

**Metsec plc**

**Annual report and accounts**

**for the year ended 31 March 2003**

**Registered Number 1551970**



**Metsec plc**

**Annual report and accounts**

**for the year ended 31 March 2003**

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# **Metsec plc**

## **Directors' report for the year ended 31 March 2003**

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

### **Activities**

The principal activities of the company are the manufacture of structural components and custom roll formed sections.

### **Review of developments and future prospects**

The company continued to trade profitably in the year covered by these accounts and is expected to continue to do so in the forthcoming year.

### **Dividends and transfers to reserves**

Dividends of £3,100,000 (2002: £2,000,000) were paid and proposed during the year. A loss of £464,000 (2002: profit of £784,000) has been transferred from reserves.

### **Directors and their interests**

The directors and their interests at the date shown were:

W Spreitzer	Chairman
H Eibensteiner	
S R Tilsley	
J E Andrews	
M N Atkins	(resigned 8 July 2002)
D G Jeavons	(resigned 31 January 2003)
D Lum	

At 31 March 2003 W Spreitzer held 4,000 (1 April 2002: 4,000), S R Tilsley, J E Andrews and D Lum each held 730 shares (1 April 2002: 730 each) and H Eibensteiner held 725 shares (1 April 2002: 725) in Voest Alpine AG, the ultimate parent undertaking.

### **Post balance sheet events**

Subsequent to the balance sheet date, on 3 June 2003, the company sold its former head office building for £880,000, resulting in a profit on disposal of £481,000, after legal and other costs. See note 9 to the financial statements for more details.

### **Disabled persons**

The Metsec Group has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the Group seeks to employ at least the quota of disabled persons required. The Group endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees. Employees who become disabled during their working life will be retained in employment wherever possible, and will be given help with any necessary rehabilitation and retraining.

# **Metsec plc**

## **Directors' report for the year ended 31 March 2003 (continued)**

### **Employee involvement**

Communication with employees is effected through information bulletins, by briefing meetings conducted by senior management and by employee representation on office and works councils. Briefing meetings and councils enable senior management to consult employees and to ascertain their views on matters of decision likely to affect their interest.

### **Creditor payment policy**

It is the company's policy to pay suppliers in accordance with their agreed terms and conditions. Such terms and conditions are agreed with the suppliers in advance of each transaction type and the company aims to comply with such terms once satisfactory performances of the service or receipt of goods is achieved. The total amount of trade creditors falling due within one year at the year end represents 103 days (2002: 92 days) worth of purchases as a proportion of the total amount invoiced.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

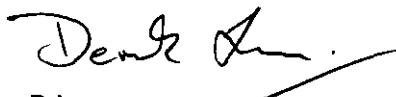
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

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.

### **Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 18 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the annual general meeting.

By order of the board



D Lum  
Secretary  
25 September 2003

## **Independent auditors' report to the members of Metsec plc**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

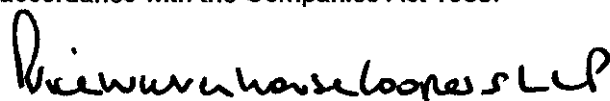
### **Basis of audit opinion**

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 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 the company's affairs at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
25 September 2003

# Metsec plc

## Profit and loss account for the year ended 31 March 2003

	Note	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Turnover	2	59,238	60,579
Cost of sales		(44,582)	(44,969)
Gross profit		14,656	15,610
Distribution costs		(5,306)	(5,280)
Administrative expenses		(5,675)	(6,460)
Exceptional items	4	-	35
Operating profit	5	3,675	3,905
Income from shares in group undertakings		61	151
Interest payable and similar charges	6	(22)	(146)
Profit on ordinary activities before taxation		3,714	3,910
Tax on profit on ordinary activities	7	(1,078)	(1,126)
Profit on ordinary activities after taxation		2,636	2,784
Dividends paid and proposed	8	(3,100)	(2,000)
(Loss)/profit for the year		(464)	784

All activities derive from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents other than the depreciation on revalued buildings of £57,000 (2002 : £57,000).

