

STEEL & ALLOY HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003

Worton Rock
Chartered Accountants
Registered Auditors
Churchfield House
36 Vicar Street
Dudley
West Midlands



STEEL & ALLOY (HOLDINGS) LIMITED

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FOR THE YEAR ENDED 31ST MARCH 2003**

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STEEL & ALLOY (HOLDINGS) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2003

DIRECTORS: B D Ashwell
Mrs F L Ashwell
D R Johnson

SECRETARY: Mrs F L Ashwell
D R Johnson

REGISTERED OFFICE: Trafalgar Works
Union Street
West Bromwich
West Midlands
B70 6BZ

REGISTERED NUMBER: 3326521

AUDITORS: Worton Rock
Chartered Accountants
Registered Auditors
Churchfield House
36 Vicar Street
Dudley
West Midlands

BANKERS: Barclays Bank Plc
Barclays Business Centre
Queens Square Branch
PO Box 5, Queens Square
Wolverhampton
WV3 0TL

STEEL & ALLOY (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2003

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2003.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the processing of steel strip mill products for supply mainly to the automotive industry. The activity of the joint venture is that of the production of laser welded blanks for supply to the automotive industry.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2003.

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 note 9.

FUTURE DEVELOPMENTS

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

DIRECTORS

The directors during the year under review were:

B D Ashwell
Mrs F L Ashwell
D R Johnson

The beneficial interests of the directors holding office on 31st March 2003 in the issued share capital of the company were as follows:

	31.03.03	01.04.02
Ordinary £1 shares		
B D Ashwell	79,100	79,100
Mrs 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;

	31.03.03	01.04.02
B D Ashwell	60,900	60,900
F L Ashwell	43,400	43,400
D R Johnson	-	-

EURO

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

DONATIONS

During the year the group paid £210 to UK charities.

STEEL & ALLOY HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2003**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

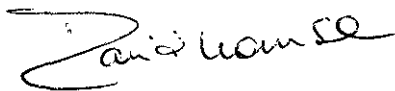
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Worton Rock, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'D R Johnson', with a stylized flourish at the end.

D R Johnson - Director

13th August 2003

STEEL & ALLOY HOLDINGS LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
STEEL & ALLOY HOLDINGS LIMITED**

We have audited the financial statements of Steel & Alloy Holdings Limited for the year ended 31st March 2003 on pages five to twenty three. 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.

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 on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 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 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.

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 2003 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

Worton Rock
Chartered Accountants
Registered Auditors
Churchfield House
36 Vicar Street
Dudley
West Midlands

13th August 2003

STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2003**

		<u>2003</u>	<u>2002</u>
	Notes	£	£
TURNOVER : group and share of joint venture		91,126,497	84,132,659
Less share of joint venture		<u>4,261,814</u>	<u>2,820,606</u>
	2	86,864,683	81,312,053
Cost of sales		<u>78,647,608</u>	<u>74,305,180</u>
GROSS PROFIT		8,217,075	7,006,873
Administrative expenses		<u>4,310,496</u>	<u>3,682,657</u>
		3,906,579	3,324,216
Other operating income		<u>273,922</u>	<u>299,118</u>
OPERATING PROFIT	4	4,180,501	3,623,334
Share of operating profit/ loss in joint venture		<u>640,654</u>	<u>210,751</u>
		4,821,155	3,412,583
Interest receivable and similar income	5	<u>54,007</u>	<u>20,266</u>
		4,875,162	3,432,849
Interest payable and similar charges	6	<u>298,196</u>	<u>317,567</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,576,966	3,115,282
Tax on profit on ordinary activities	7	<u>1,444,323</u>	<u>826,469</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>3,132,643</u>	<u>2,288,813</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>£3,132,643</u>	<u>£2,288,813</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

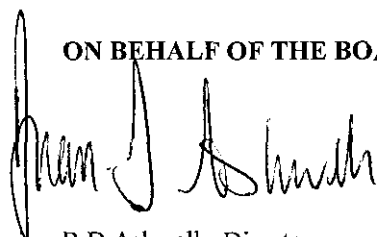
The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
31ST MARCH 2003**

