

STEEL & ALLOY HOLDINGS LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2002

Registered number: 3326521

WORTON ROCK

CHARTERED ACCOUNTANTS

Dudley



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STEEL & ALLOY HOLDINGS LIMITED

FINANCIAL STATEMENTS

for the year ended 31st March 2002

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STEEL & ALLOY HOLDINGS LIMITED

COMPANY INFORMATION

31st March 2002

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 2002

The directors present their report and the audited financial statements for the year ended 31st March 2002.

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 £15,946,174.

Market conditions in the U.K. automotive components market remain positive, and the directors' continue to be optimistic about prospects for sales volumes in the short and medium term.

Results and dividends

The results for the period are shown in the profit and loss account on page 5.

Dividends

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.

Euro

At the moment the company envisages no problems or costs identifiable with the introduction of the euro.

continued

STEEL & ALLOY HOLDINGS LIMITED

DIRECTORS' REPORT
(continued)

31st March 2002

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 2002 Ordinary shares	31st March 2001 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	-	-

Donations

During the year the group paid £435 to UK charitable companies.

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

26th July 2002

STEEL & ALLOY HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

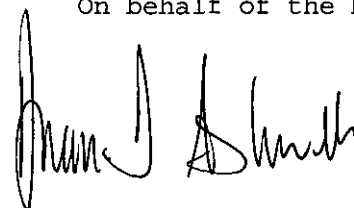
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

26th July 2002

On behalf of the board



B D Ashwell
Chairman

STEEL & ALLOY HOLDINGS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
STEEL & ALLOY HOLDINGS LIMITED

We have audited the financial statements of Steel & Alloy Holdings Limited for the year ended 31st March 2002 on pages 5 to 21. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements in accordance with relevant regulatory requirements and United Kingdom Auditing 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

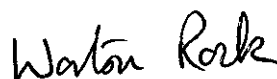
Basis of opinion

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 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 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Worton Rock
Registered Auditors
Chartered Accountants

Dudley
26th July 2002

STEEL & ALLOY HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2002

		2002	2001
	Note	£	£
Turnover : group and share of joint venture		84,132,659	55,209,174
Less share of joint venture's turnover		(2,820,606)	(1,337,672)
	2	81,312,053	53,871,502
Cost of sales		74,305,180	49,677,140
Gross profit		7,006,873	4,194,362
Net operating expenses			
Administrative expenses		(3,682,658)	(2,765,962)
Other operating income		299,120	206,815
Operating profit	3	3,623,335	1,635,215
Share of operating (loss)/profit in joint venture		(210,751)	(408,139)
		3,412,584	1,227,076
Interest receivable and similar income	5	20,266	70,070
Interest payable	6	(317,567)	(337,200)
Profit on ordinary activities before taxation		3,115,283	959,946
Taxation	7	(826,469)	(342,801)
Profit on ordinary activities after taxation retained for the group and its share of the joint venture	20	2,288,814	617,145

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.

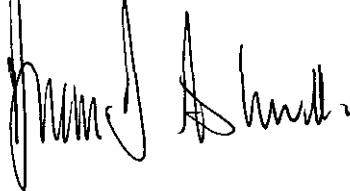
The profit for the holding company for the year ended 31st March 2002 was £75,702 (2001 loss £17,815).

STEEL & ALLOY HOLDINGS LIMITED

GROUP BALANCE SHEET

at 31st March 2002

		2002		2001	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		10,482,927		9,969,303
Investments	10		1,002,517		1,160,795
			<u>11,485,444</u>		<u>11,130,098</u>
Current assets					
Stocks	11	5,933,718		4,995,964	
Debtors	12	20,013,104		15,859,548	
Cash at bank and in hand		202		612,013	
			<u>25,947,024</u>		<u>21,467,525</u>
Creditors: amounts falling due within one year	13	(18,757,391)		(15,835,434)	
Net current assets			<u>7,189,633</u>		<u>5,632,091</u>
Total assets less current liabilities			<u>18,675,077</u>		<u>16,762,189</u>
Creditors: amounts falling due after more than one year	14	(2,058,398)		(2,520,558)	
Provision for liabilities and charges	15	(670,505)		(584,271)	
			<u>15,946,174</u>		<u>13,657,360</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	14,975,258		12,686,444	
Total shareholders' funds	17	<u>15,946,174</u>		<u>13,657,360</u>	



B D Ashwell
Chairman

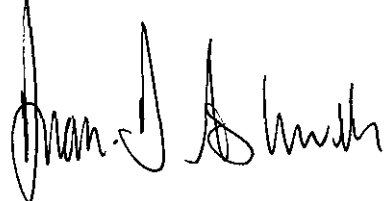
Approved by the Board on 26th July 2002.

