

STEEL & ALLOY HOLDINGS LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2000

Registered number: 3326521

WORTON ROCK

CHARTERED ACCOUNTANTS

Dudley



STEEL & ALLOY HOLDINGS LIMITED
FINANCIAL STATEMENTS
for the year ended 31st March 2000

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STEEL & ALLOY HOLDINGS LIMITED

COMPANY INFORMATION

31st March 2000

INCORPORATED	in England on 25th February 1997
NUMBER	3326521
CHAIRMAN	B D Ashwell
OTHER DIRECTORS	F L Ashwell D R Johnson
SECRETARIES	F L Ashwell D R Johnson
REGISTERED OFFICE	Trafalgar Works Union Street West Bromwich West Midlands
BANKERS	Barclays Bank Plc Barclays Business Centre Queens Square Branch PO Box 5, Queens Square Wolverhampton
AUDITORS	Worton Rock Chartered Accountants Churchfield House 36 Vicar Street Dudley

STEEL & ALLOY HOLDINGS LIMITED

DIRECTORS' REPORT

31st March 2000

The directors present their report and the audited financial statements for the year ended 31st March 2000.

Principal activity

The principal activity of the company is that of a holding company. The activity of the subsidiary is that of the process of strip mill products mainly for the automotive industry. The activity of the joint venture is that of the production of laser welded blanks for the automotive industry.

Business review and future developments

The group's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £13,040,215.

Current market conditions prevailing in the UK Automotive components market are very difficult, particularly in view of the situation regarding Rover Cars. Consequently, the remainder of calendar year 2000 is likely to show a significant downturn in the volume and margins arising on the Company's trading. However, there are better prospects for the medium and long term future and the Directors do not expect the short term problems to fundamentally impact upon the Company's operating capability.

Results and dividends

The results for the period are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Fixed assets

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in notes 8 and 9.

continued

DIRECTORS' REPORT
(continued)

31st March 2000

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31st March 2000 Ordinary shares	31st March 1999 Ordinary shares
B D Ashwell	79,100	79,100
F L Ashwell	26,600	26,600
D R Johnson	-	-

Non-beneficial interests

The directors of the group at the end of the year had the following non-beneficial interests:

B D Ashwell	60,900	60,900
F L Ashwell	43,400	43,400
D R Johnson	-	-

Year 2000 compliance

The group did not experience any significant failures in its computer system following the date change on 1st January 2000. The company remains vigilant for any residual risks or uncertainties that could still arise.

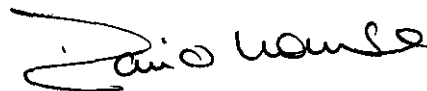
Euro

The group does not anticipate any significant costs will be incurred from the introduction of the Euro.

Auditors

Worton Rock have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

D R Johnson
Secretary

Trafalgar Works
Union Street
West Bromwich
West Midlands

31st October 2000

STEEL & ALLOY HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

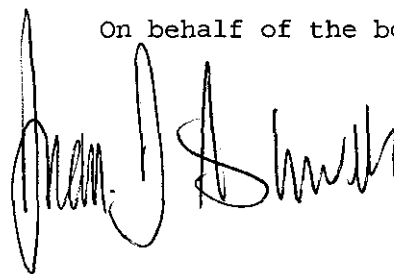
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and 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 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.

31st October 2000

On behalf of the board

A handwritten signature in black ink, appearing to read 'B D Ashwell', written over a horizontal line.

B D Ashwell
Chairman

STEEL & ALLOY HOLDINGS LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Steel & Alloy Holdings Limited

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3, 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.

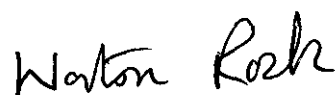
Basis of opinion

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 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 error or other irregularity. 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 2000 and of its profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dudley
31st October 2000

Worton Rock
Registered Auditors
Chartered Accountants

STEEL & ALLOY HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2000

	Note	2000 £	1999 £
Turnover : group and share of joint venture		59,356,125	56,123,690
Less share of joint venture's turnover		(2,738,184)	(505,573)
	2	56,617,941	55,618,117
Cost of sales		52,203,640	51,441,746
Gross profit		4,414,301	4,176,371
Net operating expenses			
Administrative expenses		(2,961,662)	(2,574,153)
Other operating income		75,000	75,000
Operating profit	3	1,527,639	1,677,218
Share of operating (loss)/profit in joint venture		(309,480)	(241,115)
		1,218,159	1,436,103
Other income	5	218,219	175,496
Interest payable	6	(247,364)	(109,371)
Profit on ordinary activities before taxation		1,189,014	1,502,228
Taxation	7	(520,476)	(344,988)
Profit on ordinary activities after taxation retained for the group and its share of the joint venture	20	668,538	1,157,240

Movements in reserves are shown in the notes to the financial statements.

