

Registration number 02145002

Birmingham Metal Company Limited
Directors' report and financial statements
for the year ended 30 September 2002



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Birmingham Metal Company Limited

Company information

Directors	Mark Evans	Resigned 25 October 2002
	Robert Hodges	
	Terry Roberts	
	Terry Mellor	Appointed 25 October 2002
Secretary	Robert Hodges	
Company number	02145002	
Registered office	Garrison Street Bordesley Birmingham B9 4BN	
Auditors	Mitchells 93-97 Saltergate Chesterfield Derbyshire S40 1LA	
Business address	Garrison Street Bordesley Birmingham B9 4BN B9 4BN	
Bankers	HSBC plc PO Box 68 130 New Street Birmingham B2 4JU	

Birmingham Metal Company Limited

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Birmingham Metal Company Limited

Directors' report for the year ended 30 September 2002

The directors present their report and the financial statements for the year ended 30 September 2002.

Incorporation and change of name

The company was incorporated on as Birmingham Metal Company Limited. The company commenced trade on .

Principal activity

The principal activity of the company continued to be the processing of and trading in precious metals, and it is intended that there will be no material departure from this activity in the foreseeable future.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		30/09/02	01/10/01
		or date of appointment	
Mark Evans	Resigned 25 October 2002	-	-
Robert Hodges		-	-
Terry Roberts		-	-
Terry Mellor	Appointed 25 October 2002	-	-

Terry Roberts is a director of Birmingham Metal Holdings Limited, the company that holds 49% of the issued share capital of this company. Mark Evans, Robert Hodges and Terry Mellor hold no interests in the share capital of the company.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Mitchells be reappointed as auditors of the company will be put to the Annual General Meeting.

Birmingham Metal Company Limited

**Directors' report
for the year ended 30 September 2002**

The directors recommend that Mitchells remain in office until further notice.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 16.12.02 and signed on its behalf by

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

Robert Hodges
Secretary

Birmingham Metal Company Limited

Independent auditors' report to the shareholders of Birmingham Metal Company Limited

We have audited the financial statements of Birmingham Metal Company Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the 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 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 with the company is not disclosed.

We read the directors' report 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.

Birmingham Metal Company Limited

Independent auditors' report to the shareholders of Birmingham Metal Company Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Mitchells
Registered Auditor**

**93-97 Saltergate
Chesterfield
Derbyshire
S40 1LA**

20 December 2002

Birmingham Metal Company Limited

**Profit and loss account
for the year ended 30 September 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	3	2,392,602	2,349,105
Cost of sales		(2,283,710)	(2,123,501)
Gross profit		<u>108,892</u>	<u>225,604</u>
Distribution costs		(37,617)	(48,046)
Administrative expenses		(139,872)	(125,894)
Operating (loss)/profit	4	<u>(68,597)</u>	<u>51,664</u>
Interest payable and similar charges	5	<u>(15,092)</u>	<u>(29,471)</u>
(Loss)/profit on ordinary activities before taxation		(83,689)	22,193
Tax on (loss)/profit on ordinary activities	7	<u>12,527</u>	<u>(2,470)</u>
Retained (loss)/profit for the year		<u>(71,162)</u>	<u>19,723</u>
Accumulated loss brought forward		<u>(32,651)</u>	<u>(52,374)</u>
Accumulated loss carried forward		<u><u>(103,813)</u></u>	<u><u>(32,651)</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 13 form an integral part of these financial statements.

