

STEEL & ALLOY HOLDINGS LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2001

Registered number: 3326521

WORTON ROCK

CHARTERED ACCOUNTANTS

Dudley



STEEL & ALLOY HOLDINGS LIMITED

FINANCIAL STATEMENTS

for the year ended 31st March 2001

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STEEL & ALLOY HOLDINGS LIMITED

COMPANY INFORMATION

31st March 2001

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 2001

The directors present their report and the audited financial statements for the year ended 31st March 2001.

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 £13,657,360.

Market conditions in the UK automotive components market improved significantly towards the end of year 2000. The Directors are optimistic about prospects for sales volumes in the short and medium term future.

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

STEEL & ALLOY HOLDINGS LIMITED

DIRECTORS' REPORT
(continued)

31st March 2001

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 2001 Ordinary shares	31st March 2000 Ordinary shares
B D Ashwell	79,100	79,100
F L Ashwell	26,600	26,600
D R Johnson	-	-

Non-beneficial interests

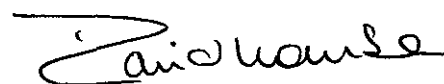
The directors of the group at the end of the year had the following non-beneficial interests:

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

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

8th October 2001

STEEL & ALLOY HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

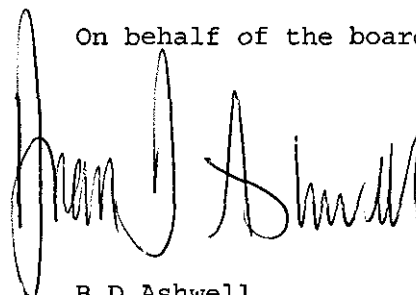
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- 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.

8th October 2001

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 20 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 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dudley
8th October 2001

Worton Rock
Registered Auditors
Chartered Accountants

STEEL & ALLOY HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2001

	Note	2001 £	2000 £
Turnover : group and share of joint venture		55,209,174	59,356,125
Less share of joint venture's turnover		(1,337,672)	(2,738,184)
	2	53,871,502	56,617,941
Cost of sales		49,677,140	52,203,640
Gross profit		4,194,362	4,414,301
Net operating expenses			
Administrative expenses		(2,765,962)	(2,961,662)
Other operating income		75,000	75,000
Operating profit	3	1,503,400	1,527,639
Share of operating (loss)/profit in joint venture		(408,139)	(309,480)
		1,095,261	1,218,159
Other income	5	201,885	218,219
Interest payable	6	(337,200)	(247,364)
Profit on ordinary activities before taxation		959,946	1,189,014
Taxation	7	(342,801)	(520,476)
Profit on ordinary activities after taxation retained for the group and its share of the joint venture	20	617,145	668,538

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 loss for the holding company for the year ended 31st March 2001 was £17,815 (2000 profit £1,699,379).

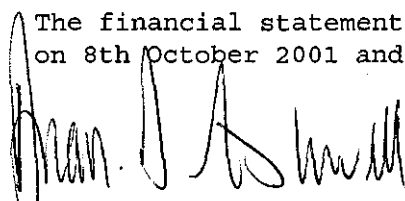
STEEL & ALLOY HOLDINGS LIMITED

GROUP BALANCE SHEET

at 31st March 2001

	Note	2001		2000	
		£	£	£	£
Fixed assets					
Tangible assets	8	9,969,303		8,944,593	
Investments	10	1,160,795		1,560,918	
		<u>11,130,098</u>		<u>10,505,511</u>	
Current assets					
Stocks	11	4,995,964		4,343,973	
Debtors	12	15,859,548		12,719,137	
Cash at bank and in hand		612,013		515,485	
		<u>21,467,525</u>		<u>17,578,595</u>	
Creditors: amounts falling due within one year	13	(15,835,434)		(12,633,631)	
Net current assets		<u>5,632,091</u>		<u>4,944,964</u>	
Total assets less current liabilities		<u>16,762,189</u>		<u>15,450,475</u>	
Creditors: amounts falling due after more than one year	14	(2,520,558)		(1,897,260)	
Provision for liabilities and charges	15	(584,271)		(513,000)	
		<u>13,657,360</u>		<u>13,040,215</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	12,686,444		12,069,299	
Total shareholders' funds	17	<u>13,657,360</u>		<u>13,040,215</u>	

The financial statements on pages 5 to 20 were approved by the board of directors on 8th October 2001 and signed on its behalf by:


