

Ralph Martindale (England) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2008



Ralph Martindale (England) Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr R V Legiewicz
Mr I Marshall
Mr G Owen
Mr N W Ensor
Mr L Askey
Mr S Fox
Mr K Sharman

SECRETARY

Mr S Fox

COMPANY NUMBER

3398001

REGISTERED OFFICE

Crocodile House
Strawberry Lane
Willenhall
West Midlands
WV13 3RS

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Ralph Martindale (England) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the manufacture of hot-rolled steel sections and the sale of agricultural tools, and the company will continue to develop these activities.

REVIEW OF THE BUSINESS

The year ended 31 December 2008 proved to be a difficult year for the company, with significant increases experienced in the cost of steel billet, the company's primary raw material. In the first half of 2008, the cost of steel billet increased by 67%, and the company was not able to fully recover the additional cost within the selling prices of all products, particularly those sold to less affluent overseas markets. In addition, the current global economic downturn resulted in a dramatic decrease in demand for hot-rolled steel products from non-group customers in the second half of 2008.

2009 is expected to yield an improved mix of product sales, with additional demand expected for steel from group subsidiary companies overseas. Total sales for the first quarter of 2009 are consistent with the corresponding period in 2008, and despite the current weak external steel market, the company is forecast to return to profitability in 2009.

RESULTS FOR THE YEAR AND DIVIDENDS

The loss for the year after taxation amounted to £238,176 (31 December 2007: £473,274 profit). The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were as follows:

Mr I Marshall	
Mr R V Legiewicz	
Mr N W Ensor	
Mr G Owen	
Mr L Askey	
Mr S Fox	(appointed 23 December 2008)
Mr K Sharman	(appointed 23 December 2008)
Mr P Hartley	(resigned 31 March 2008)
Mr J Whitehouse	(resigned 20 March 2009)

AUDITORS

The company has elected to dispense with the annual appointment of auditors.

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Ralph Martindale (England) Limited

DIRECTORS' REPORT (continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



Mr I Marshall
Director

14 May 2009

Ralph Martindale (England) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RALPH MARTINDALE (ENGLAND) LIMITED

We have audited the financial statements on pages 6 to 15

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 auditor's 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

14 May 2009

Ralph Martindale (England) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER	1	8,584,953	7,927,689
Cost of sales		(8,106,176)	(6,329,414)
GROSS PROFIT		478,777	1,598,275
Distribution costs		(396,410)	(409,673)
Administrative expenses		(707,145)	(619,555)
Other operating income	2	256,941	133,200
OPERATING (LOSS)/PROFIT	3	(367,837)	702,247
Interest receivable	5	18,774	20,442
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(349,063)	722,689
Taxation	6	110,887	(249,415)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	(238,176)	473,274

The operating (loss)/profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Ralph Martindale (England) Limited

BALANCE SHEET

31 December 2008

	<i>Notes</i>	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	1,049,462	1,070,506
CURRENT ASSETS			
Stocks	8	2,710,400	2,621,546
Debtors: Amounts falling due within one year	9	4,169,423	4,428,349
Debtors: Amounts falling due after one year	10	679,709	-
Cash at bank and in hand		877,609	983,246
		8,437,141	8,033,141
CREDITORS: Amounts falling due within one year	11	(8,167,856)	(7,435,837)
NET CURRENT ASSETS		269,285	597,304
TOTAL ASSETS LESS CURRENT LIABILITIES		1,318,747	1,667,810
PROVISIONS FOR LIABILITIES AND CHARGES	12	(141,144)	(252,031)
NET ASSETS		1,177,603	1,415,779
CAPITAL AND RESERVES			
Called up share capital	14	250,000	250,000
Profit and loss account	15	927,603	1,165,779
SHAREHOLDER'S FUNDS	13	1,177,603	1,415,779

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 14 May 2009 and signed on its behalf by:



I Marshall
Director

Ralph Martindale (England) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost. Depreciation is being charged from the year in which the asset is first available for use so as to reduce each asset's cost or valuation less any residual value over its anticipated useful economic life.

The following rates of depreciation have been used:

Plant and equipment, computer equipment and motor vehicles	25% reducing balance
New mill equipment	3 - 10% straight line

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised to the extent that they are recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate of exchange. Significant differences arising due to exchange fluctuations have been reflected in the profit and loss account.

PENSIONS CONTRIBUTIONS

The cost of providing retirement pensions is charged to the profit and loss account over the years benefiting from the employees' services.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

OPERATING LEASES

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and (loss)/profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	2008 £	2007 £
United Kingdom	2,154,923	1,063,212
Other European countries	207,730	225,315
Rest of the world	6,222,300	6,639,162
	<u>8,584,953</u>	<u>7,927,689</u>

2 OTHER OPERATING INCOME

Other operating income relates to royalties received from fellow subsidiaries.

3 OPERATING (LOSS)/PROFIT

	2008 £	2007 £
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year		
owned assets	73,177	70,513
Auditors' remuneration	10,000	11,000
Operating lease rentals	14,491	14,239
Profit on sale of fixed assets	-	(14,699)
	<u></u>	<u></u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

4	EMPLOYEES	2008 No.	2007 No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Manufacturing	38	36
	Sales and service	6	5
	Administration	4	4
		<u>48</u>	<u>45</u>
		£	£
	Staff costs for above persons:		
	Wages and salaries	1,089,276	965,363
	Social security costs	98,594	88,753
	Other pension costs	99,976	66,302
		<u>1,287,846</u>	<u>1,120,418</u>
	DIRECTORS' REMUNERATION		
	Emoluments	174,717	166,133
	Amounts paid to pension schemes	47,897	31,893
		<u>222,614</u>	<u>198,026</u>
	Total emoluments		
		Number	Number
	The number of directors to whom relevant benefits are accruing under:		
	Defined benefit pension schemes was	4	4
		<u>4</u>	<u>4</u>
	Directors' emoluments included above relate to directors involved in the day to day management of the business. The remaining directors' emoluments were paid by the parent company Ralph Martindale and Company Limited.		
5	INTEREST RECEIVABLE	2008 £	2007 £
	Group interest receivable	<u>18,774</u>	<u>20,442</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

