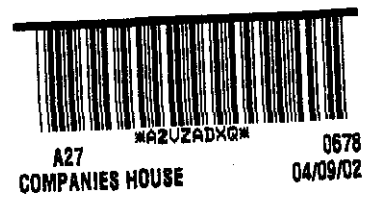


Registered no: 1040087

R&R DEVELOPMENTS LIMITED

**Annual report
for the year ended 31 July 2001**



R & R DEVELOPMENTS LIMITED

Annual report for the year ended 31 July 2001

	Pages
Directors and advisers	1
Directors' report and statement of directors' responsibilities	2 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities	8
Notes to the financial statements	9 - 18

Directors and advisers

Executive directors

D B Anthony
S R I Liddle
D F Pickering

Non-executive directors

C C Roberts
B E Mellin

Secretary and registered office

D F Pickering
c/o PricewaterhouseCoopers
Princess House
Princess Way
SWANSEA
SA1 5LH

Auditors

PricewaterhouseCoopers
Princess House
Princess Way
SWANSEA
SA1 5LH

Bankers

Julian Hodge Bank Limited
10 Windsor Place
CARDIFF
CF10 3BX

HSBC Bank plc
13 Dunraven Place
BRIDGEND
CF31 1JQ

**Directors' report
for the year ended 31 July 2001**

The directors present their report and the audited financial statements for the year ended 31 July 2001.

Principal activities

The principal activity of the company is the supply of general maintenance and engineering work. The profit and loss account for the year is set out on page 5.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will increase and that the company will become profitable during the foreseeable future. During 2002 the company's and the group's trading performance has improved as a result of new contracts obtained by the group.

Subsequent events

Subsequent to the end of the financial year, the company has acquired the whole of the ordinary share capital of R & R (Roll Developments) Limited from A H Roberts for a consideration of £170,000.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2001 (2000: £Nil).

Changes in tangible fixed assets

The movements in tangible fixed assets during the year are set out in note 7 to the financial statements.

Directors

The directors of the company at 31 July 2001 and for the whole of the year ended on that date, were as follows:

D B Anthony
S R I Liddle
D F Pickering
C C Roberts
B E Mellin

Directors' interests in shares of the company

None of the directors held any interest in the share capital of the company at 31 July 2000 and during the year ended 31 July 2001. The directors' interests in the shares of the holding company are shown in the directors' report of that company.

Directors' interests in contracts with the company

Except for the matters disclosed in note 21 to the financial statements, none of the directors had a material interest in any contract of significance to which the company was a party during the financial year.

Donations

During the year ended 31 July 2001 the company made charitable donations amounting to £19,730.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss and total recognised gains or losses of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made, in preparing the financial statements for the year ended 31 July 2001 and that applicable accounting standards have been followed.


The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

Company secretary



**Independent auditors' report to the members of
R & R DEVELOPMENTS LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned 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.

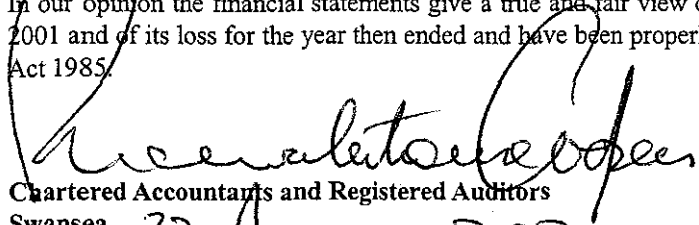
Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the recoverability of amounts of £778,635 due from related companies and the holding company. Details of the circumstances relating to the recoverability of these amounts are set out in note 9(b). Our opinion is not qualified in this respect.

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the company's bankers, factoring company and related companies by providing adequate overdraft, credit and loan facilities. The financial statements do not include any adjustments that would result from a failure to obtain such continued support. Details of the circumstances relating to the fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and Registered Auditors
Swansea, 22 August 2002

Profit and loss account for the year ended 31 July 2001

	Notes	2001 £	2000 £
Turnover	2	4,242,350	4,464,650
Change in stocks of finished goods and work in progress		167,509	(95,155)
		<u>4,409,859</u>	<u>4,369,495</u>
Raw materials and consumables		(1,127,068)	(1,273,256)
Other external charges		(181,068)	(264,344)
		<u>3,101,723</u>	<u>2,831,895</u>
Staff costs	4	(2,739,624)	(2,350,688)
Depreciation and other amounts written off tangible fixed assets		(41,979)	(44,102)
Other operating charges		(408,448)	(368,356)
		<u>(88,328)</u>	<u>68,749</u>
Operating (loss)/profit			
Interest receivable and similar income		79	72
Interest payable and similar charges	3	(30,486)	(27,690)
		<u>(118,735)</u>	<u>41,131</u>
(Loss)/profit on ordinary activities before taxation	5		
Tax on (loss)/profit on ordinary activities	6	16,800	(8,000)
		<u>(101,935)</u>	<u>33,131</u>
(Loss)/profit for the year	14		
		<u>(101,935)</u>	<u>33,131</u>
Statement of retained profits			
Retained profits at 1 August 2000		236,821	203,690
(Loss)/profit for the year		(101,935)	33,131
		<u>134,886</u>	<u>236,821</u>
Retained profits at 31 July 2001			

