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23/07/04

**Dunstan and Wragg Limited (formerly Steelhouse
Metals Limited)**

Registered No: 1211971

Directors

P C Nix
J G Burns
V J Glover
Dr Hashemi-Ahmady

Secretary

J G Burns

Auditors

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

Principal Banker

Barclays Bank Plc
PO Box 228
1 Mosley Street
Manchester
M60 3DQ

Solicitors

Freeth Cartwright LLP
Willoughby House
20 Low Pavement
Nottingham
NG1 7EA

Registered office

Radnor Park Industrial Estate
Congleton
Cheshire
CW12 4XE

 **ERNST & YOUNG**

Directors' report

The directors present their report and financial statements for the year ended 31 December 2003.

Results and dividends

The loss for the year, after taxation, amounted to £13,048. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company is processing of metals.

On 13 October 2003, Steelhouse Metals Limited purchased the trade and assets of Dunstan and Wragg Limited. On 20 October 2003, Steelhouse Metals Limited changed its name to Dunstan and Wragg Limited.

Directors and their interests

The directors at 31 December 2003 and their interests in the share capital of the company were as follows:

	<i>At 31 December 2003</i>	<i>At 1 January 2003 or subsequent date of appointment</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
P C Nix (Chairman)	1	1
J G Burns	—	—
V J Glover	—	—
Dr Hashemi-Ahmady (appointed 1 September 2003)	—	—

The interests of directors in other group companies are shown in the respective company's accounts.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



J G Burns
Secretary

6/7/2004

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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.

Independent auditors' report

to the members of Dunstan and Wragg Limited (formerly Steelhouse Metals Limited)

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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 United Kingdom 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 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.

Independent auditors' report

to the members of Dunstan and Wragg Limited (formerly Steelhouse Metals Limited)
(continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

6 July 2004

Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	163,987	2,095,696
Cost of sales		111,440	2,011,935
Gross profit		52,547	83,761
Distribution costs		18,823	—
Administrative expenses		44,901	103,877
Operating loss	3	(11,177)	(20,116)
Loss on disposal of tangible fixed assets	4	—	(12,900)
		(11,177)	(33,016)
Interest receivable	7	230	—
Interest payable	8	(486)	(5,401)
		(256)	(5,401)
Loss on ordinary activities before taxation		(11,433)	(38,417)
Tax on loss on ordinary activities	9	1,615	(6,002)
Loss for the financial year		(13,048)	(32,415)

Statement of total recognised gains and losses

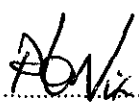
There are no recognised gains or losses other than the loss of £13,048 attributable to the shareholders for the year ended 31 December 2003 (2002 - loss of £32,415).

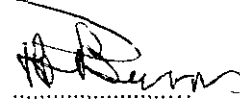
Dunstan and Wragg Limited (formerly Steelhouse Metals Limited)

Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	11	102,537	—
Current assets			
Stocks	12	8,844	—
Debtors	13	109,728	155,761
Cash at bank		36	1,617
		118,608	157,378
Creditors: amounts falling due within one year	14	207,074	154,874
Net current (liabilities)/assets		(88,466)	2,504
Total assets less current liabilities		14,071	2,504
Creditors: amounts falling due within more than one year	15	23,000	—
Provisions for liabilities and charges			
Provisions for liabilities and charges	17	1,615	—
		(10,544)	2,504
Capital and reserves			
Called up share capital	20	100	100
Capital contribution	21	250,000	250,000
Profit and loss account	21	(260,644)	(247,596)
Equity shareholders' (deficit) / funds	21	(10,544)	2,504


P C Nix
Chairman


J G Burns
Secretary

6/7/2004

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Basis of preparation

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

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 the assumption is dependent upon the continuing support of the parent company, FE Mottram Limited, to enable it to meet its liabilities as they fall due. The parent has indicated that it will continue to provide financial support and therefore the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement on the grounds that the company is a 99% owned subsidiary undertaking of FE Mottram Limited, the consolidated accounts of which are publicly available.

Related parties transactions

The company is a 99% owned subsidiary of FE Mottram Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the FE Mottram group.