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		10,167,082		10,482,927
Investments	10		1,423,899		1,002,517
			<u>11,590,981</u>		<u>11,485,444</u>
CURRENT ASSETS					
Stocks	11	5,816,828		5,933,718	
Debtors	12	18,683,599		20,013,103	
Cash at bank and in hand		1,771,263		202	
			<u>26,271,690</u>		<u>25,947,023</u>
CREDITORS					
Amounts falling due within one year	13	15,612,681		18,757,392	
NET CURRENT ASSETS			<u>10,659,009</u>		<u>7,189,631</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			22,249,990		18,675,075
CREDITORS					
Amounts falling due after more than one year	14		(2,475,190)		(2,058,398)
PROVISIONS FOR LIABILITIES AND CHARGES	18		(695,985)		(670,505)
			<u>£19,078,815</u>		<u>£15,946,172</u>
CAPITAL AND RESERVES					
Called up share capital	19		210,000		210,000
Revaluation reserve	20		760,916		760,916
Profit and loss account	20		18,107,899		14,975,256
SHAREHOLDERS' FUNDS	24		<u>£19,078,815</u>		<u>£15,946,172</u>

ON BEHALF OF THE BOARD:



B D Ashwell - Director

Approved by the Board on 13th August 2003

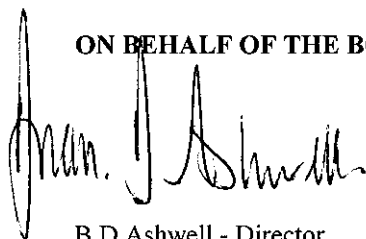
The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**COMPANY BALANCE SHEET
31ST MARCH 2003**

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		1,325,410		1,209,139
Investments	10		<u>2,210,000</u>		<u>2,210,000</u>
			3,535,410		3,419,139
CURRENT ASSETS					
Debtors	12	744		80,949	
CREDITORS					
Amounts falling due within one year	13	<u>1,063,367</u>		<u>1,078,628</u>	
NET CURRENT LIABILITIES			<u>(1,062,623)</u>		<u>(997,679)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,472,787		2,421,460
PROVISIONS FOR LIABILITIES AND CHARGES	18		1,159		-
			<u>£2,471,628</u>		<u>£2,421,460</u>
CAPITAL AND RESERVES					
Called up share capital	19		210,000		210,000
Profit and loss account	20		<u>2,261,628</u>		<u>2,211,460</u>
SHAREHOLDERS' FUNDS	24		<u>£2,471,628</u>		<u>£2,421,460</u>

ON BEHALF OF THE BOARD:



B D Ashwell - Director

Approved by the Board on 13th August 2003

The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2003

		2003		2002	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		5,914,936		271,629
Returns on investments and servicing of finance	2		(157,960)		(206,651)
Taxation			(1,231,440)		(527,012)
Capital expenditure	2		(878,315)		(1,644,646)
			3,647,221		(2,106,680)
Financing	2		381,804		(511,527)
Increase/(Decrease) in cash in the period			<u>£4,029,025</u>		<u>£(2,618,207)</u>
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period		4,029,025		(2,618,207)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(381,804)</u>		<u>511,527</u>	
Change in net debt resulting from cash flows			3,647,221		(2,106,680)
New finance leases			(132,155)		-
Movement in net debt in the period			<u>3,515,066</u>		<u>(2,106,680)</u>
Net debt at 1st April			<u>(4,845,665)</u>		<u>(2,738,985)</u>
Net debt at 31st March			<u>£(1,330,599)</u>		<u>£(4,845,665)</u>

The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2003**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	4,180,501	3,623,334
Depreciation charges	1,251,691	1,143,025
Loss/(Profit) on disposal of fixed assets	74,626	(12,002)
Decrease/(Increase) in stocks	116,890	(937,754)
Decrease/(Increase) in debtors	1,337,248	(4,131,052)
(Decrease)/Increase in creditors	(1,046,020)	586,078
Net cash inflow from operating activities	<u><u>5,914,936</u></u>	<u><u>271,629</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	44,499	11,107
Interest paid	(92,294)	(145,351)
Interest element of hire purchase payments	(110,165)	(72,407)
Net cash outflow for returns on investments and servicing of finance	<u><u>(157,960)</u></u>	<u><u>(206,651)</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(930,233)	(1,688,021)
Sale of tangible fixed assets	51,918	43,375
Net cash outflow for capital expenditure	<u><u>(878,315)</u></u>	<u><u>(1,644,646)</u></u>
Financing		
Loan repayments in year	(200,000)	(200,000)
Capital repayments in year	(520,123)	(311,527)
Assets transferred to finance lease	1,101,927	-
Net cash inflow/(outflow) from financing	<u><u>381,804</u></u>	<u><u>(511,527)</u></u>