The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

The turnover and operating loss for the year have been derived from the continuing operations of the company.

Balance sheet at 31 July 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	7	<u>174,953</u>	<u>188,213</u>
Current assets			
Stocks	8	327,056	174,089
Debtors	9	1,960,131	2,183,522
Cash at bank and in hand		1,229	2,563
		<u>2,288,416</u>	<u>2,360,174</u>
Creditors: amounts falling due within one year	10	<u>(2,303,055)</u>	<u>(2,257,157)</u>
Net current (liabilities)/assets		<u>(14,639)</u>	<u>103,017</u>
Total assets less current liabilities		<u>160,314</u>	<u>291,230</u>
Creditors: amounts falling due after more than one year	11	(6,803)	(32,284)
Provisions for liabilities and charges	12	<u>(18,600)</u>	<u>(22,100)</u>
Net assets		<u><u>134,911</u></u>	<u><u>236,846</u></u>
Capital and reserves			
Called up share capital	13	25	25
Profit and loss account		<u>134,886</u>	<u>236,821</u>
Equity shareholders' funds	14	<u><u>134,911</u></u>	<u><u>236,846</u></u>

The financial statements on pages 5 to 18 were approved by the board of directors on 21 August 2002 and were signed on its behalf by:

Directors

DB Anthony

Cash flow statement for the year ended 31 July 2001

	Notes	2001 £	2000 £
Net cash inflow/(outflow) from continuing operating activities (page 8)		75,426	(35,550)
Returns on investments and servicing of finance			
Interest received		79	72
Interest paid on bank overdraft and other loans		(22,004)	(18,468)
Interest paid on finance leases and hire purchase contracts		(4,623)	(5,649)
Interest paid on tax paid late		(3,859)	(3,573)
Net cash outflow from return on investments and servicing of finance		(30,407)	(27,618)
Taxation			
UK corporation tax paid		-	(54,314)
UK corporation tax refund		-	356
		-	(53,958)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(28,719)	(76,392)
Sale of tangible fixed assets		-	4,400
Net cash (outflow) from capital expenditure		(28,719)	(71,992)
Net cash inflow/(outflow) before financing		16,300	(189,118)
Financing			
Inception of hire purchase finance contracts	18	12,837	61,744
Payment of principal under hire purchase contracts	18	(34,757)	(33,513)
		(21,920)	28,231
(Decrease) in cash and cash equivalents	19	(5,620)	(160,887)

Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities

	2001 £	2000 £
Operating (loss)/profit	(88,328)	68,749
Depreciation of tangible fixed assets	41,979	40,264
Loss on sale of tangible fixed assets	-	3,838
(Increase)/decrease in stocks	(152,967)	54,145
Decrease/(increase) in trade debtors	77,112	(195,059)
(Increase) in amounts due from related companies	(12,045)	(219,880)
Decrease/(increase) in prepayments and accrued income	158,819	(244,407)
Decrease in other debtors	-	250
Increase in trade creditors	39,055	13,837
Increase in amounts owed to related companies	283,380	190,478
(Decrease)/increase in taxation and social security payable	(90,635)	91,441
(Decrease)/increase in accruals and deferred income	(229,297)	160,794
Increase in amount due to directors	48,353	-
Net cash inflow/(outflow) from continuing operating activities	75,426	(35,550)

**Notes to the financial statements
for the year ended 31 July 2001****1 Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of preparing the financial statements

During the year the company incurred losses of £101,935 and at 31 July 2001 current liabilities exceed current assets by £14,639. The company meets its day to day working capital requirements through a bank overdraft facility which, in common with all such facilities, is repayable on demand. At the balance sheet date the bank overdrafts totalled £289,928, factoring advances totalled £579,431 and amounts owed to related companies totalled £480,143.

The company's bankers, factoring company and related companies have agreed to continue the overdraft, credit and loan facilities to the company and the financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the company's bankers, factoring company and related companies continuing their support by providing adequate overdraft, credit and loan facilities.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors are presently uncertain as to the outcome of the matters mentioned above, they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price together with any incidental expenses less accumulated depreciation.