STEEL & ALLOY HOLDINGS LIMITED

HOLDING COMPANY BALANCE SHEET

at 31st March 2002

		2002		2001	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		1,209,140		1,250,124
Investments	10		2,210,000		2,210,000
			<u>3,419,140</u>		<u>3,460,124</u>
Current assets					
Debtors	12	80,951		79,879	
		<u>80,951</u>		<u>79,879</u>	
Creditors: amounts falling due within one year	13	1,078,628		(1,194,242)	
		<u>1,078,628</u>		<u>(1,194,242)</u>	
Net current liabilities			(997,677)		(1,114,363)
Net assets			<u>2,421,463</u>		<u>2,345,761</u>
Capital and reserves					
Called up share capital	18		210,000		210,000
Profit and loss account	20		2,211,463		2,135,761
Total shareholders' funds	17		<u>2,421,463</u>		<u>2,345,761</u>



B D Ashwell
Chairman

Approved by the Board on 26th July 2002.

STEEL & ALLOY HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT

for the year ended 31st March 2002

		2002	2001
	Note	£	£
Net cash inflow from operating activities	21	271,630	1,771,030
Returns on investments and servicing of finance			
Interest paid	(145,351)	(123,683)	
Interest received	11,107	43,089	
Interest element of finance lease rental payments	(72,407)	(97,247)	
		(206,651)	(177,841)
Taxation			
Corporation tax paid		(527,013)	(351,971)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,695,503)	(2,026,462)	
Sale of tangible fixed assets	50,857	74,247	
		(1,644,646)	(1,952,215)
		(2,106,680)	(710,997)
Financing			
New loan taken out in year	-	950,000	
Loan repayments in year	(200,000)	(100,000)	
Capital element of finance lease	(311,527)	(136,239)	
		(511,527)	713,761
(Decrease)/Increase in cash		(2,618,207)	2,764
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash in the period	(2,618,207)	2,764	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	511,527	(713,761)	
Change in net debt resulting from cash flows		(2,106,680)	(710,997)
Movement in net debt in the period		(2,106,680)	(710,997)
Net debt at 1st April 2001		(2,738,985)	(2,027,988)
Net debt at 31st March 2002	22	(4,845,665)	(2,738,985)

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

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 2002 and the joint venture, under the gross equity method, for the year ended 31st December 2001. No significant activities have occurred in the joint venture between 1st January 2002 and 31st March 2002.

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 net invoiced sale of goods, excluding value added tax and trade discounts.

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

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under finance leases under hire purchase contracts are depreciated over the useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account 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 2002

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Pensions

The company operates a defined contribution scheme. Contributions payable are charged in the profit and loss account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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:

	2002 £	2001 £
Geographically		
United Kingdom	81,307,274	53,857,942
E.C.	4,779	13,560
	<u>81,312,053</u>	<u>53,871,502</u>

3 Operating profit

	2002 £	2001 £
Operating profit is stated after crediting		
Profit on sale of assets	12,687	-
and after charging		
Staff costs (note 4)	5,241,264	3,818,943
Auditors' remuneration	15,000	15,045
Operating leases		
Hire of plant and machinery	68,830	37,944
Loss on sale of assets	685	4,650
Depreciation of tangible fixed assets		
(note 8)		
owned assets	890,040	678,594
leased assets	252,985	244,261
	<u>1,143,025</u>	<u>922,855</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

4 Directors and employees

	2002	2001
Staff costs including directors' emoluments	£	£
Wages and salaries and national insurance	5,145,079	3,730,713
Pension costs	96,185	88,230
	<u>5,241,264</u>	<u>3,818,943</u>

Average monthly number employed including executive directors:	Number	Number
Production staff	129	101
Administration staff	65	59
	<u>194</u>	<u>160</u>

Directors	£	£
Emoluments	161,039	167,752
Company contributions to money purchase pension schemes	5,171	4,478
	<u>166,210</u>	<u>172,230</u>

During the period the following number of directors:	Number	Number
Accrued retirement benefits under:		
Money purchase pension schemes	<u>1</u>	<u>1</u>

Highest paid director	£	£
Aggregate emoluments	71,386	78,912
Company contributions to a money purchase pension scheme	<u>5,171</u>	<u>-</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 £96,185 (2001 £88,230) including contributions in respect of employees.