B D Ashwell
Chairman

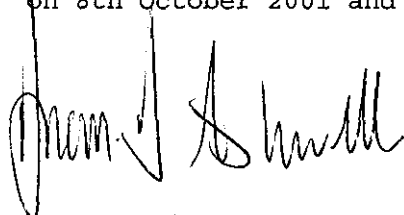
STEEL & ALLOY HOLDINGS LIMITED

HOLDING COMPANY BALANCE SHEET

at 31st March 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	8		1,250,124		1,009,066
Investments	10		2,210,000		2,210,000
			<u>3,460,124</u>		<u>3,219,066</u>
Current assets					
Debtors	12	79,879		152,214	
		<u>79,879</u>		<u>152,214</u>	
Creditors: amounts falling due within one year	13	(1,194,242)		(1,007,704)	
Net current liabilities			<u>(1,114,363)</u>		<u>(855,490)</u>
Net assets			<u>2,345,761</u>		<u>2,363,576</u>
Capital and reserves					
Called up share capital	18		210,000		210,000
Profit and loss account	20		2,135,761		2,153,576
Total shareholders' funds	17		<u>2,345,761</u>		<u>2,363,576</u>

The financial statements on pages 5 to 20 were approved by the board of directors on 8th October 2001 and signed on its behalf by:



B D Ashwell
Chairman

STEEL & ALLOY HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT

for the year ended 31st March 2001

	Note	2001		2000	
		£	£	£	£
Net cash outflow from operating activities	21	1,639,215		2,057,644	
Returns on investments and servicing of finance					
Interest paid	(220,930)		(156,101)		
Other returns	174,904		203,031		
			(46,026)		46,930
Taxation					
Corporation tax paid		(351,971)		(601,130)	
Capital expenditure and financial investment					
Purchase of tangible fixed assets	(2,026,462)		(1,453,903)		
Purchase of fixed asset investments	-		(1,500,000)		
Sale of tangible fixed assets	74,247		11,496		
			(1,952,215)		(2,942,407)
			(710,997)		(1,438,963)
Financing					
Bank loan advances	850,000		675,000		
Finance leases	(136,239)		(399,935)		
			713,761		275,065
Increase/(decrease) in cash			2,764		(1,163,898)

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

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 2001 and the joint venture, under the gross equity method, for the year ended 31st December 2000. No significant activities have occurred in the joint venture between 1st January 2000 and 31st March 2001.

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

The company's policy is to carry all assets at historical cost, except land and buildings which have been included in the balance sheet at a valuation existing on 31st March 2000 when the company implemented FRS 15 for the first time.

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 2001

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:

	2001 £	2000 £
Geographically		
United Kingdom	53,857,942	56,610,392
E.C.	13,560	7,549
	<u>53,871,502</u>	<u>56,617,941</u>

3 Operating profit

	2001 £	2000 £
Operating profit is stated after crediting		
Profit on sale of assets	-	2,135
and after charging		
Staff costs (note 4)	3,818,257	4,107,661
Auditors' remuneration	15,045	16,275
Operating leases		
Hire of plant and machinery	37,944	37,255
Loss on sale of assets	4,650	-
Depreciation of tangible fixed assets (note 8)		
owned assets	678,594	654,399
leased assets	244,261	276,719
	<u>922,855</u>	<u>931,118</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

4 Directors and employees

	2001	2000
Staff costs including directors' emoluments	£	£
Wages and salaries and national insurance	3,730,027	4,036,600
Pension costs	88,230	71,061
	<u>3,818,257</u>	<u>4,107,661</u>

Average monthly number employed including executive directors:	Number	Number
Production staff	101	107
Administration staff	59	55
	<u>160</u>	<u>162</u>

Directors	£	£
Emoluments	300,859	572,023
Company contributions to money purchase pension schemes	13,433	13,273
	<u>314,292</u>	<u>585,296</u>

During the period the following number of directors:	Number	Number
Accrued retirement benefits under:		
Money purchase pension schemes	3	3

Highest paid director	£	£
Aggregate emoluments	78,912	320,002
Company contributions to a money purchase pension scheme	-	-

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 £88,230 (2000 £71,061) including contributions in respect of employees.

Contributions totalling £0 (2000 £0) were payable to the fund at 31st March 2001 and are included in creditors.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

5 Other income

	2001 £	2000 £
Interest receivable for group	43,089	136,715
Net rental income	131,815	66,287
Investment income	-	29
Share of interest receivable in joint venture	174,904 26,981	203,031 15,188
	<u>201,885</u>	<u>218,219</u>

6 Interest payable

	2001 £	2000 £
Bank interest	220,930	156,101
Share of bank interest on joint venture	116,270	91,263
	<u>337,200</u>	<u>247,364</u>

7 Taxation

	2001 £	2000 £
UK corporation tax:		
Current tax on profit on ordinary activities of parent and subsidiary at 30% (2000 30%)	356,265	447,570
Share of joint venture current tax on loss	(97,304)	(157,827)
Deferred taxation	71,271	23,000
	330,232	312,743
Consortium relief paid	-	196,899
Adjustments in respect of prior periods	12,569	10,834
	<u>342,801</u>	<u>520,476</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