The company has no recognised gains and losses other than the profit stated above and therefore no separate statement of total recognised gains and losses has been presented.

# Metsec plc

## Balance sheet as at 31 March 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	9	21,312	21,122
<b>Current assets</b>			
Assets held for resale	9	491	-
Stocks	11	3,176	2,944
Debtors	12	14,322	12,951
Cash at bank and in hand		902	1,074
		18,891	16,969
<b>Creditors: amounts falling due within one year</b>	13	(19,289)	(16,732)
<b>Net current (liabilities)/assets</b>		(398)	237
<b>Total assets less current liabilities</b>		20,914	21,359
<b>Provisions for liabilities and charges</b>	14	(1,788)	(1,769)
<b>Net assets</b>		19,126	19,590
<b>Capital and reserves</b>			
Called up share capital	15	1,583	1,583
Share premium account	16	788	788
Revaluation reserve	16	1,875	1,875
Profit and loss account	16	14,880	15,344
<b>Equity shareholders' funds</b>	17	19,126	19,590

The financial statements on pages 4 to 23 were approved by the board of directors on 25 September 2003 and were signed on its behalf by:

  
S R Tilsley  
Director

# **Metsec plc**

## **Notes to the financial statements for the year ended 31 March 2003 (continued)**

### **1 Accounting policies**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable accounting standards.

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings. The company has adopted the transitional arrangements within FRS15 to retain the book value of fixed assets at their previously revalued amounts. No further revaluations will be undertaken.

The directors of Voest Alpine Krems GmbH have confirmed their intention to provide continuing support to the operations of this company for a period of at least twelve months from the date of the approval of these accounts. As a result, these accounts have been prepared on a going concern basis.

#### **Foreign exchange**

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

#### **Tangible fixed assets and depreciation**

- **Land and buildings**

Freehold buildings are depreciated on a straight line basis over a maximum of 50 years. Long leasehold land and buildings are depreciated over the term of the lease.

- **Plant, machinery, fixtures and fittings**

Depreciation is calculated to write down the cost of plant to its estimated residual values by equal annual instalments over the course of its estimated useful economic life. The annual depreciation rates in use vary between 7.5% and 33.3%. In accordance with FRS 15 interest and other financial costs are not capitalised.

#### **Impairment of Assets**

The company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is the higher of the net realisable value and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined from estimated discounted future cash flows.



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## **Notes to the financial statements for the year ended 31 March 2003 (continued)**

### **1 Accounting policies (continued)**

#### **Fixed Asset investments**

Fixed asset investments are stated at cost less any provision necessary for permanent diminution in value.

#### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value.

Cost is calculated as follows:

- raw materials and bought out parts: purchase price;
- work in progress and finished goods: raw material cost plus direct labour and an appropriate proportion of manufacturing overheads.

#### **Grants**

Grants received in respect of tangible fixed assets are treated as a deferred credit and are released to the profit and loss account over the estimated useful economic lives of the assets concerned.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

#### **Leasing commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The finance charges are allocated to the year to which they relate. Rentals paid under operating leases are charged against income as incurred.

#### **Pension costs**

The Company operates defined benefit funded pension schemes covering the majority of its employees. The costs of the pension schemes are charged to the profit and loss account over the expected service lives of participating employees, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. The Company also operates a defined contribution pension scheme for certain employees, and the costs of this scheme are expensed as they are incurred.

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 2 Turnover

The directors are of the opinion that only one major class of business is being undertaken, namely that of manufacturing structural components and roll formed sections. The origin of all the company's trading is the United Kingdom.

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
<b>Geographical analysis by destination</b>		
United Kingdom	54,016	55,125
Rest of Europe	4,883	5,346
Other	339	108
	<u>59,238</u>	<u>60,579</u>

### 3 Information regarding directors and employees

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
<b>Directors' emoluments</b>		
Aggregate emoluments	480	552
Compensation for loss of office	179	-
Company contributions to money purchase pension scheme	44	53
	<u>703</u>	<u>605</u>

One of the directors was a member of the group defined benefit pension scheme (2002: One).