Contributions totalling £0 (2001 £0) were payable to the fund at 31st March 2002 and are included in creditors.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

5 Interest receivable and similar income

	2002	2001
	£	£
Interest receivable for group	11,107	43,089
Share of interest receivable in joint venture	9,159	26,981
	<u>20,266</u>	<u>70,070</u>

6 Interest payable

	2002	2001
	£	£
Bank and other interest	145,351	123,683
Hire purchase interest	72,407	97,247
Share of bank interest on joint venture	16,465	12,520
Share of hire purchase interest on joint venture	83,344	103,750
	<u>317,567</u>	<u>337,200</u>

7 Taxation

	2002	2001
	£	£
UK corporation tax:		
Current tax:		
UK corporation tax	898,215	356,265
Share of joint venture current tax on loss	(143,123)	(97,304)
Adjustment in respect of prior periods	(14,857)	12,569
	<u>740,235</u>	<u>271,530</u>
Deferred tax:		
Deferred taxation	86,234	71,271
	<u>826,469</u>	<u>342,801</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

7 Taxation - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	3,115,283	959,946
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	934,585	287,984
Effects of:		
Loss on ordinary activities of joint venture multiplied by the standard rate of corporation tax in the UK of 30%	90,420	149,229
Share of joint venture current tax on loss	(143,123)	(97,304)
Expenses not deductible for tax purposes	5,119	5,715
Depreciation on non industrial buildings	10,205	6,689
Capital allowances for period in excess of depreciation	(89,159)	(93,352)
Adjustment to tax charge in respect of previous periods	(14,857)	12,569
Utilisation of tax losses	(3,737)	-
Consortium relief claimed	(42,513)	-
Rounding in difference in tax rates	(6,705)	-
Current tax charge	740,235	271,530

8 Tangible fixed assets

<u>COMPANY</u>	Plant and Machinery £	Fixtures and Fittings £	Freehold Property £	Total £
Cost				
At 1st April 2001		1,795	1,267,822	1,269,617
Additions	10,000	-	(7,482)	2,518
31st March 2002	10,000	1,795	1,260,340	1,272,135
Depreciation				
At 1st April 2001	-	-	19,493	19,493
Charge for the year	125	269	43,109	43,503
At 31st March 2002	125	269	62,602	62,996
Net book amount				
31st March 2002	9,875	1,526	1,197,739	1,209,140
31st March 2001	-	1,795	1,248,329	1,250,124

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

8 Tangible fixed assets - continued

<u>GROUP</u>	Motor Vehicles	Plant and Machinery	Fixtures and Fittings	Freehold Property	Total
Cost or valuation	£	£	£	£	£
1st April 2001	539,215	7,995,346	1,054,082	5,655,105	15,243,748
Additions	94,091	1,418,964	182,448	-	1,695,503
Disposals	(129,086)	(1,150)	(1,480)	(7,482)	(139,198)
31st March 2002	504,220	9,413,160	1,235,050	5,647,623	16,800,053
Depreciation					
1st April 2001	246,622	3,610,103	590,518	827,202	5,274,445
Charge for year	99,942	718,962	126,261	197,860	1,143,025
Disposals	(99,249)	(58)	(1,036)	-	(100,343)
31st March 2002	247,315	4,329,007	715,743	1,025,062	6,317,127
Net book amount					
31st March 2002	256,905	5,084,153	519,307	4,622,562	10,482,927
31st March 2001	292,593	4,385,243	463,564	4,827,903	9,969,303

The net book value of tangible fixed assets includes an amount of £1,321,130 (2001-£1,605,066) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

9 Tangible fixed assets valuation

	Motor Vehicles	Plant and Machinery	Fixtures and Fittings	Freehold Property	Total
	£	£	£	£	£
Valuation in 1989	-	-	-	760,916	760,916
Cost	504,220	9,413,160	1,235,050	4,886,707	16,039,137
	504,220	9,413,160	1,235,050	5,647,623	16,800,053

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

	2002 £	2001 £
Cost	4,886,707	4,894,189
Aggregate depreciation based thereon	817,866	691,761
Value of land in freehold land and buildings	961,009	961,009

Land and buildings were valued on an open market value basis on 31st March 1989 by external professional valuers. The transitional provisions of FRS15 has been adopted and therefore the valuation has not been updated.