6	TAXATION	2008 £	2007 £
	Current tax charges:		
	Adjustments in respect of previous periods	-	(826)
	Group relief received	-	236,345
		<u>-</u>	<u>235,519</u>
	Deferred tax:		
	Origination and reversal of timing differences	(110,887)	29,863
	Effect of change in tax rate	-	(15,967)
		<u>(110,887)</u>	<u>13,896</u>
	Tax on (loss)/profit on ordinary activities	<u>(110,887)</u>	<u>249,415</u>
	Reconciliation of UK corporation tax charge to the tax charge if the standard rate is applied to the (loss)/profit before tax		
	(Loss)/profit before tax at 28.5%/30%	(99,483)	216,807
	Depreciation in excess of capital allowances	7,556	4,398
	Expenses not deductible for tax purposes	683	520
	Deductible items	(14,275)	(8,398)
	Adjustment in respect of previous periods	-	(826)
	Tax losses not utilised	105,519	-
	Utilisation of tax losses brought forward	-	(30,229)
	Group relief received at higher tax rate	-	53,247
		<u>-</u>	<u>235,519</u>

The company has tax losses of £370,245 which are being carried forward to offset against future trading profits. A deferred tax asset has been provided in respect of these tax losses at 28%.

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

7 TANGIBLE FIXED ASSETS

	<i>Plant and equipment £</i>
Cost	
1 January 2008	6,415,144
Additions	52,133
	<hr/>
31 December 2008	6,467,277
	<hr/>
Depreciation	
1 January 2008	5,344,638
Charged in the year	73,177
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31 December 2008	5,417,815
	<hr/>
Net book value	
31 December 2008	1,049,462
	<hr/>
31 December 2007	1,070,506
	<hr/>

8 STOCKS	2008 £	2007 £
Raw materials	148,357	356,664
Work in progress	-	1,244
Finished goods	1,762,152	1,492,982
Engineering stocks and consumables	799,891	770,656
	<hr/>	<hr/>
	2,710,400	2,621,546
	<hr/>	<hr/>

9 DEBTORS: Amounts falling due within one year	2008 £	2007 £
Trade debtors	603,594	717,018
Amount owed by fellow subsidiary undertakings	3,513,341	3,668,393
Corporation tax recoverable	-	826
Other debtors	11,245	-
Prepayments and accrued income	41,243	42,112
	<hr/>	<hr/>
	4,169,423	4,428,349
	<hr/>	<hr/>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

10	DEBTORS: Amounts falling due after one year	2008 £	2007 £
	Amount owed by fellow subsidiary undertaking	679,709	-
11	CREDITORS: Amounts falling due within one year	2008 £	2007 £
	Trade creditors	1,054,857	827,073
	Amount owed to parent undertaking	2,441,763	2,454,776
	Amount owed to fellow subsidiary undertakings	4,605,540	4,080,462
	Other taxation and social security	15,814	12,912
	Other creditors and accruals	49,882	60,614
		8,167,856	7,435,837
12	PROVISIONS FOR LIABILITIES AND CHARGES		<i>Deferred tax £</i>
	1 January 2008		252,031
	Profit and loss account		(110,887)
	31 December 2008		141,144
	The provision for deferred tax at 28% comprises:		
			£
	Excess of capital allowances over depreciation		244,813
	Tax losses		(103,669)
			141,144
13	RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2008 £	2007 £
	(Loss)/profit for the year	(238,176)	473,274
	Opening shareholder's funds	1,415,779	942,505
	Closing shareholder's funds	1,177,603	1,415,779

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

14	CALLED UP SHARE CAPITAL (2008 AND 2007)	<i>Number of shares</i>	<i>£</i>
	Authorised, issued and fully paid Ordinary shares of £1 each	250,000	250,000
15	PROFIT AND LOSS ACCOUNT	2008 £	2007 £
	1 January 2008	1,165,779	692,505
	Retained (loss)/profit for the financial year	(238,176)	473,274
	31 December 2008	927,603	1,165,779
16	PENSION COMMITMENTS		
	The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £99,976 (2007: £66,302). The assets of the scheme are held in separate trustee administered funds managed by Legal & General Assurance Society Limited. Details of the scheme can be found in the consolidated financial statements of the parent company.		
17	CASH FLOW STATEMENT		
	Under Financial Reporting Standard No. 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.		
18	PARENT COMPANY		
	The parent company is Ralph Martindale and Company Limited which is incorporated in Great Britain and registered in England.		
19	CONTINGENT LIABILITIES		
	There is a composite banking agreement between the company, a fellow UK subsidiary, Ralph Martindale and Company Limited, and Barclays Bank plc.		
	There is a cross guarantee between the company, Ralph Martindale and Company Limited, and its UK subsidiaries.		
	At 31 December 2008 the group had a liability of £1,804,224 (2007: £1,220,156) on its UK Sterling bank balances.		

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

20 OPERATING LEASE COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2009:

	2008	2007
	£	£
Expiring:		
Within one year	6,756	-
Within one to five years	4,234	13,668
	<u> </u>	<u> </u>

21 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of the parent company, the company claims exemption under Financial Reporting Standard No. 8 from disclosing related party transactions with other group companies.

22 CAPITAL COMMITMENTS

At 31 December 2008 the company is committed to purchasing plant and equipment with the value of £Nil (2007: £28,089).