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
<b>Highest paid director</b>		
Aggregate emoluments	145	151
Compensation for loss of office	-	-
Contributions to money purchase pension scheme	13	13
	<u></u>	<u></u>

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 3 Information regarding directors and employees (continued)

	Year ended 31 March 2003 Number	Year ended 31 March 2002 Number
<b>Average number of persons employed</b>		
Production	272	288
Sales and distribution	52	52
Administration	69	73
	<u>393</u>	<u>413</u>
	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	9,574	9,633
Social security costs	747	765
Pension costs	609	631
	<u>10,930</u>	<u>11,029</u>

### 4 Exceptional items

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Release of provisions against loans due from group undertakings	-	397
Waivers of loans due to dormant subsidiaries (net)	-	2,304
Less: Increased provision against investment in Dormant subsidiaries	-	<u>(2,382)</u>
	-	(78)
Provision against loan balances to associated company	-	(284)
	<u>-</u>	<u>35</u>

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 5 Operating profit

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation		
Owned assets	2,797	2,374
Provision for permanent diminution in value	-	254
Hire of equipment	167	244
Rentals under operating leases		
- Plant and machinery	345	384
- Others	328	277
Auditors' remuneration		
- Audit services	44	42
Amortisation of grant	(14)	(14)

### 6 Interest payable and similar charges

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Bank loans and overdrafts	22	146

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 7 Tax on profit on ordinary activities

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
<b>Analysis of tax charge on ordinary activities:</b>		
UK corporation tax	860	722
Adjustment in respect of prior years	2	112
Group relief	197	269
<b>Total current tax</b>	<b>1,059</b>	<b>1,103</b>
Deferred tax		
Timing differences, origination and reversal	84	206
Adjustment in respect of prior years	(65)	(183)
<b>Total deferred tax</b>	<b>19</b>	<b>23</b>
<b>Tax on profit on ordinary activities</b>	<b>1,078</b>	<b>1,126</b>

#### Factors affecting tax charge for the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Profit on ordinary activities before tax	3,714	3,910
Tax at 30% thereon	1,114	1,173
Effects of:		
Expenses not deductible for tax purposes	33	879
Capital allowances in excess of depreciation	(25)	(140)
Other short term timing differences	(59)	(66)
Non taxable income	(6)	(855)
Adjustment in respect of prior years	2	112
<b>Current tax charge for period</b>	<b>1,059</b>	<b>1,103</b>

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 7 Tax on profit on ordinary activities (continued)

#### Factors that may effect the future tax charge

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £374,000.

### 8 Dividends

	Year ended 31 March 2003	Year ended 31 March 2002
	£'000	£'000
Paid – 16.422p per ordinary share (2002 : 12.632p)	2,600	2,000
Proposed – 3.158p per ordinary share (2002 : Nil)	500	0
	<u>3,100</u>	<u>2,000</u>

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 9 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2002	9,207	19,932	7,602	36,741
Additions	598	2,332	573	3,503
Disposals	-	(29)	(427)	(456)
Reclassification	27	(442)	415	-
Transfer to assets held for resale	(629)	-	-	(629)
<b>At 31 March 2003</b>	<b>9,203</b>	<b>21,793</b>	<b>8,163</b>	<b>39,159</b>
At cost	3,777	21,793	8,163	33,733
At open market valuation in 1990	5,426	-	-	5,426
	<b>9,203</b>	<b>21,793</b>	<b>8,163</b>	<b>39,159</b>
<b>Accumulated depreciation</b>				
At 1 April 2002	1,287	8,488	5,844	15,619
Charge for the year :				
Depreciation	308	1,424	1,065	2,797
Disposals	-	(4)	(427)	(431)
Transfer to assets held for resale	(138)	-	-	(138)
<b>At 31 March 2003</b>	<b>1,457</b>	<b>9,908</b>	<b>6,482</b>	<b>17,847</b>
<b>Net book value</b>				
<b>At 31 March 2003</b>	<b>7,746</b>	<b>11,885</b>	<b>1,681</b>	<b>21,312</b>
At 31 March 2002	7,920	11,444	1,758	21,122

During the year the company vacated its former head office building. As the property was expected to be sold within twelve months of 31 March 2003, the net book value has been transferred to current assets at 31 March 2003. Subsequent to the balance sheet date, on 3 June 2003, the company sold its former head office building for £880,000, resulting in a profit on disposal of £481,000, after legal and other costs, and elimination of un-amortised grant of £229,000.

