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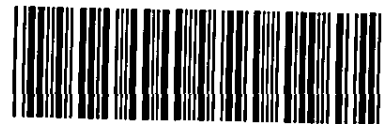
**A & M Tungsten Powders
Limited**

Report and Financial Statements

Year Ended

30 June 2008

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BDO Stoy Hayward
Chartered Accountants

A & M Tungsten Powders Limited

**Annual report and financial statements
for the year ended 30 June 2008**

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Director

P H David

Secretary and registered office

C Bloggs, Apex Yard, 29-35 Long Lane, London, SE1 4PL

Company number

3674027

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

A & M Tungsten Powders Limited

Report of the director for the year ended 30 June 2008

The director presents his report together with the audited financial statements for the year ended 30 June 2008

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year

The director does not recommend a payment of a final ordinary dividend for the year (2007 - £Nil)

Principal activities, trading review and future developments

The principal activities of the company was the manufacture of tungsten powders, which ceased during the year

It is intended that the company to be struck off

Director

The director of the company during the year was

P H David

Financial instruments

The objectives, policies and strategies applied with respect to the management of financial risk are determined by the director. The principal financial instruments used by the company to finance its operations are cash, bank overdrafts, and secured debt

Foreign currency risk

The company's reporting currency is Sterling, but it operates in different parts of the world in different currencies. The company enters into forward exchange contracts to protect against the risk that the cost of goods will increase due to exchange rate fluctuations

Interest rate risk

The company's exposure to interest rate fluctuations is constantly monitored. There is no formal policy on bank overdrafts but a variable rate is applied over secured debts

Liquidity risk

The company monitors cash flow on a periodic basis, ensuring that appropriate facilities are available to be drawn on as necessary

Credit risk

The company's trade debtors are represented by amounts due from well established organisations in the minerals and metals industries. Regular credit checks are performed on all customers. No significant credit risk exists

A & M Tungsten Powders Limited

Report of the director for the year ended 30 June 2008 (Continued)

Director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the director to prepare financial statements for each financial period which 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 director is required to

- select suitable accounting policies and then 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

The current director has taken all the steps that he ought to have taken to make himself aware of the information needed by the company's auditors for the purposes of their audit and to ensure that the auditors are aware of the information. The director is not aware of any relevant information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board


C Bloggs

Secretary

17 November 2008

A & M Tungsten Powders Limited

Report of the independent auditors

To the shareholders of A & M Tungsten Powders Limited

We have audited the financial statements of A & M Tungsten Powders Limited for the year ended 30 June 2008 which comprise the profit and loss account, note of historical cost profits and losses and reconciliation of movements in shareholders' funds, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing 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 director's 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the director's report is consistent with those financial statements. We also 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 the director's remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments made by the director 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.

A & M Tungsten Powders Limited

Report of the independent auditors (*Continued*)

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 as at 30 June 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

17 November 2008

A & M Tungsten Powders Limited

Profit and loss account for the year ended 30 June 2008

	Note	2008 £	2007 £
Turnover	2	59,708	826,837
Cost of sales		64,398	832,505
Gross loss		(4,690)	(5,668)
Administrative expenses		15,852	210,174
Other operating income		-	244,945
Operating (loss)/profit	5	(20,542)	29,103
Interest payable and similar charges	6	(245)	(15,079)
(Loss)/profit on ordinary activities before taxation		(20,787)	14,024
Taxation on (loss)/profit from ordinary activities	7	9,177	(5,894)
(Loss)/profit on ordinary activities after taxation		(11,610)	8,130

All recognised gains and losses are included in the profit and loss account

The notes on pages 8 to 12 form part of these financial statements

A & M Tungsten Powders Limited

Note of historical cost profits and losses and reconciliation of movements in shareholders' funds for the year ended 30 June 2008