The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2003

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/02 £	Cash flow £	Other non-cash changes £	At 31/3/03 £
Net cash:				
Cash at bank and in hand	202	1,771,061		1,771,263
Bank overdraft	(2,257,964)	2,257,964		-
	<u>(2,257,762)</u>	<u>4,029,025</u>		<u>1,771,263</u>
Debt:				
Hire purchase	(1,012,903)	(581,804)	(132,155)	(1,726,862)
Debts falling due within one year	(200,000)	-	-	(200,000)
Debts falling due after one year	<u>(1,375,000)</u>	<u>200,000</u>	<u>-</u>	<u>(1,175,000)</u>
	<u>(2,587,903)</u>	<u>(381,804)</u>	<u>(132,155)</u>	<u>(3,101,862)</u>
Total	<u>(4,845,665)</u>	<u>3,647,221</u>	<u>(132,155)</u>	<u>(1,330,599)</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The group's financial statements have been consolidated under the merger method of accounting in accordance with the 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 2003 and the joint venture, under gross equity method, for the year ended 31st December 2002. No significant activities have occurred in the joint venture between 1st January 2003 and 31st March 2003.

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 net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

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 group'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 group implemented FRS 15 for the first time.

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.

Deferred tax

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 group'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.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated 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.

Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
United Kingdom	86,849,991	81,307,274
E.C.	14,692	4,779
	<u>86,864,683</u>	<u>81,312,053</u>

3. STAFF COSTS

	2003 £	2002 £
Wages and salaries	5,520,064	5,116,718
Social security costs	36,406	28,362
Other pension costs	108,741	96,185
	<u>5,665,211</u>	<u>5,241,265</u>

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

	2003	2002
Production staff	131	129
Administration staff and directors	67	65
	<u>198</u>	<u>194</u>

STEEL & ALLOY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Hire of plant and machinery	65,029	68,830
Depreciation - owned assets	953,412	890,039
Depreciation - assets on hire purchase contracts	298,278	252,985
Loss/(Profit) on disposal of fixed assets	74,626	(12,002)
Auditors remuneration	14,563	15,000
	<u>185,660</u>	<u>161,039</u>
Directors' emoluments	185,660	161,039
Directors' pension contributions to money purchase schemes	6,408	5,171
	<u>192,068</u>	<u>166,210</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2003	2002
Money purchase schemes	<u>1</u>	<u>1</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003	2002
	£	£
Deposit account interest	44,499	11,107
Share of interest receivable in joint venture	9,508	9,159
	<u>54,007</u>	<u>20,266</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank and other interest	55,759	95,403
Share of bank interest in joint venture	7,891	16,465
Bank loan interest	36,535	49,948
Hire purchase interest	110,165	72,407
Share of hire purchase interest in joint venture	87,846	83,344
	<u>298,196</u>	<u>317,567</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	1,223,964	898,215
Under/over provision	61,836	(14,857)
Share of joint venture current tax	133,043	(143,123)
Total current tax	1,418,843	740,235
Deferred taxation	25,480	86,234
Tax on profit on ordinary activities	1,444,323	826,469

UK corporation tax has been charged at 30%

Factors affecting the tax charge

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

	2003 £	2002 £
Profit on ordinary activities before tax	4,576,966	3,115,282
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	1,373,090	934,585
Effects of:		
(Profit)/Loss on ordinary activities of joint venture at the standard rate of 30%	(166,327)	90,420
Share of joint venture current tax on profits/losses	133,043	(143,123)
Expenses not deductible for tax purposes	8,166	5,119
Depreciation of non industrial buildings	16,384	10,205
Capital allowances for period less than/(in excess of) depreciation	2,614	(89,159)
Adjustment to tax charge in respect of previous periods	19,323	(14,857)
Utilisation of tax losses	-	(3,737)
Consortium relief paid/(claimed)	42,513	(42,513)
Difference in tax rates	(9,963)	(6,705)
Current tax charge	1,418,843	740,235

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £50,168 (2002 - £75,700).

