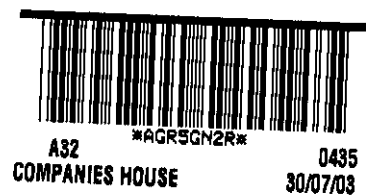


1211971

Steelhouse Metals Limited

Report and Financial Statements

31 December 2002



Steelhouse Metals Limited

Registered No: 1211971

Directors

P C Nix (Chairman)

J G Burns

V J Glover

Secretary

J G Burns

Auditors

Ernst & Young LLP

One Colmore Row

Birmingham

B3 2DB

Principal bankers

Barclays Bank Plc

PO Box 228

1 Mosley Street

Manchester

M60 3DQ

Solicitors

Freeth Cartwright LLP

Willoughby House

20 Low Pavement

Nottingham

NG1 7EA

Registered office

Radnor Park Industrial Estate

Congleton

Cheshire

CW12 4XE

Directors' report

The directors present their report and financial statements for the year ended 31 December 2002.

Results and dividends

The loss for the year amounted to £32,415. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company is retailing of metals.

On 31 December 2002, the trade and certain assets and liabilities of Steelhouse Metals Limited were transferred to FE Mottram (Non-Ferrous) Limited, a fellow group company. Assets and liabilities were transferred at book value.

Future Developments

The directors anticipate that the company will become dormant.

Directors and their interests

The directors of the company during the year and their interests in the share capital of the company are as follows:-

	2002 Ordinary shares	2001 Ordinary shares
P C Nix (Chairman)	1	1
J G Burns	—	—
V J Glover	—	—

The interests of directors in other group companies are shown in the respective company's accounts.

Auditors

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

By order of the board



J G Burns
Secretary

09/07/ 2003

Statement of directors' responsibilities in respect of the financial statements

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 of the profit or loss of the company for that year. 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; and
- 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.

Independent auditors' report

to the members of Steelhouse Metals Limited

We have audited the company's financial statements for the year ended 31 December 2002, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company'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 company'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 company and the company'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 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 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 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.

Independent auditors' report
to the members of Steelhouse Metals Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young LLP
Registered Auditor
Birmingham

9 July 2003

Profit and loss account

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	2,095,696	3,989,904
Cost of sales		2,011,935	3,882,153
Gross profit		83,761	107,751
Administrative expenses and distribution costs		103,877	193,460
Operating loss	3	(20,116)	(85,709)
Loss on disposal of tangible fixed assets		(12,900)	—
Interest payable and similar charges	5	(5,401)	(21,222)
Loss on ordinary activities before taxation		(38,417)	(106,931)
Tax on loss on ordinary activities	6	(6,002)	(17,843)
Loss for the financial year	15	(32,415)	(89,088)

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the loss of £32,415 attributable to the shareholders for the year ended 31 December 2002 (2001 - loss of £89,088).

Balance sheet

at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	7	—	58,075
Current assets			
Stocks	8	—	149,517
Debtors	9	155,761	732,371
Cash at bank		1,617	3,719
		157,378	885,607
Creditors: amounts falling due within one year	10	154,874	906,658
Net current assets/(liabilities)		2,504	(21,051)
Total assets less current liabilities		2,504	37,024
Provisions for liabilities and charges			
Deferred taxation	6	—	2,105
		2,504	34,919
Capital and reserves			
Called up share capital	14	100	100
Capital Contribution	15	250,000	250,000
Profit and loss account	15	(247,596)	(215,181)
Equity shareholders' funds	15	2,504	34,919



P C Nix
Chairman

09/07/ 2003



J G Burns
Secretary

09/07/2003

Notes to the financial statements

at 31 December 2002

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

In preparing the financial statements for the current year, the company has adopted FRS 19 'Deferred Tax'. The adoption of FRS 19 has resulted in a change in accounting policy for deferred tax. Deferred tax is now recognised on a full provision basis in accordance with the accounting policy described below. Previously, deferred tax was provided for on a partial provision basis, whereby provision was made on all timing differences to the extent that they were expected to reverse in the future.