	2008 £	2007 £
Note of historical cost profits and losses		
Reported (loss)/profit on ordinary activities before taxation	(11,610)	14,024
Difference between actual and historical depreciation charge	-	2,453
Historical cost (loss)/profit on ordinary activities before taxation	(11,610)	16,477
Retained historical cost (loss)/profit for the year after taxation	(11,610)	10,583
Reconciliation of movements in shareholders' funds		
(Loss)/profit for the year	(11,610)	8,130
Opening shareholders' funds	(269,938)	(278,068)
Closing shareholders' funds	(281,548)	(269,938)

The notes on pages 8 to 12 form part of these financial statements

A & M Tungsten Powders Limited

Balance sheet at 30 June 2008

	Note	2008 £	2008 £	2007 £	2007 £
Current assets					
Debtors	8	58,488		42,715	
Cash at bank and in hand		218		-	
		<u>58,706</u>		<u>42,715</u>	
Creditors amounts falling due within one year	9	<u>340,255</u>		<u>312,653</u>	
Net current liabilities			<u>(281,549)</u>		<u>(269,938)</u>
Net liabilities			<u>(281,549)</u>		<u>(269,938)</u>
Capital and reserves					
Called up share capital	10		220,000		220,000
Profit and loss account	11		(501,548)		(489,938)
Shareholders' funds			<u>(281,549)</u>		<u>(269,938)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2008

P H David
Director



The notes on pages 8 to 12 form part of these financial statements

A & M Tungsten Powders Limited

Notes forming part of the financial statements for the year ended 30 June 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed assets, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Going concern

The accounts of the company have been prepared on a going concern basis which assumes that the company will continue in existence for the foreseeable future. The company relies on support from its parent company, A & M Group Limited, in order to meet its obligations as they fall due. The director has received assurances from the parent company that this support will continue to be provided for the foreseeable future and on this basis, and all other information available, he considers that it is appropriate to prepare the financial statements on the going concern basis.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Turnover is recognised when the risks and rewards of owning the goods has passed to the customer, which is generally on delivery.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences and deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief.

Deferred tax balances are not discounted.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Pension costs

Contributions to employee's personal pension plans are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

A & M Tungsten Powders Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 (Continued)

3 Employees

	2008 £	2007 £
Staff costs consist of		
Wages and salaries	-	166,545
Social security costs	-	8,607
Other pension costs	-	4,531
	<hr/>	<hr/>
	-	179,683
	<hr/>	<hr/>

The average number of employees, including directors, during the year was 1 (2007 - 4)

4 Director

No remuneration was paid to the director during the year, nor during the prior year, in respect of his services in relation to the company

5 Operating (loss)/profit

	2008 £	2007 £
This has been arrived at after charging/(crediting)		
Depreciation	-	30,565
Auditor's remuneration - in respect of audit services	2,829	4,285
- in respect of tax services	2,500	2,450
Exceptional items (note 6)	-	(244,945)
	<hr/>	<hr/>

6 Interest payable and similar charges

	2008 £	2007 £
Bank interest	245	15,079
	<hr/>	<hr/>

A & M Tungsten Powders Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 (Continued)

7 Taxation on (loss)/profit from ordinary activities

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax on (loss)/profit for the year	(9,177)	5,894
<hr/>		
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below		
	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(20,787)	14,024
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(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 29.5% (2007 – 30%)	(6,132)	4,208
Effects of		
Expenses not deductible for tax purposes	145	61
Capital allowances and depreciation timing differences	-	42,422
Non taxable income	-	(20,043)
Depreciation on ineligible assets	-	300
Chargeable gain	-	4,866
Marginal relief/difference in tax rates	-	(1,744)
Utilisation of tax losses	-	(26,947)
Under provision in respect of previous years	(3,122)	2,772
Receipt for group relief	(5,986)	-
Surrender for group relief	5,918	-
<hr/>		
Current year tax (credit)/charge	(9,177)	5,895
<hr/>		

A potential deferred tax asset exists at the balance sheet date in respect of tax losses carried forward. This has not been recognised in the accounts as there is insufficient evidence that the asset will be recoverable within the meaning of Financial Reporting Standard 19 "Deferred Tax". Tax losses carried forward at the balance sheet date were £213,030 (2007 - £250,981).