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003**

9. TANGIBLE FIXED ASSETS

Group

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION:					
At 1st April 2002	5,647,625	9,413,160	1,235,050	504,220	16,800,055
Additions	159,695	661,423	114,014	127,256	1,062,388
Disposals	-	(1,224,762)	(490,150)	(146,721)	(1,861,633)
At 31st March 2003	5,807,320	8,849,821	858,914	484,755	16,000,810
DEPRECIATION:					
At 1st April 2002	1,025,062	4,329,007	715,743	247,315	6,317,127
Charge for year	198,685	804,852	158,150	90,003	1,251,690
Eliminated on disposal	-	(1,118,141)	(489,093)	(127,855)	(1,735,089)
At 31st March 2003	1,223,747	4,015,718	384,800	209,463	5,833,728
NET BOOK VALUE:					
At 31st March 2003	4,583,573	4,834,103	474,114	275,292	10,167,082
At 31st March 2002	4,622,563	5,084,153	519,307	256,905	10,482,928

Included in land and buildings is freehold land valued at £961,009 (2002 - £961,009) which is not depreciated.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

9. TANGIBLE FIXED ASSETS - continued

Group

	Freehold land and buildings £	Short leasehold property £	Total land and buildings £
COST OR VALUATION:			
At 1st April 2002	5,559,447	88,178	5,647,625
Additions	159,695	-	159,695
Disposals	-	-	-
At 31st March 2003	5,719,142	88,178	5,807,320
DEPRECIATION:			
At 1st April 2002	1,009,636	15,426	1,025,062
Charge for year	185,458	13,227	198,685
Eliminated on disposal	-	-	-
At 31st March 2003	1,195,094	28,653	1,223,747
NET BOOK VALUE:			
At 31st March 2003	<u>4,524,048</u>	<u>59,525</u>	<u>4,583,573</u>
At 31st March 2002	<u>4,549,811</u>	<u>72,752</u>	<u>4,622,563</u>

At 31st March 2003 the carrying amount of tangible fixed assets reflects previous revaluations. The group is following the transitional provisions of FRS15 and the valuation has therefore not been updated. The date of the last valuation was 31st March 1989.

Cost or valuation at 31st March 2003 is represented by:

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1989	950,000	-	-	-	950,000
Cost	4,857,320	8,849,821	858,914	484,755	15,050,810
	5,807,320	8,849,821	858,914	484,755	16,000,810

STEEL & ALLOY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9. TANGIBLE FIXED ASSETS - continued

Group

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

	2003 £	2002 £
Cost	5,046,402	4,886,707
Aggregate depreciation	944,388	817,866
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 Allsopp Cotton.

The net book value of tangible fixed assets includes £2,089,354 (2002 - £1,321,130) in respect of assets held under hire purchase contracts.

Company

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Totals £
COST:				
At 1st April 2002	1,260,342	10,000	1,795	1,272,137
Additions	149,258	5,538	6,952	161,748
At 31st March 2003	1,409,600	15,538	8,747	1,433,885
DEPRECIATION:				
At 1st April 2002	62,602	125	269	62,996
Charge for year	43,615	1,508	356	45,479
At 31st March 2003	106,217	1,633	625	108,475
NET BOOK VALUE:				
At 31st March 2003	1,303,383	13,905	8,122	1,325,410
At 31st March 2002	1,197,740	9,875	1,526	1,209,141

Included in land and buildings is freehold land valued at £200,000 (2002 - £200,000) which is not depreciated.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

10. FIXED ASSET INVESTMENTS

Group investment in joint venture	2003	2002
	£	£
Share of gross assets as at 31st December 2002	1,975,197	1,581,755
Share of gross liabilities as at 31st December 2002	(551,298)	(579,238)
	<u>1,423,899</u>	<u>1,002,517</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	
	2003	2002
	£	£
Raw materials	3,356,091	3,814,546
Finished goods	2,460,737	2,119,172
	<u>5,816,828</u>	<u>5,933,718</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	18,103,793	18,783,691	-	-
Amounts owed by participating interests	389,647	940,956	-	-
Other debtors	38,907	41,201	-	-
Directors' current accounts	7,083	12,850	-	-
Taxation recoverable	7,744	-	-	-
Prepayments and accrued income	136,425	234,405	744	80,949
	<u>18,683,599</u>	<u>20,013,103</u>	<u>744</u>	<u>80,949</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts (see note 15)	200,000	2,457,964	64,707	159,305
Hire purchase contracts (see note 16)	426,672	329,505	-	-
Trade creditors	12,417,799	12,864,380	4,737	-
Amounts owed to group undertakings	-	-	946,896	876,267
Taxation	678,337	616,233	18,840	13,412
Social security and other taxes	1,346,021	2,009,803	-	-
Directors' loan accounts	21,180	21,180	21,180	21,180
Accruals and deferred income	522,672	458,327	7,007	8,464
	<u>15,612,681</u>	<u>18,757,392</u>	<u>1,063,367</u>	<u>1,078,628</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 group.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2003	2002
	£	£
Bank loans (see note 15)	1,175,000	1,375,000
Hire purchase contracts (see note 16)	1,300,190	683,398
	<u>2,475,190</u>	<u>2,058,398</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	2,257,964	64,707	159,305
Bank loans - less than 1 yr	200,000	200,000	-	-
	<u>200,000</u>	<u>2,457,964</u>	<u>64,707</u>	<u>159,305</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	200,000	200,000	-	-
Amounts falling due between two and five years:				
Bank loans - 2-5 years	600,000	600,000	-	-
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Bank loans more 5 yrs non-inst	375,000	575,000	-	-