Birmingham Metal Company Limited

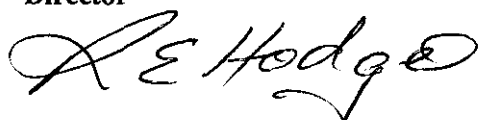
**Balance sheet
as at 30 September 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		93,863		118,601
Current assets					
Stocks		140,250		150,031	
Debtors	9	365,825		398,203	
Cash at bank and in hand		81		67	
		<u>506,156</u>		<u>548,301</u>	
Creditors: amounts falling due within one year	10	<u>(569,460)</u>		<u>(496,338)</u>	
Net current (liabilities)/assets			<u>(63,304)</u>		<u>51,963</u>
Total assets less current liabilities			30,559		170,564
Creditors: amounts falling due after more than one year	11		-		(67,402)
Provisions for liabilities and charges	12		<u>(9,274)</u>		<u>(10,715)</u>
Net assets			<u>21,285</u>		<u>92,447</u>
Capital and reserves					
Called up share capital	14		200		200
Share premium account	15		124,898		124,898
Profit and loss account	15		<u>(103,813)</u>		<u>(32,651)</u>
Equity shareholders' funds	16		<u>21,285</u>		<u>92,447</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The financial statements were approved by the Board on 6.12.02 and signed on its behalf by

Robert Hodges
Director



Terry Mellor
Director



The notes on pages 7 to 13 form an integral part of these financial statements.

Birmingham Metal Company Limited

Notes to the financial statements for the year ended 30 September 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	10% Straight Line
Fixtures, fittings and equipment	-	12.5% Straight Line
Computer equipment	-	25% Straight Line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.1. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

Birmingham Metal Company Limited

Notes to the financial statements for the year ended 30 September 2002

3. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 45% for the year.

4. Operating (loss)/profit	2002 £	2001 £
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible assets	31,011	32,191
Loss on foreign currencies	2,403	7,974
Operating lease rentals		
- Plant and machinery	4,100	4,439
- Land and buildings	35,000	35,000
Auditors' remuneration	6,500	6,500

5. Interest payable and similar charges	2002 £	2001 £
Included in this category is the following:		
On bank loans and overdrafts	15,092	29,471

6. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £8,560 (2001 - £4,623).

7. Taxation	2002 £	2001 £
UK current year taxation		
UK corporation tax	(11,086)	4,151
Transfer from deferred taxation	(1,441)	(1,681)
	(12,527)	2,470

Birmingham Metal Company Limited

**Notes to the financial statements
for the year ended 30 September 2002**

8. Tangible fixed assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Computer	Total
	£	£	£	£	£
Cost					
At 1 October 2001	447,998	9,091	7,571	24,094	488,754
Additions	4,348	-	-	1,925	6,273
At 30 September 2002	452,346	9,091	7,571	26,019	495,027
Depreciation					
At 1 October 2001	331,824	7,469	7,571	23,289	370,153
Charge for the year	29,648	397	-	966	31,011
At 30 September 2002	361,472	7,866	7,571	24,255	401,164
Net book values					
At 30 September 2002	90,874	1,225	-	1,764	93,863
At 30 September 2001	116,174	1,622	-	805	118,601

9. Debtors	2002 £	2001 £
Trade debtors	290,214	383,005
Amounts owed by group undertakings	2,020	2,020
Other debtors	60,255	5,450
Prepayments and accrued income	13,336	7,728
	<u>365,825</u>	<u>398,203</u>

10. Creditors: amounts falling due within one year	2002 £	2001 £
Bank overdraft	107,554	252,592
Bank loan	-	13,280
Trade creditors	23,434	32,220
Amounts owed to group undertaking	398,138	166,854
Corporation tax	-	4,195
Other taxes and social security costs	6,123	9,610
Accruals and deferred income	34,212	17,587
	<u>569,461</u>	<u>496,338</u>

Birmingham Metal Company Limited

**Notes to the financial statements
for the year ended 30 September 2002**

11. Creditors: amounts falling due after more than one year	2002	2001
	£	£
Bank loan	<u>-</u>	<u>67,402</u>

The bank loan is secured by a fixed charge over book and other debts, and a floating charge over all other assets.