None of the group's activities were acquired or discontinued during the above financial year.

There were no recognised gains or losses other than the profit on ordinary activities after tax.

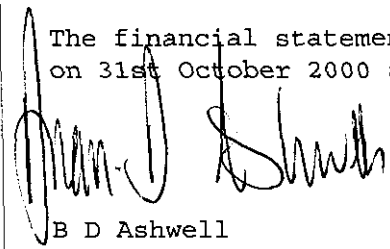
The profit for the holding company for the year ended 31st March 2000 was £1,699,379 (1999 loss £6,574).

GROUP BALANCE SHEET

at 31st March 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	8	8,944,593		8,431,169	
Investments	10	1,560,918		288,647	
		<u>10,505,511</u>		<u>8,719,816</u>	
Current assets					
Stocks	11	4,343,973		3,972,909	
Debtors	12	11,535,513		9,926,250	
Cash at bank and in hand		515,485		1,553,618	
		<u>16,394,971</u>		<u>15,452,777</u>	
Creditors: amounts falling due within one year	13	(12,275,007)		(9,850,285)	
Net current assets		<u>4,119,964</u>		<u>5,602,492</u>	
Total assets less current liabilities		<u>14,625,475</u>		<u>14,322,308</u>	
Creditors: amounts falling due after more than one year	14	(1,072,260)		(1,460,631)	
Provision for liabilities and charges	15	(513,000)		(490,000)	
		<u>13,040,215</u>		<u>12,371,677</u>	
Capital and reserves					
Called up share capital	18	210,000		210,000	
Revaluation reserve	19	760,916		760,916	
Profit and loss account	20	12,069,299		11,400,761	
Total shareholders' funds	17	<u>13,040,215</u>		<u>12,371,677</u>	

The financial statements on pages 5 to 19 were approved by the board of directors on 31st October 2000 and signed on its behalf by:


B D Ashwell
Chairman

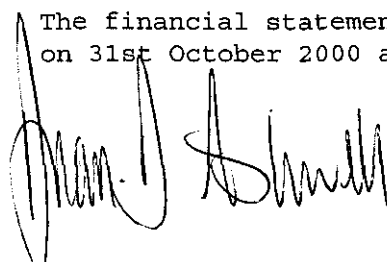
STEEL & ALLOY HOLDINGS LIMITED

HOLDING COMPANY BALANCE SHEET

at 31st March 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	8		1,009,066		-
Investments	10		2,210,000		710,000
			<u>3,219,066</u>		<u>710,000</u>
Current assets					
Debtors	12	152,214		-	
		<u>152,214</u>		-	
Creditors: amounts falling due within one year	13	(1,007,704)		(45,803)	
Net current liabilities			(855,490)		(45,803)
Net assets			<u>2,363,576</u>		<u>664,197</u>
Capital and reserves					
Called up share capital	18		210,000		210,000
Profit and loss account	20		2,153,576		454,197
Total shareholders' funds	17		<u>2,363,576</u>		<u>664,197</u>

The financial statements on pages 5 to 19 were approved by the board of directors on 31st October 2000 and signed on its behalf by:



B D Ashwell
Chairman

STEEL & ALLOY HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT

for the year ended 31st March 2000

	Note	2000 £	1999 £
Net cash outflow from operating activities	21	2,057,644	3,214,376
Returns on investments and servicing of finance			
Interest paid	(156,101)		(89,648)
Other returns	203,031		147,193
		46,930	57,545
Taxation			
Corporation tax paid		(601,130)	(692,792)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,453,903)		(3,415,521)
Purchase of fixed asset investments	(1,500,000)		-
Sale of tangible fixed assets	11,496		36,940
		(2,942,407)	(3,378,581)
		(1,438,963)	(799,452)
Financing			
Bank loan advances	675,000		250,000
Finance leases	(399,935)		1,224,187
		275,065	1,474,187
(Decrease)/Increase in cash		(1,163,898)	674,735

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

1 Accounting policies**Basis of accounting**

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

Basis of consolidation

The group's financial statements have been consolidated under the merger method of accounting in accordance with Financial Reporting Standard number 6 and section 131 and 132 Companies Act 1985.