The net book value of land and buildings comprises freehold properties of £7,642,000 (2002: £7,816,000) and long leaseholds of £104,000 (2002: £104,000).

Prior to the adoption of FRS 15 (Tangible fixed assets) on 31 March 2000 it was company policy to revalue its freehold land and buildings. Freehold land and buildings were revalued in 1990 on the basis of open market values for existing use. The transitional provisions in FRS 15 have been applied and previous revaluations have been retained. From 31 March 2000 it is company policy not to revalue its fixed assets.

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 9 Tangible fixed assets (continued)

If freehold land and buildings had not been revalued, total land and buildings, including those which have not been subject to revaluation, would have been included on a historic cost basis at the following amounts:

	2003 £'000	2002 £'000
Cost	5,581	5,585
Accumulated depreciation	(1,215)	(1,045)
Historical cost value	<u>4,366</u>	<u>4,540</u>

### 10 Investments

#### Analysis of investments

The value of investments held by the company is £Nil (2002: £Nil). No provisions have been made during the year against the value of investments in subsidiaries (2002 - £2,382,000).

Details of the principal subsidiaries are:

	Proportion of shares	Country of Incorporation	Nature of business
Metsec Building Products Limited	100%	England	Non trading agent
Metal Sections Limited	100%	England	Non trading agent
Metsec Framing Limited	100%	England	Non trading agent
HEP Sections Limited	100%	England	Non trading agent
Metsec Profile Manipulation Ltd	100%	England	Non trading agent
Energy Tubes Limited	100%	England	Non trading agent

#### Interests in associated undertakings

During the year the company disposed of its 50% investment in Westvale Developments Limited, a company set up for the purposes of a joint venture operation. The investment was sold for £1 and, as the value of the investment had previously been fully written down, there was no profit or loss on the disposal.

#### Consolidation

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included within the consolidated financial statements of its ultimate parent, Voest Alpine AG, a company incorporated in Austria.



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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 11 Stocks

	2003 £'000	2002 £'000
Raw materials	1,129	873
Work in progress and finished goods	2,047	2,071
	<u>3,176</u>	<u>2,944</u>

### 12 Debtors

	2003 £'000	2002 £'000
Trade debtors	13,463	11,515
Amounts due from group undertakings	125	185
Other debtors	495	280
Prepayments and accrued income	110	189
Amounts recoverable on contracts	129	782
	<u>14,322</u>	<u>12,951</u>

### 13 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank overdraft	-	92
Trade creditors	14,500	12,621
Amounts owed to group undertakings	1,140	342
Corporation tax	344	425
Group relief payable	197	269
Social security costs and other taxes	899	1,203
Other creditors	678	213
Accruals and deferred income	1,531	1,567
	<u>19,289</u>	<u>16,732</u>

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 14 Provisions for liabilities and charges

Deferred Taxation	Deferred tax £'000
Balance at 1 April 2002	1,769
Current year charge	84
Adjustment in respect of prior years	(65)
<b>Balance at 31 March 2003</b>	<b><u>1,788</u></b>

#### Analysis of Deferred Tax Balance:

	2003 Provided £'000	2002 Provided £'000
Capital allowances in excess of depreciation	1,913	1,873
Other short term timing differences	(125)	(104)
	<b><u>1,788</u></b>	<b><u>1,769</u></b>

### 15 Called up share capital

	2003 £'000	2002 £'000
<b>Authorised</b>		
19,500,000 Ordinary shares of 10p each	<b><u>1,950</u></b>	<b><u>1,950</u></b>
<b>Called up, allotted and fully paid</b>		
15,832,370 Ordinary shares of 10p each	<b><u>1,583</u></b>	<b><u>1,583</u></b>