Depreciation is calculated so as to write off the cost, less the estimated net realisable value, of fixed assets on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures, fittings and equipment	20%
Plant and machinery	20%
Motor vehicles	20%

Finance and operating leases

Where assets are financed by leasing agreements which give substantially the same rights as ownership ("finance leases"), the assets are treated as if they had been purchased outright at the capital value of the assets, and the corresponding leasing commitments are shown as obligations due to the lessor. The capital element of lease payments is applied to reduce the outstanding obligations and the interest is charged to the profit and loss account over the period of the lease. Other rentals are charged wholly to the profit and loss account.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based upon a normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business, after allowing for the cost of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Pension arrangements

The company participates in a defined contribution money purchase scheme. The charge against profits represents the contributions payable to the pension scheme in respect of the accounting period. The assets of the pension scheme are held separately from those of the company.

Deferred taxation

Provision is made for deferred taxation at the rate of corporation tax expected to apply when the timing differences reverse (the liability method), to the extent that it is probable that a liability or asset will crystallise.

2 Turnover

The turnover of the company is wholly attributable to the principal activity and arose entirely within the United Kingdom.

3 Interest payable and similar charges

	2001 £	2000 £
On bank overdrafts and other loans	22,004	18,468
On finance leases and hire purchase contracts	4,623	5,649
Interest and penalties on tax paid late	3,859	3,573
	<u>30,486</u>	<u>27,690</u>

4 Employee information

The average weekly number of persons (including directors) employed during the year was:

	2001	2000
Directors	5	5
Administration	9	8
Production	131	116
	<u>145</u>	<u>129</u>

Staff costs (for the above persons)

	2001 £	2000 £
Wages and salaries (see below)	2,496,837	2,122,352
Social security costs	231,514	197,078
Pension costs	16,273	16,258
Net management charges (receivable)/payable	(5,000)	15,000
	<u>2,739,624</u>	<u>2,350,688</u>

Directors' remuneration

	2001 £	2000 £
Emoluments including benefits in kind	81,174	90,167
Pension contributions (see below)	6,030	6,030
	<u>87,204</u>	<u>96,197</u>

Retirement benefits are accruing to 2 (2000: 2) directors under money purchase schemes.

5 (Loss)/profit on ordinary activities before taxation

	2001 £	2000 £
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	25,665	26,458
Assets held under hire purchase and finance lease contracts	16,314	13,806
Auditors' remuneration	4,500	4,500
Hire of plant and machinery – operating leases	104,560	157,593
Loss on disposal of fixed assets	-	3,838
	<u>-</u>	<u>3,838</u>

6 Tax on (loss)/profit on ordinary activities

	2001 £	2000 £
United Kingdom corporation tax at 20% (2000: 24%)		
Current	13,300	(13,000)
Deferred	3,500	700
Over/(under) provision in respect of prior years:		
Current	-	4,000
Adjustment to deferred tax balances due to changes in tax rates	-	300
	<u>16,800</u>	<u>(8,000)</u>

7 Tangible fixed assets

	Fixtures, fittings and equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 August 2000	57,471	266,095	149,715	473,281
Additions	12,194	5,025	11,500	28,719
At 31 July 2001	<u>69,665</u>	<u>271,120</u>	<u>161,215</u>	<u>502,000</u>
Depreciation				
At 1 August 2000	40,200	190,807	54,061	285,068
Charge for the year	5,378	15,871	20,730	41,979
At 31 July 2001	<u>45,578</u>	<u>206,678</u>	<u>74,791</u>	<u>327,047</u>
Net book amount				
At 31 July 2001	<u>24,087</u>	<u>64,442</u>	<u>86,424</u>	<u>174,953</u>
At 31 July 2000	<u>17,271</u>	<u>75,288</u>	<u>95,654</u>	<u>188,213</u>

The net book amount of tangible fixed assets includes an amount of £68,758 (2000: £73,572) in respect of assets held under finance leases and hire purchase contracts.

8 Stocks

	2001 £	2000 £
Raw materials and consumables	75,384	89,926
Work in progress	251,672	84,163
	<u>327,056</u>	<u>174,089</u>

9 Debtors

	2001 £	2000 £
Amounts falling due within one year		
Trade debtors (see (a) below)	809,374	886,486
Amounts owed by related companies (see (b) below)	500,832	566,818
Amounts owed by parent company (see note 21)	277,803	199,772
Prepayments and accrued income	371,177	529,996
Other debtors	945	450
	<u>1,960,131</u>	<u>2,183,522</u>

- (a) The trade debtors are subject to factoring arrangements whereby the legal title to the debt has been assigned to a factoring company (see note 10).
- (b) The amounts owed by related companies and the parent company are due from companies under the control of the directors of the company. The amounts of £778,635 (2000: £766,590) are interest-free and have no fixed terms for their repayment (see note 21). The Pontardawe Foundry and Engineering Company Limited, R & R Refractories Limited, R & R Group Limited, BHL Fabrications Limited and R & R (Roll) Developments Limited continue to be dependant on their future viability on the support of R & R Developments Limited.