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003**

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2003	2002
	£	£
Gross obligations repayable:		
Within one year	534,950	399,677
Between one and five years	1,275,303	825,187
In more than five years	229,708	-
	<u>2,039,961</u>	<u>1,224,864</u>
Finance charges repayable:		
Within one year	108,278	70,172
Between one and five years	196,694	141,789
In more than five years	8,127	-
	<u>313,099</u>	<u>211,961</u>
Net obligations repayable:		
Within one year	426,672	329,505
Between one and five years	1,078,609	683,398
In more than five years	221,581	-
	<u><u>1,726,862</u></u>	<u><u>1,012,903</u></u>

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

Group

	Operating leases	
	2003	2002
	£	£
Expiring:		
Between one and five years	<u>9,859</u>	<u>7,277</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank overdraft	-	2,257,964	64,707	159,305
Bank loans	1,375,000	1,575,000	-	-
Hire purchase contracts	1,726,862	1,012,903	-	-
	<u>3,101,862</u>	<u>4,845,867</u>	<u>64,707</u>	<u>159,305</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003**

18. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Capital allowances in excess of depreciation	<u>695,985</u>	<u>670,505</u>	<u>1,159</u>	<u>-</u>
Group				
			Deferred tax	
			£	
Balance at 1st April 2002			670,505	
Profit and loss account			<u>25,480</u>	
Balance at 31st March 2003			<u>695,985</u>	
Company				
			Deferred tax	
			£	
Profit & loss account			<u>1,159</u>	
Balance at 31st March 2003			<u>1,159</u>	

19. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003	2002
			£	£
210,000	Ordinary	£1	<u>210,000</u>	<u>210,000</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

20. RESERVES

Group

	Profit and loss account £	Revaluat- ion reserve £	Totals £
At 1st April 2002	14,975,256	760,916	15,736,172
Retained profit for the year	3,132,643	-	3,132,643
At 31st March 2003	<u>18,107,899</u>	<u>760,916</u>	<u>18,868,815</u>

Company

	Profit and loss account £
At 1st April 2002	2,211,460
Retained profit for the year	50,168
At 31st March 2003	<u>2,261,628</u>

21. CONTINGENT LIABILITIES

The bankers of the joint venture company, Laser Welded Blanks Limited, hold a guarantee from the subsidiary company, Steel and 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.

At the 31st March 2003 the overdraft of Laser Welded Blanks Limited amounted to £nil (31st March 2002 - £464,559).

22. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 31st March 2003:

	£
B D Ashwell	
Balance outstanding at start of year	12,850
Balance outstanding at end of year	7,083
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.

23. RELATED PARTY DISCLOSURES

During the year the company traded with an associated company, Laser Welded Blanks Limited, a joint venture in which the ultimate holding company Steel and Alloy Holdings Limited owns 50% of the share capital. The trade was carried out on normal trade terms. During the year sales of £4,633,471 (2002 - £6,150,020) were made to Laser Welded Blanks Limited. As 31st March 2003 Laser Welded Blanks Limited owed the company £389,647 (2002 £940,956).

Exemption has been claimed under Financial Reporting Standard number 8 regarding the disclosure of group transactions and transactions with associated companies on the basis that consolidated accounts are publicly available.

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003**

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2003 £	2002 £
Profit for the financial year	3,132,643	2,288,813
Net addition to shareholders' funds	3,132,643	2,288,813
Opening shareholders' funds	15,946,172	13,657,359
Closing shareholders' funds	19,078,815	15,946,172
<i>Equity interests</i>	<i>19,078,815</i>	<i>15,946,172</i>

Company

	2003 £	2002 £
Profit for the financial year	50,168	75,700
Net addition to shareholders' funds	50,168	75,700
Opening shareholders' funds	2,421,460	2,345,760
Closing shareholders' funds	2,471,628	2,421,460
<i>Equity interests</i>	<i>2,471,628</i>	<i>2,421,460</i>

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 share capital.