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## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 16 Reserves

	Share Premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2002	788	1,875	15,344	18,007
Loss for the year	-	-	(464)	(464)
At 31 March 2003	<u>788</u>	<u>1,875</u>	<u>14,880</u>	<u>17,543</u>

### 17 Reconciliation of movements in equity shareholders' funds

	2003 £'000	2002 £'000
(Loss)/profit for the year	(464)	784
Opening shareholders' funds	19,590	18,806
Closing shareholders' funds	<u>19,126</u>	<u>19,590</u>

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 18 Financial commitments

	2003 £'000	2002 £'000
<b>Capital commitments</b>		
Contracted for but not provided	<u>221</u>	<u>1,547</u>

#### Operating lease commitments

At 31 March 2003, the company had annual commitments under operating leases which expire as follows:

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Leases which expire:				
- Within one year	-	-	128	233
- Within two to five years	328	327	163	83
- After five years	-	-	-	-
	<u>328</u>	<u>327</u>	<u>291</u>	<u>316</u>

### 19 Contingent liabilities

The bank loan and overdraft are secured by means of a group composite banking arrangement. The total group liability under this arrangement at the year end was £Nil (2002: £Nil).

**Notes to the financial statements  
for the year ended 31 March 2003 (continued)**

**20 Pensions**

**Pensions - SSAP 24 Disclosure**

The Company operates a defined benefit funded pension scheme covering the majority of its employees. The assets of the fund are invested in the Standard Life Managed Fund. The pension cost is assessed in accordance with the advice of qualified actuaries, and an actuarial assessment of the scheme was carried out in March 2003 based on the position as at 6 April 2001, the previous valuation having been carried out in respect of the position as at 6 April 1999. The valuation was carried out using the projected unit method under which future income and future liabilities are discounted to current values. It was assumed that future investment returns would exceed salary increases by 2.0% p.a. (1999: 1.5% p.a.) and that the future rate of growth of dividends on equity shares would be 4.0% p.a. (1999: 4% p.a.). This disclosed that the actuarial value of the assets of the fund was £14,350,000 (1999: £9,268,000) and the liabilities allowing for future salary increases were £13,666,000 (1999: £9,126,000). Hence, at 6 April 2001, the total market value of the scheme's assets represented 105% of the benefits that had accrued to members at this date. Figures in brackets indicate the assumptions and results from the previous valuation.

The surplus on the fund had increased from £142,000 at the time of the 1999 review to a surplus of £684,000 at 6 April 2001, reviews being based on the same assumptions shown. In view of the improving trend arising in previous actuarial valuations, the directors and trustees of the scheme have decided to maintain the present level of contributions of 10.4% of pensionable salaries plus death in service premiums. It has been agreed with the trustees that this contribution rate will continue until the next actuarial valuation due as at 6 April 2004.

The cost of the defined benefit pension scheme in the year was £437,000 (2002: £611,000).

The Company also operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account. The total pension cost for this scheme for the year was £98,000 (2002: £67,000).

**Pensions – FRS17 disclosure**

The Company sponsors the Metal Sections Pension Scheme (1982), which is a defined benefit scheme. The last full actuarial valuation of this Scheme was carried out by a qualified independent actuary as at 6 April 2001 and updated on an approximate basis to 31 March 2003.

The total contributions made by the employer over the financial year have been £437,000 (2002: 611,000), equivalent to 10.4% of Pensionable Salaries plus death in service premiums.

The transitional arrangements of the new accounting standard FRS17 require disclosure of assets and liabilities as at 31 March 2003 calculated in accordance with the requirements of FRS17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gains and losses were the full requirements of FRS17 in place. For the purpose of these financial statements, all of these figures are illustrative only and do not impact on the actual 31 March 2003 balance sheet or on this year's performance statements.