10 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank overdrafts (secured)	289,928	214,779
Hire purchase and finance lease instalments due in one year	32,423	28,862
Factoring advances (see note 9 (a))	579,431	650,294
Trade creditors	253,966	214,911
Amounts owed to related companies (see note 21)	480,143	196,763
Corporation tax	-	12,805
Other taxation and social security payable	205,237	295,872
Accruals and deferred income	406,084	635,381
Directors' loan account (see below)	55,843	7,490
	<u>2,303,055</u>	<u>2,257,157</u>

The directors' loan account is interest free, unsecured and has no fixed terms for its repayment.

11 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Obligations under hire purchase and finance lease contracts (see below)	39,226	61,146
Less amounts falling due for repayment within one year	<u>(32,423)</u>	<u>(28,862)</u>
	<u>6,803</u>	<u>32,284</u>

Hire purchase and finance leases

The future minimum hire purchase and finance lease payments to which the company is committed to under hire purchase and finance lease contracts are as follows:

	2001 £	2000 £
In one year or less	32,423	28,862
Between one and two years	6,803	27,258
Between two and five years	-	5,026
	<u>39,226</u>	<u>61,146</u>

12 Provisions for liabilities and charges

	Deferred taxation (see below) £
At 1 August 2000	22,100
Transfer from profit and loss account	<u>(3,500)</u>
At 31 July 2001	<u>18,600</u>

Deferred taxation

Deferred taxation provided and unprovided in the financial statements, are as follows:

	Amount provided		Amount unprovided	
	2001 £	2000 £	2001 £	2000 £
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	19,800	22,100	-	-
Less losses	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,600</u>	<u>22,100</u>	<u>-</u>	<u>-</u>

13 Called-up share capital

	2001 £	2000 £
Authorised 4,000 ordinary shares of 25p each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 ordinary shares of 25p each	<u>25</u>	<u>25</u>

14 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Opening shareholders' funds	236,846	203,715
(Loss)/profit for the year	<u>(101,935)</u>	<u>33,131</u>
Closing shareholders' funds	<u>134,911</u>	<u>236,846</u>

15 Capital commitments

The directors have neither contracted for nor authorised any capital expenditure which is not provided for in these financial statements.

16 Financial commitments

At 31 July 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Plant and equipment £	Land and buildings £	Plant and equipment £	Land and buildings £
Expiring in two to five years	1,590	-	-	-
Expiring in over five years	-	15,000	-	15,000
	<u>1,590</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>

17 Ultimate and immediate parent company

The directors regard R & R Group Limited, a company registered in the United Kingdom as the ultimate parent company. According to the register kept by the company R & R Group Limited has a 98% interest in the equity share capital of the company at 31 July 2001.

18 Analysis of changes in hire purchase financing during the year

	2001 £	2000 £
At 1 August 2000	(61,146)	(32,915)
Inception of hire purchase agreements	(12,837)	(61,744)
Repayment of principal on hire purchase agreements	34,757	33,513
At 31 July 2001	<u>(39,226)</u>	<u>(61,146)</u>

19 Cash and cash equivalents

	2001 £	2000 £
Changes during the year		
At 1 August 2000	(862,510)	(701,623)
Net cash outflow	(5,620)	(160,887)
At 31 July 2001	<u>(868,130)</u>	<u>(862,510)</u>

Analysis of balances

	2001 £	2000 £	Changes in year £
Cash at bank and in hand	1,229	2,563	(1,334)
Bank overdraft	(289,928)	(214,779)	(75,149)
Factoring advances	(579,431)	(650,294)	70,863
	<u>(868,130)</u>	<u>(862,510)</u>	<u>(5,620)</u>

20 Ultimate control

The directors do not consider there to be an ultimate controlling party of R & R Developments Limited.

21 Related party transactions

The company has accrued management and service charges of £30,000 (2000: £30,000) due to, and management and service charges of £35,000 (2000: £35,000) due from, The Pontardawe Foundry and Engineering Company Limited, a company owned and controlled by directors of the company, D B Anthony, D F Pickering and S R I Liddle. The company has also made purchases of £230 from The Pontardawe Foundry and Engineering Company Limited during the financial year.