The consolidated accounts incorporate the results of the subsidiary company for the year ended 31st March 2000 and the joint venture, under the gross equity method, for the year ended 31st December 1999. No significant activities have occurred in the joint venture between 1st January 2000 and 31st March 2000.

The profit and loss account of the parent company is not separately shown in these financial statements in accordance with the concession granted under section 230 of the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	No depreciation is provided
Freehold buildings	4% straight line basis
Leasehold land and buildings	Over the term of the lease
Plant and machinery	10% straight line
Motor vehicles	20% straight line
Fixtures and fittings	15 - 20% straight line

Depreciation is not charged on freehold buildings until they are occupied and in use. The property purchased during the year by the parent company came into use on 19th June 2000 and therefore depreciation has not been charged in these financial statements.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pension costs**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The turnover for the period was derived from the group's principal activity.

The analysis of turnover by geographical area is as follows:

	2000	1999
	£	£
Geographically		
United Kingdom	56,610,392	55,594,587
E.C.	7,549	23,530
	<u>56,617,941</u>	<u>55,618,117</u>

3 Operating profit

	2000	1999
	£	£
Operating profit is stated after crediting		
Profit on sale of assets	<u>2,135</u>	<u>10,802</u>
and after charging		
Staff costs (note 4)	4,107,661	3,767,522
Auditors' remuneration	16,275	16,290
Operating leases		
Hire of plant and machinery	<u>37,255</u>	<u>36,886</u>
Depreciation of tangible fixed assets		
(note 8)		
owned assets	654,399	497,519
leased assets	<u>276,719</u>	<u>166,681</u>
	<u>931,118</u>	<u>664,200</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

4 Directors and employees

	2000	1999
Staff costs including directors' emoluments	£	£
Wages and salaries and national insurance	4,036,600	3,706,681
Pension costs	71,061	60,841
	<u>4,107,661</u>	<u>3,767,522</u>

Average monthly number employed including executive directors:	Number	Number
Production staff	107	98
Administration staff	55	52
	<u>162</u>	<u>150</u>

Directors	£	£
Emoluments	572,023	412,672
Company contributions to money purchase pension schemes	13,273	8,850
	<u>585,296</u>	<u>421,522</u>

During the period the following number of directors:	Number	Number
Accrued retirement benefits under:		
Money purchase pension schemes	3	2
	<u>3</u>	<u>2</u>

Highest paid director	£	£
Aggregate emoluments	320,002	260,960
Company contributions to a money purchase pension scheme	-	-
	<u>320,002</u>	<u>260,960</u>

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £71,061 (1999 £60,841) including contributions in respect of employees.

Contributions totalling £0 (1999 £0) were payable to the fund at 31st March 2000 and are included in creditors.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

5 Other income

	2000	1999
	£	£
Interest receivable for group	136,715	97,946
Net rental income	66,287	49,200
Investment income	29	47
Share of interest receivable in joint venture	203,031	147,193
	15,188	28,303
	218,219	175,496

6 Interest payable

	2000	1999
	£	£
Bank interest	156,101	89,648
Share of bank interest on joint venture	91,263	19,723
	247,364	109,371

7 Taxation

	2000	1999
	£	£
UK corporation tax:		
Current tax on profit on ordinary activities of parent and subsidiary at 30% (1999 31%)	447,570	188,851
Share of current tax on income of joint venture at 20% (1999 21%)	-	(1,034)
Deferred taxation	23,000	160,000
	470,570	347,817
Consortium relief	39,072	-
Adjustments in respect of prior periods	10,834	(2,829)
	520,476	344,988

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

8 Tangible fixed assets

<u>COMPANY</u>	Land and Buildings
Cost	
Additions	1,009,066
31st March 2000	<u>1,009,066</u>
Net book amount	
31st March 2000	<u>1,009,066</u>
31st March 1999	<u>-</u>