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

10 Fixed asset investments

	2002 £	2001 £
Group investment in joint venture		
Share of gross assets as at 31st December 2001	1,581,755	1,952,961
Share of gross liabilities as at 31st December 2001	(579,238)	(792,166)
	<u>1,002,517</u>	<u>1,160,795</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>

11 Stocks

	Group 2002 £	Company £	Group 2001 £	Company £
Raw materials	3,814,546	-	2,819,393	-
Finished goods	2,119,172	-	2,176,571	-
	<u>5,933,718</u>	<u>-</u>	<u>4,995,964</u>	<u>-</u>

12 Debtors

Amounts falling due within one year

	Group 2002 £	Company £	Group 2001 £	Company £
Trade debtors	18,783,691	-	15,148,144	-
Amounts owed by participating interests	940,956	-	404,000	-
Other debtors	41,201	-	886	-
Director loan account	12,850	-	-	-
Prepayments and accrued income	234,406	80,951	306,518	79,879
	<u>20,013,104</u>	<u>80,951</u>	<u>15,859,548</u>	<u>79,879</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

13 Creditors: amounts falling due within one year

	Group 2002	Company	Group 2001	Company
	£	£	£	£
Bank loans and overdraft	2,457,964	159,305	451,568	251,568
Trade creditors	12,864,380	-	13,014,196	7,839
Corporation tax	616,233	13,412	259,887	-
Other taxation and social security	2,009,803	-	938,455	-
Director's loan account	21,180	21,180	560,008	34,639
Amount owed to group undertaking	-	876,267	-	898,771
Accruals and deferred income	458,326	8,464	232,448	1,425
Obligations under finance leases and hire purchase contracts				
- note 14	329,505	-	378,872	-
	<u>18,757,391</u>	<u>1,078,628</u>	<u>15,835,434</u>	<u>1,194,242</u>

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

Bank loans and overdrafts are secured by various legal charges on the freehold land and buildings of the company.

14 Creditors: amounts falling due after more than one year

	Group 2002	Company	Group 2001	Company
	£	£	£	£
Bank loans	1,375,000	-	1,575,000	-
Obligations under finance leases	683,398	-	945,558	-
	<u>2,058,398</u>	<u>-</u>	<u>2,520,558</u>	<u>-</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

Loans and overdrafts - continued

An analysis of the maturity of loans and overdrafts is given below:
 Amounts falling due within
 one year or on demand:

	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Bank overdrafts	2,257,964	159,305	251,568	251,568
Bank loans	200,000	-	200,000	-
	<u>2,457,964</u>	<u>159,305</u>	<u>451,568</u>	<u>251,568</u>
Amounts falling due between one and two years:				
Bank loans	200,000	-	200,000	-
Amounts falling due between two and five years:				
Bank loans	600,000	-	600,000	-
Amounts falling due in more than five years:				
Bank loans	575,000	-	775,000	-
	<u>1,375,000</u>	<u>-</u>	<u>1,575,000</u>	<u>-</u>
Net obligations under hire purchase contracts and leases				
Within one year	329,505	-	378,872	-
Between one and five years	683,398	-	945,558	-
	<u>1,012,903</u>	<u>-</u>	<u>1,324,430</u>	<u>-</u>

The following payments are committed to be paid within one year:

Operating leases

	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Expiring:				
Within one year	-	-	4,647	-
Between one and five years	7,277	-	7,277	-
	<u>7,277</u>	<u>-</u>	<u>11,924</u>	<u>-</u>

Secured debts

The following secured debts are included within creditors:
 Refer to note 13 for details of security.