Fixed assets

Fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant and Machinery	- 20% straight line
Fixtures and Fittings	- 10-20% straight line
Motor Vehicles	- 25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Notes to the financial statements

at 31 December 2003

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that 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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transactions are covered by a forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate the forward contract rate.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is all attributable to one continuing activity, the processing of metals.

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
United Kingdom	<u>163,987</u>	<u>2,095,696</u>

Notes to the financial statements

at 31 December 2003

3. Operating loss

This is stated after charging/(crediting):

	2003 £	2002 £
Auditors' remuneration - audit services	3,000	2,000
- non-audit services	-	1,000
	<u>3,000</u>	<u>3,000</u>
Depreciation of owned fixed assets	<u>2,196</u>	<u>5,853</u>
Operating lease rentals - land and buildings	13,206	7,000
- plant and machinery	<u>8,178</u>	<u>-</u>

4. Exceptional items

	2003 £	2002 £
Loss on disposal of fixed assets	-	(12,900)

The loss on disposal of fixed assets relates to the disposal of certain assets as a result of the transfer of trade to FE Mottram (Non Ferrous) Limited.

5. Staff costs

	2003 £	2002 £
Wages and salaries	100,750	55,411
Social security costs	7,312	6,538
Staff pension contributions (note 14)	-	1,470
	<u>108,062</u>	<u>63,419</u>

The monthly average number of employees during the year was as follows:

	2003 No.	2002 No.
Average Number of staff	<u>15</u>	<u>4</u>

6. Directors' emoluments

Directors' emoluments have been borne by the parent company, F E Mottram Limited. The directors of the company are also directors or officers of a number of the companies within the F E Mottram Group. The directors services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2003 and 31 December 2002.

Notes to the financial statements

at 31 December 2003

7. Interest receivable

	2003 £	2002 £
Other interest	230	—

8. Interest payable

	2003 £	2002 £
Bank interest payable	486	5,401

9. Tax

(a) Tax on loss on ordinary activities
The tax charge/(credit) is made up as follows:

	2003 £	2002 £
<i>Current tax:</i>		
Corporation tax	—	—
Group relief (recoverable)	—	(5,936)
Total current tax (note 9(b))	—	(5,936)
<i>Deferred tax:</i>		
Origination and reversal of timing differences	1,615	(66)
Tax on loss on ordinary activities	1,615	(6,002)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

	2003 £	2002 £
Loss on ordinary activities before taxation	(11,433)	(38,417)
Loss on ordinary activities by standard rate of corporation tax of 30% (2002-30%)	(3,430)	(11,525)
Disallowed expenses and non-taxable income	85	5,718
Capital allowances in excess of depreciation	(1,615)	(129)
Group relief surrendered for nil payment	4,960	—
Total current tax (note 9(a))	—	(5,936)

Notes to the financial statements

at 31 December 2003

9. Tax (continued)

(c) Deferred tax

	2003 £	2002 £
Capital allowances in advance of depreciation	(1,615)	—
Provision for deferred taxation	(1,615)	—
		£
Profit and loss account movement arising during the year		(1,615)
At 31 December 2003		(1,615)

In the event that the company's revalued tangible assets were to be disposed of at their book values, the potential added tax on such disposals would be £20,000 (2002:nil).

10. Purchase of trade and assets

On 13 October 2003, the company formerly known as Steelhouse Metals Limited purchased the trade and assets of Dunstan & Wragg Limited for a consideration of £52,368. This was satisfied by £17,368 in cash and £35,000 deferred consideration. Legal costs of £33,362 were also incurred.

The deferred consideration is payable over 3 years and is based upon the quantity of metric tonnage produced by Dunstan and Wragg for third party customers.

Net assets at the date of acquisition:

	Book Value £	Adjustments revaluation £	Fair value to group £
Tangible fixed asset	1	68,361 (a)	68,362
Stocks and miscellaneous	17,368	—	17,368
Net assets	17,369	68,361	85,730

Discharged by:

Cash	17,368
Legal costs associated with acquisition	33,362
Deferred consideration	35,000
Net assets	85,730

Adjustments:

(a) Increase in value of plant and machinery to reflect fair value.