12 Provisions for liabilities and charges

	Deferred taxation (Note 13)	Total
	£	£
At 1 October 2001	10,715	10,715
Movements in the year	<u>1,441</u>	<u>1,441</u>
At 30 September 2002	<u>9,274</u>	<u>9,274</u>

Birmingham Metal Company Limited

**Notes to the financial statements
for the year ended 30 September 2002**

13. Deferred taxation

Deferred tax is analysed over the following timing differences:

	Not provided		Provided	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	<u>-</u>	<u>-</u>	<u>9,274</u>	<u>10,715</u>

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 1 October 2001	10,715	12,396
Transferred to profit and loss account	<u>(1,441)</u>	<u>(1,681)</u>
At 30 September 2002	<u>9,274</u>	<u>10,715</u>

14. Share capital

	2002	2001
	£	£
Authorised equity		
200 Ordinary shares of 1 each	<u>200</u>	<u>200</u>
Allotted, called up and fully paid equity		
200 Ordinary shares of 1 each	<u>200</u>	<u>200</u>

15. Equity Reserves

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 October 2001	124,898	(32,651)	92,247
Retained (loss) for the year	<u>-</u>	<u>(71,162)</u>	<u>(71,162)</u>
At 30 September 2002	<u>124,898</u>	<u>(103,813)</u>	<u>21,085</u>

Birmingham Metal Company Limited

Notes to the financial statements for the year ended 30 September 2002

16. Reconciliation of movements in shareholders' funds	2002	2001
	£	£
Retained (loss)/profit for the year	(71,162)	19,723
Opening shareholders' funds	92,447	72,724
Closing shareholders' funds	<u>21,285</u>	<u>92,447</u>

17. Financial commitments

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2002	2001
	£	£
Expiry date:		
Within one year	-	2,439
Between one and five years	2,805	1,016
	<u>2,805</u>	<u>3,455</u>

18. Transactions with directors

The company pays rates on behalf of Birmingham Metal Company, an unincorporated business owned by Mr Terry Roberts, a director of this company. At the balance sheet date £6,730 (2001: £2,550) was outstanding in respect of these recharges.

The company sells metal on behalf of Birmingham Metal Company, and takes 5% of this turnover as commission. During the year £583,660 (2001: £454,742) of gross sales were made on behalf of Birmingham Metal Company.

During the year the company purchased goods to the value of £709,878 (2001: £623,276) from Birmingham Metal Company. The company also 'bought in' ad hoc labour amounting to £69,336 (2001: £47,005) from Birmingham Metal Company. At the balance sheet date £nil (2001: £12,235) was outstanding in respect of these purchases.

All transactions between Birmingham Metal Company Limited and Birmingham Metal Company took place on an arms length basis.

Birmingham Metal Company Limited

Notes to the financial statements for the year ended 30 September 2002

19. Related party transactions

The company has undertaken the following transactions with related parties during the year:

During the year the company sold goods to the value of £966,764 (2001: £773,341) to Metech Polymers Inc, a fellow member of the Metech Inc group of companies. At the balance sheet date £69,336 (2001: £18,350) was outstanding in respect of these sales.

Rent payable to Birmingham Metal Holdings Limited, the company that owns 49% of the issued share capital of this company, amounted to £35,000 (2001: £35,000). Service and maintenance charges amounted to £5,000 (2001: £5,000). There was no balance outstanding at the balance sheet date (2001: £nil) in respect of these charges.

Loans were received from the company's immediate parent company during the year. At the balance sheet date the company owed £398,138 (2001: £168,252) to Metech Europe Limited. This loan is interest free and is repayable at such time as the company leaves the Metech group.

All transactions between Birmingham Metal Company Limited, Metech Polymers Limited and Metech Europe Limited took place on an arms length basis.

20. Ultimate parent undertaking

The company's immediate parent undertaking is Metech Europe Limited, which owns 51% of the issued share capital.

The consolidated financial statements of the group are available on application to the company secretary of Metech Europe Limited at Unit 2, Dunston Place, Dunston Road, Chesterfield, Derbyshire S41 8XA.

Metech Europe Limited is in turn owned and controlled by Metech Inc., a company incorporated in the USA.

Metech Inc is itself owned by the Lord Corporation, and Birmingham Metal Company Limited considers the Lord Corporation to be ultimate parent undertaking.