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 20 Pensions (continued)

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	31 March 2003	31 March 2002
Inflation	2.50% p.a.	3.00% p.a.
Salary Increases	3.00% p.a.	4.50% p.a.
Rate of discount	5.50% p.a.	6.25% p.a.
Pension in payment increases	2.50% p.a.	3.00% p.a.
Revaluation rate for deferred pensioners	<u>2.50% p.a.</u>	<u>3.00% p.a.</u>

#### Assets

	31 March 2003	31 March 2002
Equities	10,138	13,772
Bonds	2,148	1,884
Other	792	1,017
<b>Total assets</b>	<u>13,078</u>	<u>16,673</u>

#### Expected long term rate of return

	31 March 2003	31 March 2002
Equities	7.50%	7.00%
Bonds	4.50%	5.25%
Other	<u>4.50%</u>	<u>4.00%</u>

Reconciliation of scheme assets and liabilities to the balance sheet:

	31 March 2003 £'000	31 March 2002 £'000
Assets	13,078	16,673
Liabilities	17,774	16,165
Recoverable (deficit)/surplus in scheme	(4,696)	508
Related deferred tax asset/(liability)	1,409	(152)
<b>Net pension (liability)/asset in the balance sheet</b>	<u>(3,287)</u>	<u>356</u>

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 20 Pensions (continued)

If the amounts above had been recognised in the financial statements, the company's net assets and profit and loss reserve at 31 March 2003 and 31 March 2002 would be as follows:

	31 March 2003	31 March 2002
	£'000	£'000
Net assets excluding pension asset	19,126	19,590
Pension (liability)/asset	(3,287)	356
Net assets including pension asset	15,839	19,946
Profit and loss reserve excluding pension asset	14,880	15,344
Pension (deficit)/reserve	(3,287)	356
Profit and loss reserve	<u>11,593</u>	<u>15,700</u>

The following amounts would be included within the profit and loss account:

<b>Operating profit</b>	
Current service cost	543
Past service cost	-
Previous unrecognised surplus deducted from past service cost	-
 Total operating charge	 543
 <b>Other finance income</b>	
Expected return on pension scheme assets	1,109
Interest on pension scheme liabilities	(1,019)
Net finance return	90
 Total	 <u>453</u>

# Metsec plc

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 20 Pensions (continued)

The following amounts would be included in the Statement of Total Recognised Gains and Losses:

	2003
	£'000
Difference between expected and actual return on assets	(4,869)
Percentage of scheme assets	37%
Experience gains and losses arising on the scheme liabilities	(34)
Percentage of the present value of the scheme liabilities	0%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(285)
Percentage of the present value of the scheme liabilities	2%
<b>Total actuarial gains and losses</b>	<b>(5,188)</b>

The movement in the balance sheet surplus/(deficit) figures during the year was as follows:

	£000's
Surplus in scheme at beginning of year	508
Movement in year:	
Current service cost	(543)
Net interest/return on assets	90
Contributions	437
Past service costs	-
Other finance income	
Actuarial gain (Loss)	(5,188)
Surplus (deficit) in scheme at end of year	<b>(4,696)</b>



# Metsec plc

## Notes to the financial statements for the year ended 31 March 2003 (continued)

### 21 Cash flow statement and Related Party disclosures

The company is a wholly owned subsidiary of Voest Alpine AG, a company incorporated in Austria, and is included in the consolidated financial statements of Voest Alpine AG which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Voest Alpine AG Group. For details of other related party transactions see Note 23.

### 22 Ultimate parent company

The immediate parent undertaking is Voest Alpine Krems UK plc.

The ultimate parent undertaking and controlling party is Voest Alpine AG, a company incorporated in Austria. Voest Alpine AG is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Voest Alpine AG consolidated financial statements can be obtained from the Company Secretary of Metsec plc, Broadwell Road, Oldbury, Warley, West Midlands, B69 4HE.

### 23 Related parties

The following directors and officers of Metsec plc have direct and beneficial interests in the loan notes of Voest Alpine Krems UK plc.

	31 March 2003	31 March 2002
	£	£
M N Atkins (resigned 8 July 2002)	-	8,220
D G Jeavons (resigned 31 January 2003)	184,000	234,000
D Lum	-	35,000