Notes to the financial statements

at 31 December 2003

11. Tangible fixed assets

	<i>Plant & Machinery</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost:				
Acquired during the year	65,862	-	2,500	68,362
Additions	30,948	5,423	-	36,371
At 31 December 2003	<u>96,810</u>	<u>5,423</u>	<u>2,500</u>	<u>104,733</u>
Depreciation:				
Provided during the year	2,016	180	-	2,196
At 31 December 2003	<u>2,016</u>	<u>180</u>	<u>-</u>	<u>2,196</u>
Net book value:				
At 31 December 2003	<u>94,794</u>	<u>5,243</u>	<u>2,500</u>	<u>102,537</u>
At 1 January 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 December 2003

12. Stocks

	2003	2002
	£	£
Raw materials	8,844	—

In the opinion of the directors there is no material difference between the replacement cost of stocks and the amounts stated above.

13. Debtors

	2003	2002
	£	£
Trade debtors	79,717	24,331
Amounts owed by group undertakings	8,795	80,704
Other debtors	—	47,201
Prepayments and accrued income	21,216	3,525
	<u>109,728</u>	<u>155,761</u>

14. Creditors: amounts falling due within one year

	2003	2002
	£	£
Other short term advances	5,731	—
Bank overdraft	30,141	143,629
Trade creditors	51,118	11,245
Amounts owed to group undertakings	82,697	—
Other taxation and social security	11,885	—
Deferred consideration	12,000	—
Accruals and deferred income	13,502	—
	<u>207,074</u>	<u>154,874</u>

The bank overdraft is secured by a debenture on the undertaking and assets of the company and a reciprocal guarantee between the company, its holding company and a fellow subsidiary undertaking.

Other short term advances represent the amount due to the company's factoring agent which is secured by a fixed charge on all the debts of the company.

There were no pension contributions outstanding at the year end date.

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

	2003	2002
	£	£
Deferred consideration	23,000	—

Notes to the financial statements

at 31 December 2003

16. Commitments under operating leases

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	£	£	£	£
Operating leases which expire :				
In two to five years	-	-	17,562	-
In greater than five years	61,000	-	-	-
	<u>61,000</u>	<u>-</u>	<u>17,562</u>	<u>-</u>

17. Provisions for liabilities and charges

	<i>Deferred taxation</i>
	£
Profit and loss account movement arising during the year	1,615
At 31 December 2003	<u>1,615</u>

18. Contingent liability

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 2003 amounted to £76,555 (2002: £259,173) and in respect of other short term agreements secured on debtors of £3,533,562 (2002: £2,511,456).

19. Related party transactions

The company is taking advantage of the exemption in Financial Reporting Standard No.8 not to disclose transactions with other group companies on the grounds that it is a 99% owned subsidiary undertaking of FE Mottram Limited, for which consolidated group financial statements are prepared.

The company occupies buildings owned by the personal pension plan of the directors, Mr P C Nix. Rentals for the building of £13,206 (2002: £7,000) have been paid to the pension plan during the year, on an arms length basis.

20. Share capital

	<i>Authorised</i>	
	<i>2003</i>	<i>2002</i>
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

	<i>Allotted, called up and fully paid</i>	
	<i>2003</i>	<i>2002</i>
	No.	No.
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Notes to the financial statements

at 31 December 2003

21. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Capital Contribution</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£
At 1 January 2002	100	250,000	(215,181)	34,919
Loss for the year	—	—	(32,415)	(32,415)
At 31 December 2002	100	250,000	(247,596)	2,504
Loss for the year	—	—	(13,048)	(13,048)
At 31 December 2003	100	250,000	(260,644)	(10,544)

22. Pension commitments

The company operates various pension schemes, the assets of which are held in separately administered funds. The profit and loss account charge for pension costs is made in accordance with the accounting policy stated in Note 1.

The schemes are all defined contribution arrangements. The net pension cost charged to the profit and loss account during the year in respect of defined contribution schemes was £nil (2002: £1,470). There were no outstanding contributions at the year end date.

23. Ultimate parent company

The company's ultimate parent company and controlling party is FE Mottram Limited, a company registered in England. The largest and smallest group in which the company's results are included is that of FE Mottram Limited. A copy of the group financial statements can be obtained from the Secretary, FE Mottram Ltd, Radnor Park Industrial Estate, Congleton, Cheshire, CW12 4XE.