

Registration Number 02145002

Birmingham Metal Company Limited
Directors' Report and Financial Statements
for the year ended 30 September 2001



Birmingham Metal Company Limited

Company Information

Directors	Mark Evans Robert Hodges Terry Roberts
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
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 2001

The directors present their report and the financial statements for the year ended 30 September 2001.

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	
	2001	2000
Mark Evans	-	-
Robert Hodges	-	-
Terry Roberts	-	-

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 and Robert Hodges 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;
- 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.

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.

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

Birmingham Metal Company Limited

**Directors' Report
for the year ended 30 September 2001**

This report was approved by the Board on ^{18 February 2002} and signed on its behalf by

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

**Robert Hodges
Secretary**

Birmingham Metal Company Limited

Auditors' Report to the Shareholders of Birmingham Metal Company Limited

We have audited the financial statements on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mitchells

**Chartered Accountants and
Registered Auditor**

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

22 Nov 2002

Birmingham Metal Company Limited

**Profit and Loss Account
for the year ended 30 September 2001**

		2001	2000
	Notes	£	£
Turnover	2	2,349,105	1,691,081
Cost of sales		(2,123,501)	(1,405,726)
Gross profit		<u>225,604</u>	<u>285,355</u>
Distribution costs		(48,046)	(25,223)
Administrative expenses		(125,894)	(147,370)
Operating profit	3	<u>51,664</u>	<u>112,762</u>
Interest payable and similar charges	4	<u>(29,471)</u>	<u>(18,592)</u>
Profit on ordinary activities before taxation		22,193	94,170
Tax on profit on ordinary activities	6	<u>(2,470)</u>	<u>(16,705)</u>
Retained profit for the year		19,723	77,465
Accumulated (loss) brought forward		<u>(52,374)</u>	<u>(129,839)</u>
Accumulated (loss) carried forward		<u><u>(32,651)</u></u>	<u><u>(52,374)</u></u>

The notes on pages 6 to 12 form an integral part of these financial statements.

Birmingham Metal Company Limited

Balance Sheet as at 30 September 2001

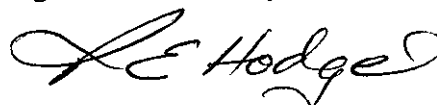
	Notes	2001 £	2000 £
Fixed Assets			
Tangible assets	7	118,601	139,902
Current Assets			
Stocks		150,031	371,651
Debtors	8	398,203	336,842
Cash at bank and in hand		67	100
		<u>548,301</u>	<u>708,593</u>
Creditors: amounts falling due within one year	9	<u>(496,338)</u>	<u>(682,829)</u>
Net Current Assets		<u>51,963</u>	<u>25,764</u>
Total Assets Less Current Liabilities		<u>170,564</u>	<u>165,666</u>
Creditors: amounts falling due after more than one year	10	(67,402)	(80,546)
Provisions for Liabilities and Charges	11	(10,715)	(12,396)
Net Assets		<u>92,447</u>	<u>72,724</u>
Capital and Reserves			
Called up share capital	13	200	200
Share premium account	14	124,898	124,898
Profit and loss account	14	(32,651)	(52,374)
Shareholders' Funds		<u>92,447</u>	<u>72,724</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board on 13 February 2002 and signed on its behalf by



Mark Evans
Director



Robert Hodges
Director

The notes on pages 6 to 12 form an integral part of these financial statements.

Birmingham Metal Company Limited

Notes to the Financial Statements for the year ended 30 September 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

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	-	25% Straight Line
Computer equipment	-	12.5% 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.

Birmingham Metal Company Limited

Notes to the Financial Statements for the year ended 30 September 2001

1.8. Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

This accounting policy is as prescribed by Statement of Standard Accounting Practice No. 20. It may involve reporting unrealised exchange gains on unsettled long-term monetary items as part of the profit or loss for the period. This policy represents a departure from the statutory accounting principles, which allow only profits realised at the balance sheet date to be included in the Profit and Loss Account. The directors consider this policy is necessary in order that the financial statements may give a true and fair view. Deferral of exchange gains whilst recognising exchange losses would inhibit the fair measurement of the performance of the company in the year.

If this departure had not been made, the profit for the financial year would have been increased by £7,974 (2000: £29,183).