8 Debtors

	2008 £	2007 £
Trade debtors	6,834	42,715
Amounts due from group undertakings	51,654	-
<hr/>		
	58,488	42,715
<hr/>		

All amounts shown under debtors fall due for payment within one year

A & M Tungsten Powders Limited

Notes forming part of the financial statements
for the year ended 30 June 2008 (*Continued*)

9 Creditors, amounts falling due within one year

	2008 £	2007 £
Trade creditors	-	8,820
Amounts owed to group undertakings	337,511	289,489
Taxation and social security	2,744	6,065
Other creditors and accruals	-	8,279
	<u>340,255</u>	<u>312,653</u>

10 Share capital

	2008 Number	2007 Number	Authorised 2008 £	2007 £
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	2008 Number	2007 Number	Allotted, called up and fully paid 2008 £	2007 £
Ordinary shares of £1 each	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>

11 Reserves

	Profit and loss account £
At 1 July 2007	(489,938)
Loss for the period	(11,610)
	<u>(501,548)</u>
At 30 June 2008	

12 Commitments under operating leases

The company entered into a licence agreement with A & M Group Limited for a period of three years from 1 January 2002 which was renewed by default on 1 January 2005 for a further 3 years. This agreement was reviewed on 1 January 2007. The annual rental charge under the agreement has ceased on the sale of the freehold building, owned by A&M Group Limited on 29 June 2008.

A & M Tungsten Powders Limited

Notes forming part of the financial statements for the year ended 30 June 2008 (Continued)

13 Contingent liabilities

The company has a joint and several liability for VAT under a group registration scheme. At the balance sheet date £1,846 (2007 - £Nil) was owed to the group by HMRC.

The company is party with certain other group companies to an omnibus guarantee and set off agreement as part of a group banking facility.

14 Related party transactions

At the year end, there was an amount due from A & M Minerals and Metals Limited of £51,654 (2007 - £Nil).

At the year end, there was an amount due to A & M Group Limited of £252,721 (2007 - £286,681).

At the year end, there was an amount due to A & M Minerals Limited of £66,056 (2007 - £Nil).

At the year end, there was an amount due to London Chemical Export limited of £Nil (2007 - £Nil).

At the year end, there was an amount due to Thornton Processing Limited of £18,734 (2007 - £2,758).

All transactions with related parties took place on an arm's length basis and in the ordinary course of business.

15 Cash flow statements

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.

16 Ultimate parent company

At the beginning and end of the year the ultimate parent company was A & M Group Limited a company incorporated in England and Wales, which is the parent of both the largest and smallest company in the group of which the company is a member.

Copies of the consolidated accounts of A & M Group Limited are available from Apex Yard, 29-35 Long Lane, London, SE1 4PL.

A & M Tungsten Powders Limited

The page which follows does not
form part of the statutory
financial statements of the company

A & M Tungsten Powders Limited

Detailed profit and loss account for the year ended 30 June 2008

	2008 £	2008 £	2007 £	2007 £
Turnover		59,708		826,837
Cost of sales		(64,398)		(832,505)
Gross loss		(4,690)		(5,668)
Administrative expenses				
Salaries and national insurance	-		72,237	
Pension cost	-		-	
Rent and rates	310		(2,889)	
Entertaining	-		205	
Travel and accommodation	-		2,131	
Audit	-		4,282	
Cleaning and refuse collection	-		2,034	
Site closure	-		46,503	
Telephone	-		2,368	
Sundry	(4,945)		7,269	
Insurance	1,393		1,878	
Depreciation	-		30,565	
Heat and power	-		1,341	
Building maintenance	-		1,044	
Postage	-		247	
Publicity	-		5,578	
Bank charges	493		1,170	
Legal and professional	4,829		17,165	
Company fees	-		15	
Management fees	13,772		17,031	
		(15,852)		(210,174)
Operating loss		(20,542)		(215,842)
Other operating income		-		244,945
Interest payable and similar charges		245		15,078
(Loss)/profit on ordinary activities before tax		(20,787)		14,025
Taxation on (loss)/profit from ordinary activities		9,177		(5,895)
(Loss)/profit on ordinary activities after taxation		(11,610)		8,130