

1211971

Dunstan and Wragg Limited

Report and Financial Statements

31 December 2004



Dunstan and Wragg 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 Square
Birmingham
B4 6HQ

Bankers

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

Solicitors

Freeth Cartwright LLP
Express Buildings
29 Upper Parliament
Nottingham
NG1 2AQ

Registered office

Radnor Park Industrial Estate
Congleton
Cheshire
CW12 4XE

Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends

The profit for the year, after taxation, amounted to £38,342. The directors do not recommend the payment of any dividends.

The prior year includes three months trading compared to twelve months trading in the current year due to the purchase of the trade and assets of Dunstan and Wragg on 20 October 2003.

Principal activities and review of the business

The principal activity of the company is processing of metals.

Directors and their interests

The directors at 31 December 2004 and their interests in the share capital of the company were as follows:

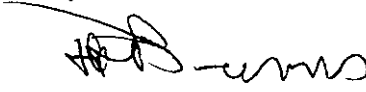
	<i>At 31 December 2004 Ordinary shares</i>	<i>At 1 January 2004 Ordinary shares</i>
P C Nix	1	1
J G Burns	—	—
V J Glover	—	—
Dr Hashemi-Ahmady	—	—

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

4 August 2005

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 period. 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

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. 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 (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 2004 and of its profit 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

4 August 2005

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	957,377	163,987
Cost of sales		555,478	111,440
Gross profit		401,899	52,547
Distribution costs		100,938	18,823
Administrative expenses and distribution costs		250,830	44,901
Operating profit/(loss)	3	50,131	(11,177)
Interest receivable	6	–	230
Interest payable and similar charges	7	(2,389)	(486)
		(2,389)	(256)
Profit/(loss) on ordinary activities before taxation		47,742	(11,433)
Tax on profit/(loss) on ordinary activities	8	9,400	1,615
Profit retained/(loss) for the financial year		38,342	(13,048)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £38,342 attributable to the shareholders for the year ended 31 December 2004 (2003 - loss of £13,048).

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	120,922	102,537
Current assets			
Stocks	10	17,689	8,844
Debtors	11	174,636	109,728
Cash at bank		1,465	36
		193,790	118,608
Creditors: amounts falling due within one year	12	273,999	207,074
Net current liabilities		(80,209)	(88,466)
Total assets less current liabilities		40,713	14,071
Creditors: amounts falling due after more than one year	13	12,915	23,000
Provisions for liabilities and charges	8	—	1,615
		27,798	(10,544)
Capital and reserves			
Called up share capital	18	100	100
Capital Contribution	19	250,000	250,000
Profit and loss account	19	(222,302)	(260,644)
Equity shareholders' funds	19	27,798	(10,544)

ERNST & YOUNG



P C Nix
Chairman



J G Burns
Secretary

4th August 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

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

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	-	10% 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:

- 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;

Notes to the financial statements

at 31 December 2004

- 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 retailing of metals.

An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom	804,142	163,987
Rest of Europe	130,935	—
USA	22,300	—
	<u>957,377</u>	<u>163,987</u>

Notes to the financial statements

at 31 December 2004

3. Operating profit/(loss)

This is stated after charging/(crediting):

	2004 £	2003 £
Auditors' remuneration - audit services	3,000	3,000
- non-audit services	-	-
Depreciation of owned fixed assets	38,939	2,196
Operating lease rentals - land and buildings	33,000	13,206
- plant and machinery	-	8,178

4. Staff costs

	2004 £	2003 £
Wages and salaries	520,166	100,750
Social security costs	39,425	7,312
Staff pension contributions	9,472	-
	569,063	108,062

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

	2004 No.	2003 No.
Average Number of staff	16	15

5. 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 2004 and 31 December 2003.