The company has made purchases of £426,211 (2000: £533,570) and sales of £206,168 (2000: £404,987) from R & R Refractories Limited, a subsidiary company, which is owned and controlled by D B Anthony, D F Pickering and S R I Liddle. The company has accrued amounts of £218,168 (2000: £306,414) due to R & R Refractories Limited in respect of work done by that company and has accrued management and service charges of £436,568 (2000: £419,987) due from R & R Refractories Limited. At 31 July 2001 an amount of £329,305 (2000: £177,438) is due to R & R Refractories Limited.

The company has made purchases of £2,904 (2000: £4,451) from Pickering Safety Products Limited, a company in which A H Roberts and D F Pickering are joint owners. At 31 July 2001 an amount of £87,802 (2000: £3,418) was due to this related company which is included in creditors: amounts falling due within one year at 31 July 2001.

The company has made purchases of £40,480 (2000: £44,022), including consultancy fees, from Positive Publicity Limited, a company in which D F Pickering is the director and shareholder. At 31 July 2001 an amount of £26,492 (2000: £15,907) was due to this related company which is included in creditors: amounts falling due within one year at 31 July 2001.

The company has paid consultancy fees of £17,253 (2000: £15,000) to D F Pickering, a director and shareholder of the company.

During the year the company received interest free, unsecured loans of £22,090 (2000: £7,490) from D F Pickering, a director of the company, and this is included in creditors: amounts falling due within one year (see note 10).

During the year the company received interest-free, unsecured loans of £20,864 from S R I Liddle, a director of the company, and this is included in creditors: amounts falling due within one year (see note 10).

During the year the company received interest-free, unsecured loans of £12,890 from D B Anthony, a director of the company, and this is included in creditors: amounts falling due within one year (see note 10).

The company has paid rent of £15,000 (2000: £15,000) for occupying a property owned by A H Roberts, a former director and shareholder of the company, from where the company trades. The company has paid consultancy fees of £21,280 (2000: £32,220) to A H Roberts. The company has recharged consultancy fees of £30,000 (2000: £30,000) to R & R Group Limited.

The company has included £150,000 of work in progress completed on behalf of R & R Industrial Limited, a fellow subsidiary company and these amounts are included in the results for the year ended 31 July 2001.

21 Related party transactions (continued)

The company has made the following loans to related companies which are owned and controlled by D B Anthony, D F Pickering and S R I Liddle and which are included in debtors at 31 July 2001.

	2001 £	2000 £
The Pontardawe Foundry and Engineering Company Limited	344,495	275,129
R & R Group Limited	<u>277,803</u>	<u>199,772</u>
	<u>622,298</u>	<u>474,901</u>

The company has accrued management charges due to R & R Group Limited of £52,000 (2000: £52,000).

The company has received the following loans from related companies which are owned and controlled by A H Roberts and which are included in creditors: amounts falling due within one year at 31 July 2001.

	2001 £	2000 £
R & R (Roll Developments) Limited	<u>36,435</u>	<u>-</u>

At 31 July 2000 an amount of £68,045 was due from R & R (Roll Developments) Limited.

The company has made purchases of £69,345 (2000: £8,910) and sales of £33,935 (2000: £117,624) to R & R (Roll Developments) Limited, a company which is owned and controlled by A H Roberts. The company has accrued amounts of £Nil (2000: £Nil) due to R & R (Rolls Developments) Limited in respect of work done by that company and has accrued management and service charges of £Nil (2000: £Nil) due from R & R (Roll Developments) Limited. The company has accrued an amount of £Nil (2000: £9,300) due to R & R (Roll Developments) Limited in respect of motor and travel expenses.

The company has made purchases of £51,044 (2000: £162,520) from BHL Fabrications Limited and sales of £100,957 (2000: £90,917), to a company in which S R I Liddle is a director and is owned and controlled by A H Roberts and D F Pickering. At 31 July 2001 an amount of £145,380 (2000: £223,642) was due from this related company which is included in debtors: amounts falling due within one year. The company has accrued management charges due to BHL Fabrications Limited of £Nil (2000: £25,000).

The company's bankers hold a mortgage over a life policy in the name of A H Roberts for £100,000.

The company has received interest-free, unsecured loans from A H Roberts during the financial year. At 31 July 2001 £Nil (2000: £Nil) was due from the company to A H Roberts.

22 Subsequent events

Subsequent to the end of the financial year, the company has acquired the whole of the ordinary share capital of R & R (Roll Developments) Limited from A H Roberts for a consideration of £170,000.