8

Tangible fixed assets

COMPANY	Fixtures and Fittings £	Land and Buildings £	Total £
Cost			
At 1st April 2000	-	1,009,066	1,009,066
Additions	1,795	258,756	260,551
31st March 2001	1,795	1,267,822	1,269,617
Depreciation			
Charge for the year	-	19,493	19,493
Net book amount	-	19,493	19,493
31st March 2001	1,795	1,248,329	1,250,124
31st March 2000	-	1,009,066	1,009,066

GROUP	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
Cost or valuation					
1st April 2000	442,115	6,904,539	722,715	5,271,413	13,340,782
Additions	120,596	1,090,807	331,367	483,692	2,026,462
Disposals	(23,496)	-	-	(100,000)	(123,496)
31st March 2001	539,215	7,995,346	1,054,082	5,655,105	15,243,748
Depreciation					
1st April 2000	164,417	3,022,962	512,882	695,928	4,396,189
Charge for period	95,551	587,141	77,636	162,527	922,855
Disposals	(13,346)	-	-	(31,253)	(44,599)
31st March 2001	246,622	3,610,103	590,518	827,202	5,274,445
Net book amount					
31st March 2001	292,593	4,385,243	463,564	4,827,903	9,969,303
31st March 2000	277,698	3,881,577	209,833	4,575,485	8,944,593

The net book value of tangible fixed assets includes an amount of £1,605,066 (2000 £1,758,788) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

9 Land and buildings

	2001	2000
	£	£
Freehold	4,827,903	4,506,043
Short leasehold	-	69,442
	<u>4,827,903</u>	<u>4,575,485</u>

As stated in the accounting policies, the carrying amount of land and buildings reflects previous revaluations. Land and buildings were revalued on 31st March 1989 and has not been updated.

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

	2001	2000
	£	£
Cost	<u>3,726,367</u>	<u>3,501,431</u>
Aggregate depreciation based thereon	<u>742,998</u>	<u>565,656</u>

Land and buildings includes land of £761,009 which is not depreciated (2000 £761,009)

10 Fixed asset investments

	2001	2000
	£	£
Group investment in joint venture		
Share of gross assets as at 31st December 2000	1,952,961	3,193,803
Share of gross liabilities as at 31st December 2000	(792,166)	(1,632,885)
	<u>1,160,795</u>	<u>1,560,918</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 'B' ordinary shares in Laser Welded Blanks Limited, a joint venture (50% holding), registered in England	2,000,000	2,000,000
	<u>2,210,000</u>	<u>2,210,000</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

11 Stocks

	Group	Company	Group	Company
	2001		2000	
	£	£	£	£
Raw materials	2,819,393	-	2,401,167	-
Finished goods	2,176,571	-	1,942,806	-
	<u>4,995,964</u>	<u>-</u>	<u>4,343,973</u>	<u>-</u>

12 Debtors

Amounts falling due within one year

	Group	Company	Group	Company
	2001		2000	
	£	£	£	£
Trade debtors	15,148,144	-	11,849,629	-
Amounts owed by group undertakings	-	-	-	24,879
Amounts owed by participating interests	404,000	-	532,876	-
Other debtors	886	-	128,085	127,335
Prepayments and accrued income	306,518	79,879	208,547	-
	<u>15,859,548</u>	<u>79,879</u>	<u>12,719,137</u>	<u>152,214</u>

13 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2001		2000	
	£	£	£	£
Bank loans and overdraft	451,568	251,568	257,804	157,804
Trade creditors	13,014,196	7,839	8,856,057	-
Corporation tax	259,887	-	243,024	-
Other taxation and social security	938,455	-	1,145,300	-
Director's loan account	560,008	34,639	394,829	978
Amount owed to group undertaking	-	898,771	-	-
Accruals and deferred income	232,448	1,425	1,348,209	848,922
Obligations under finance leases and hire purchase contracts				
- note 14	378,872	-	388,408	-
	<u>15,835,434</u>	<u>1,194,242</u>	<u>12,633,631</u>	<u>1,007,704</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 2001

14 Creditors: amounts falling due after more than one year

	Group 2001	Company	Group 2000	Company
	£	£	£	£
Bank loans	1,575,000	-	825,000	-
Obligations under finance leases	945,558	-	1,072,260	-
	<u>2,520,558</u>	<u>-</u>	<u>1,897,260</u>	<u>-</u>

Maturity of debt

In one year or less, or on demand				
- see note 13	200,000	-	100,000	-
In more than one year but not more than two years	200,000	-	100,000	-
In more than two years but not more than five years	600,000	-	300,000	-
In more than five years	775,000	-	425,000	-
	<u>1,775,000</u>	<u>-</u>	<u>925,000</u>	<u>-</u>