6. Interest receivable

	2004 £	2003 £
Other interest account	-	230

Notes to the financial statements

at 31 December 2004

7. Interest payable and similar charges

	2004 £	2003 £
Bank interest payable	2,389	486

8. Taxation on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	2004 £	2003 £
<i>Current tax:</i>		
UK corporation tax	13,382	—
Total current tax (note 8(b))	13,382	—
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(3,982)	1,615
Tax on profit/(loss) on ordinary activities	9,400	1,615

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	47,742	(11,433)
Loss on ordinary activities by rate of tax	14,323	(3,430)
Disallowed expenses and non-taxable income	5,060	85
Capital allowances in excess of depreciation	1,747	(1,615)
Group relief surrendered for nil payment	—	4,960
Effect of marginal rate	(7,748)	—
Total current tax (note 8(a))	13,382	—

(c) Deferred tax

	2004 £	2003 £
Capital allowances in advance of depreciation	2,367	(1,615)
Provision for deferred taxation	2,367	(1,615)

Notes to the financial statements

at 31 December 2004

8. Taxation on ordinary activities (continued)

	£
At 1 January 2004	(1,615)
Profit and loss account movement arising during the year	3,982
At 31 December 2004	<u>2,367</u>

9. Tangible fixed assets

	<i>Plant & Machinery</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost:				
At 1 January 2004	96,810	5,423	2,500	104,733
Additions	48,754	—	11,070	59,824
Disposals	—	—	(2,500)	(2,500)
At 31 December 2004	<u>145,564</u>	<u>5,423</u>	<u>11,070</u>	<u>162,057</u>
Depreciation:				
At 1 January 2004	2,016	180	—	2,196
Provided during the year	36,749	1,080	1,110	38,939
At 31 December 2004	<u>38,765</u>	<u>1,260</u>	<u>1,110</u>	<u>41,135</u>
Net book value:				
At 31 December 2004	<u>106,799</u>	<u>4,163</u>	<u>9,960</u>	<u>120,922</u>
At 1 January 2004	<u>94,794</u>	<u>5,243</u>	<u>2,500</u>	<u>102,537</u>

10. Stocks

	2004 £	2003 £
Raw materials	<u>17,689</u>	<u>8,844</u>

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

11. Debtors

	2004 £	2003 £
Trade debtors	111,159	79,717
Amounts owed by group undertakings	40,155	8,795
Prepayments and accrued income	20,955	21,216
Deferred taxation (note 8)	2,367	—
	<u>174,636</u>	<u>109,728</u>

Notes to the financial statements

at 31 December 2004

12. Creditors: amounts falling due within one year

	2004 £	2003 £
Other short term advances	27,430	5,731
Bank overdraft	—	30,141
Trade creditors	78,996	51,118
Amounts owed to group undertakings	82,840	82,697
Corporation tax	13,382	—
Other taxation and social security	41,616	11,885
Deferred consideration	12,000	12,000
Accruals and deferred income	17,735	13,502
	<u>273,999</u>	<u>207,074</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.

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

	2004 £	2003 £
Deferred consideration	<u>12,915</u>	<u>23,000</u>

14. Provisions for liabilities and charges

	<i>Deferred taxation £</i>
At 1 January 2004	1,615
Profit and Loss Account movement arising during the year	<u>(3,982)</u>
At 31 December 2004	<u>(2,367)</u>

Notes to the financial statements

at 31 December 2004

15. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	2004		2003	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
In two to five years	–	17,562	–	18,733
In over five years	61,000	–	61,000	–
	<u>61,000</u>	<u>17,562</u>	<u>61,000</u>	<u>18,733</u>

16. Contingent liability

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 2004 amounted to £29,621 (2003: £76,555) and in respect of other short term agreements secured on debtors of £3,749,626 (2003: £3,533,562).

17. 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 and Mrs R E Nix. Rentals for the building of £61,000 (2003: £13,206) have been paid to the pension plan during the year.

18. Share capital

	2004		Authorised 2003	
		£		£
Ordinary shares of £1 each		<u>100</u>		<u>100</u>
	<i>Allotted, called up and fully paid</i>			
		2004		2003
	No.	£	No.	£
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

Notes to the financial statements

at 31 December 2004

19. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£
At 1 January 2003	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)
Profit for the year	—	—	38,342	38,342
At 31 December 2004	100	250,000	(222,302)	27,798

The capital contribution represents a loan of £250,000 from the parent company which was converted into a contribution in 2001.

20. 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 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 £9,472 (2003 £nil). There were no outstanding contributions at the year-end date.

21. 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.