2. Turnover

	2001 £	2000 £
Geographical market		
UK	1,337,647	1,263,344
Europe	20,011	25,043
Rest of the World	991,447	402,694
	<u>2,349,105</u>	<u>1,691,081</u>

3. Operating profit

	2001 £	2000 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	32,191	36,139
Loss on foreign currencies	7,974	29,183
Operating lease rentals		
- Plant and machinery	4,439	2,439
- Land and buildings	35,000	35,000
Auditors' remuneration	6,500	4,000
	<u> </u>	<u> </u>

4. Interest payable and similar charges

	2001 £	2000 £
On loans and overdrafts	<u>29,471</u>	<u>18,592</u>

Birmingham Metal Company Limited

Notes to the Financial Statements for the year ended 30 September 2001

5. 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 £4,623 (2000 - £-).

6. Taxation	2001 £	2000 £
UK current year taxation		
UK Corporation Tax	4,151	4,309
Transfer from deferred taxation	(1,681)	12,396
	<u>2,470</u>	<u>16,705</u>

7. Tangible fixed assets

	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Computer	Total
	£	£	£	£	£
Cost					
At 1 October 2000	438,288	7,911	7,571	24,094	477,864
Additions	9,710	1,180	-	-	10,890
At 30 September 2001	<u>447,998</u>	<u>9,091</u>	<u>7,571</u>	<u>24,094</u>	<u>488,754</u>
Depreciation					
At 1 October 2000	301,172	6,934	7,571	22,285	337,962
Charge for the year	30,652	535	-	1,004	32,191
At 30 September 2001	<u>331,824</u>	<u>7,469</u>	<u>7,571</u>	<u>23,289</u>	<u>370,153</u>
Net book values					
At 30 September 2001	<u>116,174</u>	<u>1,622</u>	<u>-</u>	<u>805</u>	<u>118,601</u>
At 30 September 2000	<u>137,116</u>	<u>977</u>	<u>-</u>	<u>1,809</u>	<u>139,902</u>

Birmingham Metal Company Limited

Notes to the Financial Statements for the year ended 30 September 2001

8. Debtors

	2001	2000
	£	£
Trade debtors	383,005	317,236
Amounts owed by group undertakings	2,020	2,020
Other debtors	5,450	11,622
Prepayments and accrued income	7,728	5,964
	<u>398,203</u>	<u>336,842</u>

9. Creditors: amounts falling due within one year

	2001	2000
	£	£
Bank overdraft	252,592	256,251
Bank loan	13,280	12,027
Trade creditors	32,220	108,961
Amounts owed to group undertaking	166,854	270,252
Corporation tax	4,195	4,309
Other taxes and social security costs	9,610	3,144
Accruals and deferred income	17,587	27,885
	<u>496,338</u>	<u>682,829</u>

10. Creditors: amounts falling due after more than one year

	2001	2000
	£	£
Bank loan	<u>67,402</u>	<u>80,546</u>

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

Birmingham Metal Company Limited

**Notes to the Financial Statements
for the year ended 30 September 2001**

11 Provisions for liabilities and charges

	Deferred Taxation (Note 12) £	Total £
At 1 October 2000	12,396	12,396
Movements in the year	(1,681)	(1,681)
At 30 September 2001	<u>10,715</u>	<u>10,715</u>

12. Deferred Taxation

	Provided	
	2001 £	2000 £
Accelerated capital allowances	<u>10,715</u>	<u>12,396</u>

Movements on the provision for deferred taxation are:

	2001 £	2000 £
At 1 October 2000	12,396	12,396
Transferred to profit and loss account	(1,681)	-
At 30 September 2001	<u>10,715</u>	<u>12,396</u>

13. Share capital

	2001 £	2000 £
Authorised		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

Birmingham Metal Company Limited

Notes to the Financial Statements for the year ended 30 September 2001

14. Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 October 2000	124,898	(52,374)	72,524
Retained profit for the year		19,723	19,723
At 30 September 2001	<u>124,898</u>	<u>(32,651)</u>	<u>92,247</u>

15. Financial commitments

At 30 September 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Expiry date:		
Within one year	2,439	2,439
Between one and five years	1,016	1,016
	<u>3,455</u>	<u>3,455</u>

16. Transactions with directors

The company pays rates on behalf of Birmingham Metal Co, a sole trader owned by one of the directors, Terry Roberts. At the balance sheet date £2,550 (2000: £674) was outstanding in respect of recharges for rates.