Amounts falling due after more than five years

Bank loans	775,000	-	425,000	-
Obligations under finance leases and hire purchase contracts				
These are repayable over varying periods by monthly instalments as follows:				
In the next year - see note 13	378,872	-	388,408	-
In the second to fifth years	945,558	-	1,072,260	-
	<u>1,324,430</u>	<u>-</u>	<u>1,460,668</u>	<u>-</u>

15 Provision for liabilities and charges

Group	2001	Profit and loss account	2000
	£	£	£
Deferred taxation (notes 7 and 16)	<u>584,271</u>	<u>71,271</u>	<u>513,000</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

16 Deferred taxation

	2001				2000			
	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	584,271	-	584,271	-	513,000	-	513,000	-

The potential liability and provision are based on a corporation tax rate of 30% (2000 30%)

17 Reconciliation of movements in shareholders' funds

	2001		2000	
	Group	Company	Group	Company
	£	£	£	£
Profit/(loss) for the financial year	617,145	(17,815)	668,538	1,699,379
Representing a net addition to/ (subtraction from) shareholders funds			668,538	1,699,379
Opening shareholders' funds	13,040,215	2,363,576	12,371,677	664,197
Closing shareholders' funds	13,657,360	2,345,761	13,040,215	2,363,576

18 Called up share capital

	2001		2000	
	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

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

19 Revaluation reserve

	Group 2001	Company	Group 2000	Company
	£	£	£	£
At 1st April 2000 and 31st March 2001	<u>760,916</u>	<u>-</u>	<u>760,916</u>	<u>-</u>

20 Profit and loss account

	Group 2001	Company	Group 2000	Company
	£	£	£	£
At 1st April 2000	12,069,299	2,153,576	11,400,761	454,197
Retained profit/ (loss) for the year	<u>617,145</u>	<u>(17,815)</u>	<u>668,538</u>	<u>1,699,379</u>
At 31st March 2001	<u>12,686,444</u>	<u>2,135,761</u>	<u>12,069,299</u>	<u>2,153,576</u>

21 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	2001	2000
	£	£
Operating profit	1,503,400	1,527,639
Depreciation charges	922,855	931,118
Profit on sale of fixed assets	4,650	(2,135)
(Increase) in stocks	(651,991)	(371,064)
(Increase) in debtors	(3,140,411)	(1,609,263)
Increase in creditors	<u>3,000,712</u>	<u>1,581,349</u>
Net cash inflow from operating activities	<u>1,639,215</u>	<u>2,057,644</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

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 at bank and in hand	515,485	96,528	612,013
Bank overdraft	(157,804)	(93,764)	(251,568)
	<u>357,681</u>	<u>2,764</u>	<u>360,445</u>
Debt due within 1 year	(100,000)	(100,000)	(200,000)
Debt due over 1 year	(825,000)	(750,000)	(1,575,000)
Finance leases	(1,460,669)	136,239	1,324,430
	<u>(2,385,669)</u>	<u>(713,761)</u>	<u>(3,099,430)</u>
Total	<u>(2,027,988)</u>	<u>(710,997)</u>	<u>(2,738,985)</u>

Reconciliation of net cash flow to movement in net debt

	2001 £	2000 £
Increase/(decrease) in cash in the period	2,764	(1,163,898)
Cash inflow from increase in debt and lease financing	(713,761)	(275,065)
Change in net debt resulting from cash flows	(710,997)	(1,438,963)
Net debt at 1st April 2000	(2,027,988)	(589,025)
Net debt at 31st March 2001	<u>(2,738,985)</u>	<u>(2,027,988)</u>

23 Related parties

During the year the subsidiary company traded with an associated company on normal trading terms in the sum of £1,377,278 (2000 £ 5,310,245). At the balance sheet date the associate owed the subsidiary company £404,000 (2000 £532,876)

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

24 Controlling party

Mr B D Ashwell, a director, together with members of his close family, control the company by virtue of a controlling interest (directly or indirectly) of 100% of the issued ordinary share capital.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2001

25 Capital commitments

At 31st March 2001, capital expenditure commitments, contracted for but not provided for in the accounts amounted to £119,338 (2000 £Nil)

26 Contingent liabilities

The bankers of the joint venture company, Laser Welded Blanks Limited, hold a guarantee from the subsidiary company, Steel & Alloy Processing Limited, for the overdraft up to £700,000 and for a further £250,000 pari passu with the other shareholders in the joint venture.

The overdraft of Laser Welded Blanks Limited at 31st December 2000 amounted to £669,307 (1999 £nil)