<u>GROUP</u>	Motor Vehicles	Plant and Machinery	Fixtures and Fittings	Land and Buildings	Total
Cost or valuation	£	£	£	£	£
1st April 1999	362,056	6,670,745	678,642	4,226,180	11,937,623
Additions	129,357	233,794	45,519	1,045,233	1,453,903
Disposals	(49,298)	-	(1,446)	-	(50,744)
31st March 2000	<u>442,115</u>	<u>6,904,539</u>	<u>722,715</u>	<u>5,271,413</u>	<u>13,340,782</u>
Depreciation					
1st April 1999	127,160	2,388,186	433,491	557,617	3,506,454
Charge for period	78,447	634,776	79,584	138,311	931,118
Disposals	(41,190)	-	(193)	-	(41,383)
31st March 2000	<u>164,417</u>	<u>3,022,962</u>	<u>512,882</u>	<u>695,928</u>	<u>4,396,189</u>
Net book amount					
31st March 2000	<u>277,698</u>	<u>3,881,577</u>	<u>209,833</u>	<u>4,575,485</u>	<u>8,944,593</u>
31st March 1999	<u>234,896</u>	<u>4,282,559</u>	<u>245,151</u>	<u>3,668,563</u>	<u>8,431,169</u>

The net book value of tangible fixed assets includes an amount of £1,758,788 (1999 £2,035,385) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

At 23rd March 2000 the carrying amount of the tangible fixed assets reflects previous revaluations. The company is following the transitional provisions of FRS 15 and the valuation has therefore not been updated. The date of the last revaluation was 31st March 1989.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

9 Land and buildings

	2000	1999
	£	£
Freehold	4,506,043	3,596,343
Short leasehold	69,442	72,220
	<u>4,575,485</u>	<u>3,668,563</u>

Land and buildings of the subsidiary were revalued on 31st March 1989 and the revaluation incorporated in the accounts.

If land and buildings had not been revalued they would have been included at the following amounts:

	2000	1999
	£	£
Cost	<u>3,501,431</u>	<u>3,465,264</u>
Aggregate depreciation based thereon	<u>565,656</u>	<u>444,548</u>

Land and buildings includes £761,009 which is not depreciated (1999 £761,009)

10 Fixed asset investments

	2000	1999
	£	£
Group investment in joint venture		
Share of gross assets as at 31st December 1999	3,193,803	1,480,329
Share of gross liabilities as at 31st December 1999	<u>1,632,885</u>	<u>1,191,682</u>
	<u>1,560,918</u>	<u>288,647</u>
Company		
210,000 ordinary shares in Steel & Alloy Processing Limited, a wholly owned subsidiary registered in England	£ 210,000	£ 210,000
2,000,000 (1999 500,000) 'B' ordinary shares in Laser Welded Blanks Limited, a joint venture (50% holding), registered in England	<u>2,000,000</u>	<u>500,000</u>
	<u>2,210,000</u>	<u>710,000</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

11 Stocks

	Group	Company	Group	Company
	2000		1999	
	£	£	£	£
Raw materials	2,401,167	-	2,885,473	-
Finished goods	1,942,806	-	1,087,436	-
	<u>4,343,973</u>	<u>-</u>	<u>3,972,909</u>	<u>-</u>

12 Debtors

Amounts falling due within one year

	Group	Company	Group	Company
	2000		1999	
	£	£	£	£
Trade debtors	10,666,005	-	9,237,579	-
Amounts owed by group undertakings	-	24,879	-	-
Amounts owed by participating interests	532,876	-	409,744	-
Other debtors	128,085	127,335	3,958	-
Prepayments and accrued income	208,547	-	274,969	-
	<u>11,535,513</u>	<u>152,214</u>	<u>9,926,250</u>	<u>-</u>

13 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2000		1999	
	£	£	£	£
Bank loans and overdraft	1,082,804	157,804	282,039	32,039
Trade creditors	7,672,433	-	7,269,675	-
Bills of exchange payable	-	-	-	-
Corporation tax	243,024	-	188,851	-
Other taxation and social security	1,145,300	-	942,447	-
Director's loan account	394,829	978	279,851	-
Amount owed to group undertaking	-	-	-	12,489
Accruals and deferred income	1,348,209	848,922	487,449	1,275
Obligations under finance leases and hire purchase contracts - note 14	388,408	-	399,973	-
	<u>12,275,007</u>	<u>1,007,704</u>	<u>9,850,285</u>	<u>45,803</u>

A composite accounting agreement exists between the group and the group's bankers dated 31st July 1997.