There is no impact on the company's results as a result of the adoption of FRS 19 since the deferred tax liability was previously recognised in full under the provision of SSAP 15.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement on the grounds that the company is a 99% owned subsidiary undertaking of FE Mottram Limited, the consolidated accounts of which are publicly available.

Fixed assets

Fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant and Machinery	-	10% straight line
Fixtures and Fittings	-	10-20% straight line
Motor Vehicles	-	25% reducing balance
Leasehold Improvements	-	4% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

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

Notes to the financial statements

at 31 December 2002

1. Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transactions are covered by a forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate the forward contract rate.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

Post retirement benefits

The company has agreed to provide certain additional post-retirement benefits to selected senior employees. The estimated cost of providing such benefits is charged against profits on a systematic basis over the employees' working lives within the company.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is all attributable to the retailing of metals. As explained in the Directors report, the trade and certain assets and liabilities of the company were transferred to F E Mottram (Non-Ferrous) Limited, a fellow group company, on 31 December 2002. As such, all turnover is classed as discontinued.

An analysis of turnover by geographical market is given below:

	2002 £	2001 £
United Kingdom	2,095,696	3,938,134
USA	—	51,770
	<u>2,095,696</u>	<u>3,989,904</u>

Notes to the financial statements

at 31 December 2002

3. Operating loss

This is stated after charging:

	2002 £	2001 £
Auditors' remuneration - audit services	2,000	2,000
- non-audit services	1,000	1,000
Directors' emoluments	-	-
Depreciation of owned fixed assets	5,853	11,523
Operating lease rentals - land and buildings	7,000	10,500
	<u>7,000</u>	<u>10,500</u>

4. Staff costs

	2002 £	2001 £
Wages and salaries	55,411	62,480
Social security costs	6,538	6,998
Other pension costs (note 16)	1,470	5,300
	<u>63,419</u>	<u>74,778</u>

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

	2002 No.	2001 No.
Average Number of staff	<u>4</u>	<u>5</u>

5. Interest payable and similar charges

	2002 £	2001 £
Bank interest payable	5,401	20,078
Group Interest	-	1,144
	<u>5,401</u>	<u>21,222</u>

Notes to the financial statements

at 31 December 2002

6. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2002 £	2001 £
<i>Current tax:</i>		
UK corporation tax	–	(19,265)
Group relief (recoverable)	(5,936)	–
Total current tax (note 6(b))	(5,936)	(19,265)
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(66)	1,422
Tax on loss on ordinary activities	(6,002)	(17,843)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 - 30%). The differences are reconciled below:

	2002 £	2001 £
Loss on ordinary activities before taxation	(38,417)	(106,931)
Loss on ordinary activities multiplied by rate of tax, 30%	(11,525)	(21,386)
Disallowed expenses and non-taxable income	5,718	2,531
Capital allowances in excess of depreciation	(129)	(410)
Total current tax (note 6(a))	(5,936)	(19,265)

(c) Deferred tax

	2002 £	2001 £
Acceleration of capital allowances	–	(2,105)
Provision for deferred taxation	–	(2,105)
At 1 January 2002		(2,105)
Transferred to group companies with transfer of trade		2,039
Profit and Loss Account movement arising during the year		66
At 31 December 2002		–

Notes to the financial statements

at 31 December 2002

7. Tangible fixed assets

	<i>Leasehold Improvements</i>	<i>Plant & Machinery</i>	<i>Fixtures & Fittings</i>	<i>Motor Vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2002	13,090	64,070	978	27,774	105,912
Additions	–	900	–	–	900
Disposals	(13,090)	–	(978)	(6,874)	(20,942)
Transfer to fellow subsidiary undertaking	–	(64,970)	–	(20,900)	(85,870)
At 31 December 2002	–	–	–	–	–
Depreciation:					
At 1 January 2002	524	28,691	332	18,290	47,837
Provided during the year	–	3,568	197	2,088	5,853
Disposals	(524)	–	(529)	(2,715)	(3,768)
Transfer to fellow subsidiary undertaking	–	(32,259)	–	(17,663)	(49,922)
At 31 December 2002	–	–	–	–	–
Net book value:					
At 31 December 2002	–	–	–	–	–
At 1 January 2002	12,566	35,379	646	9,484	58,075

Transfers represent the transfer of fixed assets to F E Mottram (Non-Ferrous) Limited at book value on 31 December 2002.