The company sells metal on behalf of Birmingham Metal Co, and takes 5% of turnover as commission. During the year £454,742 (2000: £350,572) of gross sales were made on behalf of Birmingham Metal Co.

During the year the company purchased goods to the value of £623,276 (2000: £321,884) from Birmingham Metal Co. The company also 'bought in' ad hoc labour amounting to £47,005 (2000: £49,354) from Birmingham Metal Co. At the balance sheet date £12,235 (2000: £14,582) was outstanding in respect of these purchases. These transactions took place on an arms length basis.

Birmingham Metal Company Limited

Notes to the Financial Statements for the year ended 30 September 2001

17. Related party transactions

During the year the company sold goods to the value of £773,341 (2000: £379,614) to Metech Polymers Inc, a fellow member of the Metech Inc group of companies. At the balance sheet date £18,350 (2000: £29,424) was outstanding in respect of these sales. These transactions took place on an arms length basis.

Rent payable to Birmingham Metal Holdings Limited, the 49% shareholder of this company, amounted to £35,000 (2000: £20,000). Service and maintenance charges amounted to £5,000 (2000: £5,000). At the balance sheet date £nil (2000: £13,186) was due to Birmingham Metal Holdings Limited in respect of these charges. These transactions took place on an arms length basis.

Loans were received from related parties during the year. At the balance sheet date the company owed £nil (2000: £188,814) to Metech Inc, the company's ultimate parent company, and £168,252 (2000: £68,252) to Metech Europe Limited, the company's immediate parent company. These loans are interest free, with no fixed repayment terms.

18. 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.

The company's ultimate parent undertaking and controlling party is Metech Inc., a company incorporated in the USA.

Birmingham Metal Company Limited

The following pages are for the directors only

Birmingham Metal Company Limited

Detailed Trading and Profit and Loss Account for the year ended 30 September 2001

	2001		2000	
	£	£	£	£
Sales		2,349,105		1,691,081
Cost of sales				
Opening stock	371,651		167,858	
Raw materials purchased	1,634,457		1,385,779	
Refining costs	10,564		14,740	
Assay costs	2,207		2,241	
Wages and salaries	196,704		164,453	
Staff pension scheme costs	4,623		-	
Commissions payable	13,185		-	
Consumables	5,931		2,670	
Maintenance	3,558		5,800	
Depreciation on plant and machinery	30,652		33,836	
	<u>2,273,532</u>		<u>1,777,377</u>	
Closing stock	(150,031)		(371,651)	
		(2,123,501)		(1,405,726)
Gross profit	10%	225,604	17%	285,355
Distribution costs		48,046		25,223
Administrative expenses		<u>125,894</u>		<u>147,370</u>
		(173,940)		(172,593)
Operating profit	2%	51,664	7%	112,762
Other income and expenses				
Interest payable				
Bank interest		23,440		13,807
Interest on loans repayable in less than 5 years		<u>6,031</u>		<u>4,785</u>
		(29,471)		(18,592)
Net profit for the year		<u>22,193</u>		<u>94,170</u>

Birmingham Metal Company Limited

Distribution costs and Administrative expenses for the year ended 30 September 2001

	2001 £	2000 £
Distribution costs		
Advertising	8,178	3,557
Carriage outwards	29,993	12,774
Travelling expenses	9,875	8,892
	<u>48,046</u>	<u>25,223</u>
Administrative expenses		
Operating lease rentals - land & blds	35,000	35,000
Rent, rates and insurance	25,479	21,766
Light and heat	4,653	4,455
Repairs and maintenance	7,305	8,851
Printing, postage and stationery	3,568	3,704
Telephone	5,361	4,167
Computer costs	1,173	6,234
Motor vehicle leasing	4,439	2,439
Entertaining	164	380
Legal and professional	924	114
Accountancy	1,850	1,225
Audit	6,500	4,000
Bank charges	5,089	5,825
Profit/loss on exchange	7,974	29,183
Recruitment expenses	3,500	4,399
General expenses	11,016	11,338
Subscriptions	360	1,987
Depreciation on FF & Equipment	535	700
Depreciation of computer equipment	1,004	1,603
	<u>125,894</u>	<u>147,370</u>