

AUDITORS' REPORT TO**METALS & ALLOYS INTERNATIONAL LIMITED****UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 2 to 7, together with the financial statements of the Company for the year ended 31st March 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 7 are properly prepared in accordance with those provisions.


COLIN J B SPINKS & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

St James House
65 Mere Green Road
Four Oaks
Sutton Coldfield
West Midlands B75 5BY

27 January 2000

Company No: 3012402



METALS & ALLOYS INTERNATIONAL LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared on the basis of historical cost and in accordance with generally accepted fundamental accounting concepts which have been consistently applied in order to present fairly the results and financial position. The Company continues as a going concern based upon the continued financial support of the directors.

CASH FLOW STATEMENT

The Company has taken advantage of the exemption available per FRS 1 for small companies not to prepare a cash flow.

TURNOVER

Turnover is the total amount receivable by the Company in the ordinary course of business for work executed and services provided, excluding VAT.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost.

DEPRECIATION is provided as follows on the decreasing balance -

Aircraft, Plant and Machinery	10% per annum
Motor Vehicles	25% per annum
Fixtures and Fittings	10% per annum

Freehold improvements are depreciated on a straight line basis over 50 years.

No depreciation has been charged on freehold land and buildings as it is the directors intention to maintain them in their present condition. This is not in accordance with FRS 15.

STOCK

Stock in trade has been valued at the lower of cost or net realisable value

METALS & ALLOYS INTERNATIONAL LIMITED

ACCOUNTING POLICIES

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account. Foreign currency balances at the balance sheet date have been recorded at the exchange rate as at that date.

TAXATION

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and results as stated in the financial statements. Deferred taxation is provided for to the extent that it is probable that a liability or asset will crystallise and not provided for to the extent that it is probable that a liability will not crystallise. Unprovided deferred taxation is disclosed as a contingent liability.

METALS & ALLOYS INTERNATIONAL LIMITED

BALANCE SHEET : 31ST MARCH 1999

	<u>NOTES</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible Assets	1	<u>427,939</u>	<u>393,057</u>
CURRENT ASSETS			
Stock		-	181,095
Debtors	2	<u>716,022</u>	<u>587,119</u>
Cash at Bank and in Hand		<u>38,372</u>	<u>30,550</u>
		754,394	798,764
CURRENT LIABILITIES			
Creditors: Amounts Falling Due Within One Year	3	<u>768,132</u>	<u>826,880</u>
NET CURRENT LIABILITIES		(<u>13,738</u>)	(<u>28,116</u>)
TOTAL ASSETS LESS CURRENT LIABILITIES		414,201	364,941
Creditors: Amounts Falling Due After More Than One Year	3	(100,000)	(109,750)
Provision for Liabilities and Charges		(<u>13,200</u>)	(<u>-</u>)
NET ASSETS		<u>301,001</u>	<u>255,191</u>
CAPITAL AND RESERVES			
Called-up Share Capital (Includes non voting interests) (Issued and Fully Paid £1 each)	4	49,996	48,998
Revaluation Reserve		144,686	144,686
Profit and Loss Account		<u>106,319</u>	<u>61,507</u>
		<u>301,001</u>	<u>255,191</u>

These abbreviated accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

In the preparation of the Company's annual accounts, the directors have taken advantage of special exemptions applicable to small companies and have done so on the grounds that, in their opinion, the Company is entitled to those exemptions as a small company.

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON THEIR BEHALF BY:

R J Dajczak



13 January 2000

METALS & ALLOYS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 TANGIBLE ASSETS

	<u>FREEHOLD LAND, BUILDINGS AND IMPROVEMENTS</u>	<u>AIRCRAFT, PLANT AND MACHINERY</u>	<u>FIXTURES AND FITTINGS</u>	<u>VEHICLES</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost or Valuation:					
At 1st April 1998	254,228	114,999	20,244	50,045	439,516
Additions	<u>-</u>	<u>55,136</u>	<u>3,896</u>	<u>-</u>	<u>59,032</u>
At 31st March 1999	<u>254,228</u>	<u>170,135</u>	<u>24,140</u>	<u>50,045</u>	<u>498,548</u>
Depreciation:					
At 1st April 1998	452	21,497	2,700	21,810	46,459
Charge for year	<u>84</u>	<u>14,863</u>	<u>2,144</u>	<u>7,059</u>	<u>24,150</u>
At 31st March 1999	<u>536</u>	<u>36,360</u>	<u>4,844</u>	<u>28,869</u>	<u>70,609</u>
Net Book Value:					
At 31st March 1998	<u>253,776</u>	<u>93,502</u>	<u>17,544</u>	<u>28,235</u>	<u>393,057</u>
At 31st March 1999	<u>253,692</u>	<u>133,775</u>	<u>19,296</u>	<u>21,176</u>	<u>427,939</u>
Cost or Valuation at 31st March 1999 is represented by:					
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Valuation in 1998	254,228	-	-	-	254,228
Cost	<u>-</u>	<u>170,135</u>	<u>24,140</u>	<u>50,045</u>	<u>244,320</u>
	<u>254,228</u>	<u>170,135</u>	<u>24,140</u>	<u>50,045</u>	<u>498,548</u>

Freehold land and buildings were revalued on the basis of an open-market valuation for existing use by a firm of surveyors.

On an historical cost basis freehold land and buildings would have been included at:

	<u>£</u>
Cost	109,542
Aggregate Depreciation	<u>(536)</u>
	<u>109,006</u>

Depreciation of freehold land and buildings has not been provided as the Company has an ongoing policy to maintain the properties in their current condition. This is not in accordance with FRS 15.

METALS & ALLOYS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 DEBTORS

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Amounts Falling Due Within One Year:		
Trade Debtors	686,423	491,443
Corporation Tax Recoverable	8,301	8,301
Other Debtors	19,445	80,000
Prepayments	<u>1,853</u>	<u>7,375</u>
	<u>716,022</u>	<u>587,119</u>

Included within trade debtors is an amount of £643,061 and in other debtors is an amount of £12,235, which is receivable from an associated company, Metals & Alloys Titanium Products Ltd. There is no guarantee of when these amounts will be repaid and it is likely that they will not be repaid within one year.

METALS & ALLOYS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 CREDITORS

	<u>Amounts Falling Due Within One Year</u>		<u>Amounts Falling Due After More Than One Year</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank Overdraft	94,598	121,111	-	-
Taxation and Social Security Payable	13,477	31,186	-	-
Corporation Tax	5,000	-	-	-
Trade Creditors	63,848	227,954	-	-
Other Creditors	33,490	32,807	100,000	109,750
Directors Account	532,269	390,738	-	-
Accruals	<u>25,450</u>	<u>23,084</u>	<u>-</u>	<u>-</u>
	<u>768,132</u>	<u>826,880</u>	<u>100,000</u>	<u>109,750</u>

The bank overdraft is secured by a charge over the freehold land and buildings.

CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR INCLUDE THE FOLLOWING

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Pension Fund Loan	<u>100,000</u>	<u>109,750</u>

The pension fund loan is repayable in November 2002 and interest is charged at 3.75% above the base rate.

4 SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Authorised:		
Ordinary Shares of £1 each	<u>61,000</u>	<u>61,000</u>
Allotted, Issued and Fully Paid:		
Ordinary A Shares of £1 each	<u>11,996</u>	<u>10,998</u>
Ordinary Non Voting B Shares of £1 each	<u>38,000</u>	<u>38,000</u>

Allotments during Year:

During the year 998 ordinary shares of £1 each were issued.