8. Stocks

	2002	2001
	£	£
Raw materials	–	149,517

In the opinion of the directors there is no material difference between the replacement cost of stocks and the amounts stated above.

All stocks were transferred to F E Mottram (Non-Ferrous) Limited at book value on 31 December 2002.

9. Debtors

	2002	2001
	£	£
Trade debtors	24,331	661,949
Amounts owed by group undertakings	80,704	58,830
Other debtors	47,201	6,573
Prepayments and accrued income	3,525	5,019
	155,761	732,371

Notes to the financial statements

at 31 December 2002

10. Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	143,629	18,518
Trade creditors	11,245	538,718
Amounts owed to group undertakings	—	185,064
Other taxation and social security	—	2,031
Other short term advances	—	151,519
Accruals and deferred income	—	10,808
	<u>154,874</u>	<u>906,658</u>

The bank overdraft is secured by a debenture on the undertaking and assets of the company and a reciprocal guarantee between the company, its holding company and a fellow subsidiary undertaking.

11. Commitments under operating leases

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land and buildings</i>	
	2002 £	2001 £
Operating leases which expire:		
In two to five years	<u>—</u>	<u>10,500</u>

As a result of the transfer of trade to F E Mottram (Non Ferrous) Limited on 31 December 2002, there were no operating lease commitments at the balance sheet date.

12. Contingent liability

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 2002 amounted to £259,173 (2001: £8,744) and in respect of other short term agreements secured on debtors of £2,511,456 (2001: £2,321,579).

13. Related party transactions

The company is taking advantage of the exemption in Financial Reporting Standard No.8 not to disclose transactions with other group companies on the grounds that it is a 99% owned subsidiary undertaking of F E Mottram Limited, for which consolidated group financial statements are publicly available.

The company occupies buildings owned by the personal pension plan of the directors, Mr P C Nix and Mrs R E Nix. Rentals for the building at arms length basis of £7,000 (2001: £10,500) have been paid to the pension plan during the year.

Notes to the financial statements

at 31 December 2002

14. Share capital

	<i>Authorised</i>	
	2002	2001
	£	£
Ordinary shares of £1 each	100	100

	<i>Allotted, called up and fully paid</i>	
	2002	2001
	No.	No.
	£	£
Ordinary shares of £1 each	100	100

15. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Capital Contribution</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£
At 1 January 2001	100	—	(126,093)	(125,993)
Loss for the year	—	—	(89,088)	(89,088)
Capital Contribution	—	250,000	—	250,000
At 31 December 2001	100	250,000	(215,181)	34,919
Loss for the year	—	—	(32,415)	(32,415)
At 31 December 2002	100	250,000	(247,596)	2,504

The capital contribution represents a loan of £250,000 from the parent company, which was converted into a contribution in 2001.

16. Pension Commitments

The company operates various pension schemes, the assets of which are held in separately administered funds. The profit and loss account charge for pension costs is made in accordance with the accounting policy stated in note 1.

The schemes are all defined contribution arrangements. The net pension cost charged to the profit and loss account during the year in respect of defined contribution schemes was £1,470 (2001: £5,300). There were no outstanding contributions at the year end date.

17. Ultimate parent company

The company's ultimate parent company and controlling party is F E Mottram Limited, a company registered in England. It has included the company in its group financial statements, copies of which can be obtained from the Secretary, F E Mottram Ltd, Radnor Park Industrial Estate, Congleton, Cheshire, CW12 4XE. This is both the smallest and largest group in which the company's results are included.