	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Bank overdrafts	2,257,964	159,305	251,568	251,568
Bank loans	1,575,000	-	1,775,000	-
Hire purchase contracts	1,012,903	-	1,324,430	-
	<u>4,845,867</u>	<u>159,305</u>	<u>3,335,000</u>	<u>251,568</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

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15 Provisions for liabilities and charges

	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Balance at 1st April 2001	584,271	-	513,000	-
Profit and loss account	86,234	-	71,271	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31st March 2002	<u>670,505</u>	<u>-</u>	<u>584,271</u>	<u>-</u>

16 Deferred taxation

	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Corporation tax deferred by Capital allowances in excess of depreciation	670,505	-	584,271	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Reconciliation of movements in shareholders' funds

	Group	Company	Group	Company
	2002	2002	2001	2001
	£	£	£	£
Profit/(loss) for the financial year	2,288,814	75,702	617,145	(17,815)
Representing a net addition to/ (subtraction from) shareholders funds				
Opening shareholders' funds	<u>13,657,360</u>	<u>2,345,761</u>	<u>13,040,215</u>	<u>2,363,576</u>
Closing shareholders' funds	<u>15,946,174</u>	<u>2,421,463</u>	<u>13,657,360</u>	<u>2,345,761</u>

STEEL & ALLOY HOLDINGS LIMITED

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18 Called up share capital

	2002		2001	
	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 2002	Company	Group 2001	Company
	£	£	£	£
At 1st April 2001 and 31st March 2002	760,916	-	760,916	-

20 Profit and loss account

	Group 2002	Company	Group 2001	Company
	£	£	£	£
At 1st April 2001	12,686,444	2,135,761	12,069,299	2,153,576
Retained profit/ (loss) for the year	2,288,814	75,702	617,145	(17,815)
At 31st March 2002	14,975,258	2,211,463	12,686,444	2,135,761

21 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	2002	2001
	£	£
Operating profit	3,623,335	1,635,215
Depreciation charges	1,143,025	922,855
Loss on sale of fixed assets	685	-
Profit on sale of fixed assets	(12,687)	4,650
(Increase) in stocks	(937,754)	(651,991)
(Increase) in debtors	(4,131,052)	(3,140,411)
Increase in creditors	586,078	3,000,712
Net cash inflow from operating activities	271,630	1,771,030

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 2002

22 Notes to the cash flow statement continued
Analysis of changes in net debt

	At 01/04/01 £	Cash flows £	At 31/03/02 £
Cash at bank and in hand	612,013	(611,811)	202
Bank overdraft	(251,568)	(2,006,396)	(2,257,964)
	<u>360,445</u>	<u>(2,618,207)</u>	<u>(2,257,762)</u>
Debt due within 1 year	(200,000)	-	(200,000)
Debt due over 1 year	(1,575,000)	200,000	(1,375,000)
Finance leases	(1,324,430)	311,527	(1,012,903)
	<u>(3,099,430)</u>	<u>511,527</u>	<u>(2,587,903)</u>
Total	<u>(2,738,985)</u>	<u>(2,106,680)</u>	<u>(4,845,665)</u>

23 Transactions with directors

The following loans to directors subsisted during the year ended 31st March 2002:

B D Ashwell

Balance outstanding at start of year	(525,369)
Balance outstanding at end of year	12,850
Maximum balance outstanding during year	<u>12,850</u>

This loan has been made to the director to enable him to carry out his duties.

The following loan subsisted during the year for a director of the subsidiary company and is shown within other debtors in the consolidated accounts. This is overdrawn by virtue of a loan made to the director to enable him to carry out his duties.

M T Cooper

Balance outstanding at start of year	-
Balance outstanding at end of year	18,125
Maximum balance outstanding during year	<u>18,125</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES ON FINANCIAL STATEMENTS

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24 Related parties

During the year the subsidiary company traded with an associated company on normal trading terms in the sum of £6,150,020 (2001 £ 1,377,278). At the balance sheet date the associate owed the subsidiary company £939,013 (2001 £404,000)

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

During the year Mr Ashwell, a director of both Steel & Alloy Processing Limited, a subsidiary and of the holding company, purchased a car from the subsidiary. The sale proceeds from Mr Ashwell were £12,850 and are shown as an overdrawn loan account within note 23.

This is overdrawn by virtue of a loan made to the director to enable him to carry out his duties.

25 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.

26 Capital commitments

At 31st March 2002 capital expenditure commitments, contracted for but not provided for in the accounts amounted to £Nil (2001 £119,338)

27 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 2001 amounted to £631,764 (2001 £669,307)