800	-	7,215	9,015
Disposals	-	-	(2,022)	(2,022)
Inter group transfer	-	-	(21,730)	(21,730)
At 31st August 1995	170,105	-	10,986	181,091
Net Book Value:				
At 31st August 1995	£322,800	£ -	£ 10,564	£333,364
At 1st September 1994	£324,600	£ -	£ 9,433	£334,033

Included in the net book value of tangible fixed assets are assets held under finance leases and hire purchase contracts of £10,564 (1994: £7,390)

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995
(Continued)

10. Investments	Subsidiary Undertakings		Total £
	Shares £	Loan £	
Cost:			
At 1st September 1994	1,019,207	36,080	1,055,287
Additions	69,734	-	69,734
Reclassifications	27,353	(27,353)	-
At 31st August 1995	1,116,294	8,727	1,125,021

The following were subsidiary undertakings of the company at the end of the year:

	Country of incorporation	Holding	Proportion Held	Nature of Business
Edelstahl Rostfrei Nord Handelgesellschaft GmbH	Germany	Ord. Shares	100%	Suppliers of rigidized steel products
Rigidized Metals (Ireland) Limited	Republic of Ireland	Ord. Shares	100%	Suppliers of rigidized steel products
Mitex Rigidized Metals Pty Limited	Australia	Ord. Shares Pref. Shares	100% 100%	Rolling and supplying patterned metals

In the opinion of the directors the aggregate value of the company's investment in its subsidiaries consisting of shares in and amounts owed by the subsidiaries is not less than the aggregate amounts included in the balance sheet.

11. Stock	1995 £	1994 £
Boat held for re-sale	£ 55,000	£ 65,000

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995
(Continued)

12. Debtors	<u>1995</u> £	<u>1994</u> £
Trade debtors	802,111	541,632
Amounts owed by parent undertaking	13,175	1,833
Amounts owed by subsidiary undertakings	51,729	259,831
Other debtors	39,982	27,728
Prepayments and accrued income	4,511	104
	£ 911,508	£ 831,128
13. Creditors: amounts falling due within one year		
Bank loan and overdrafts (Note 15)	350,361	204,692
Net obligations under finance leases and hire purchase contracts	4,421	3,939
Trade creditors	135,374	17,668
Amounts owed to group undertakings	1,606,915	932,543
Amounts owed to related parties	13,590	30,685
Corporation tax payable	44,757	104,786
Accruals	76,179	67,799
	£2,231,597	£1,362,112
14. Creditors: amounts falling due after one year		
Bank loan (Note 15)	199,863	225,109
Net obligations under finance leases and hire purchase contracts	3,322	2,144
Amounts owed to group undertakings	-	643,649
Accruals	12,000	-
	£ 215,185	£ 870,902

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995
(Continued)

15. Bank borrowings

	<u>1995</u> £	<u>1994</u> £
Bank loan and overdrafts:		
Instalments due - after five years	98,880	124,126
- between two and five years	75,738	75,738
- between one and two years	25,245	25,245
	199,863	225,109
Due within one year or on demand	350,361	204,692
	£550,224	£429,801
Amounts repayable by instalments part of which falls due after five years	£225,109	£250,354

The bank loan is repayable in equal monthly instalments by July 2004 at 2.5% over base rate. The bank loan and overdrafts are secured by fixed and floating charges over the assets of the company.

16. Deferred taxation

Deferred taxation provided for in the financial statements and the potential liability, including amounts for which provision has been made, are as follows:-

	Total Potential Liability		Amounts provided	
	<u>1995</u> £	<u>1994</u> £	<u>1995</u> £	<u>1994</u> £
Accelerated capital allowances	4,518	(9,900)	-	-
	£ 4,518	£ (9,900)	£ -	£ -

17. Share capital

Authorised

5,000 Ordinary shares of £1 each	£ 5,000	£ 5,000

Allotted, called up and fully paid

100 Ordinary shares of £1 each	£ 100	£ 100

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995
(Continued)

18.	Profit and loss account	<u>1995</u> £	<u>1994</u> £
	At 1st September 1994	57,808	10,929
	Transferred (from)/to reserves	(57,808)	46,879
	At 31st August 1995	£ -	£ 57,808
19.	Reconciliation of movements in shareholders' funds		
	Profit for the financial year	27,387	71,879
	Dividends	(85,195)	(25,000)
	Opening shareholders' funds	(57,808) 57,908	46,879 11,029
	Closing shareholders' funds	£ 100	£ 57,908
	Represented by:		
	Equity interests	£ 100	£ 57,908
20.	Contingent liabilities		
	The company has given the following guarantees on behalf of another group undertaking, Rigidized Metals Limited:-		
	i) An unlimited guarantee in respect of bank borrowings which at the balance sheet date amounted to £1,620,843 (1994: £1,719,326)		
	ii) A guarantee in respect of the payment of a hire purchase contract. The amount of indebtedness guaranteed at the balance sheet date amounted to £146,372 (1994: £14,489)		
21.	Leasing commitments		
	Finance leases and hire purchase contracts:	<u>1995</u> £	<u>1994</u> £
	The net obligations under finance leases and hire purchase contracts included in creditors are payable as follows:		
	Within one year	4,421	3,939
	Within two and five years	3,322	2,144
		£ 7,743	£ 6,083

RIGIDIZED METALS EXPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 1995
(Continued)

22. Pension commitments

The company is a member of a group defined benefits pension scheme for its employees providing benefits based upon final pensionable earnings. The assets of the scheme are held separately from those of the group companies being invested with an Insurance Company.

Employer's contributions to the scheme are charged to the profit and loss account so as to spread the cost over employees' working lives. The contributions are determined by qualified actuaries on the basis of triennial valuations. The particulars of the most recent actuarial valuation of the group scheme are contained in the consolidated financial statements of The Rimex Group Limited.

The pension charge for the year was £4,476 (1994:£3,254).

The employer's and employees' contributions are 7.8% and 3% respectively

The company is also a member of a group defined contribution pension scheme available to certain employees. Particulars of the group scheme are contained in the consolidated financial statements of The Rimex Group Limited. The pension charge for the year was £3,000 (1994:£1,000).

23. Interest of directors in contracts with the company

During the year the company entered into transactions in the ordinary course of business, and at arms length with Rigidized Metals Overseas Limited, a company in which Mr. K. Childs is a shareholder and director. The sales and other transactions amounted to £27,164 (1994 : £27,095). As at 31st August 1995 Rigidized Metals Overseas Limited was due £13,590 (1994 : £30,685) from the company.

24. Post balance sheet events

In September 1995, the company transferred its trade and net assets to Rigidized Metals Limited, a fellow group undertaking.

Also in September 1995, the freehold property was transferred to The Rimex Group Limited as part of the rearrangement of the banking facilities. The bank loan disclosed in note 15 has been repaid as a result of this refinancing.

25. Ultimate parent company

The ultimate parent company is The Rimex Group Limited, a company registered in England.

The results of the company are incorporated in the consolidated financial statements of The Rimex Group Limited.