Any bank overdraft is secured by various legal charges on the freehold and leasehold land and buildings of the company.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

14 Creditors: amounts falling due
after more than one year

	Group 2000	Company	Group 1999	Company
	£	£	£	£
Obligations under finance leases	1,072,260	-	1,460,631	-
	<u>1,072,260</u>	<u>-</u>	<u>1,460,631</u>	<u>-</u>

Obligations under finance leases
and hire purchase contractsThese are repayable over
varying periods by monthly
instalments as follows:

	£	£	£	£
In the next year - see note 13	388,408	-	399,973	-
In the second to fifth years	1,072,260	-	1,460,631	-
	<u>1,460,668</u>	<u>-</u>	<u>1,860,604</u>	<u>-</u>

15 Provision for liabilities and charges

Group	2000	Profit and loss account	1999
	£	£	£
Deferred taxation (notes 7 and 16)	513,000	23,000	490,000
	<u>513,000</u>	<u>23,000</u>	<u>490,000</u>

16 Deferred taxation

	2000				1999			
	Potential liability	Provision made	Potential liability	Provision made	Potential liability	Provision made	Potential liability	Provision made
	Group	Company	Group	Company	Group	Company	Group	Company
	£	£	£	£	£	£	£	£
Corporation tax deferred by Capital allowances in excess of net book value	513,000	-	513,000	-	490,000	-	490,000	-
	<u>513,000</u>	<u>-</u>	<u>513,000</u>	<u>-</u>	<u>490,000</u>	<u>-</u>	<u>490,000</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate
of 30% (1999 30%)

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

17 Reconciliation of movements in shareholders' funds

	Group	Company	Group	Company
	2000		1999	
	£	£	£	£
Profit/(loss) for the financial year	668,538	1,699,379	1,157,240	(6,574)
Representing a net addition to/ (subtraction from) shareholders funds	668,538	1,699,379	1,157,240	(6,574)
Opening shareholders' funds	12,371,677	664,197	11,214,437	670,771
Closing shareholders' funds	13,040,215	2,363,576	12,371,677	664,197

18 Called up share capital

	2000		1999	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	210,000	210,000	210,000	210,000
Allotted called up and fully paid				
Ordinary shares of £1 each	210,000	210,000	210,000	210,000

19 Revaluation reserve

	Group	Company	Group	Company
	2000		1999	
	£	£	£	£
At 1st April 1999 and 31st March 2000	760,916	-	760,916	-

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

20 Profit and loss account

	Group 2000	Company 2000	Group 1999	Company 1999
	£	£	£	£
At 1st April 1999	11,400,761	454,197	10,243,521	460,771
Retained profit/ (loss) for the year	668,538	1,699,379	1,157,240	(6,574)
At 31st March 2000	12,069,299	2,153,576	11,400,761	454,197

21 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	2000 £	1999 £
Operating profit	1,527,639	1,677,218
Depreciation charges	931,118	664,200
Profit on sale of fixed assets	(2,135)	(10,802)
(Increase) in stocks	(371,064)	(319,675)
(Increase)/decrease in debtors	(1,609,263)	4,268,580
Increase/(decrease) in creditors	1,581,349	(3,065,145)
Net cash inflow from operating activities	2,057,644	3,214,376

22 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash in hand, at bank	1,553,618	(1,038,133)	515,485
Bank overdraft	(32,039)	(125,765)	(157,804)
	1,521,579	(1,163,898)	357,681
Debt due within 1 year	(250,000)	(675,000)	(925,000)
Finance leases	(1,860,604)	399,935	(1,460,669)
	(2,110,604)	(275,065)	(2,385,669)
Total	(589,025)	(1,438,963)	(2,027,988)

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2000

22 Notes to cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2000	1999
	£	£
(Decrease)/increase in cash in the period	(1,163,898)	674,735
Cash inflow from increase in debt and lease financing	(275,065)	(1,474,187)
Change in net debt resulting from cash flows	(1,438,963)	(799,452)
Net debt at 1st April 1999	(589,025)	210,427
Net debt at 31st March 2000	(2,027,988)	(589,025)

23 Related parties

During the year the subsidiary company traded with an associated company on normal trading terms in the sum of £5,310,245 (1999 £ 1,504,502). At the balance sheet date the associate owed the subsidiary company £532,876 (1999 £409,744)

Exemption has been claimed under Financial Reporting Standard number 8 requiring the disclosure of group transactions.