

12 11 2005

Dunstan and Wragg Limited

Report and Financial Statements

31 December 2005



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
Willoughby House
20 Low Pavement
Nottingham
NG1 EA

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 2005.

Results and dividends

The profit for the year, after taxation, amounted to £121,562 (2004: £38,342). 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. The directors expect the company to continue to trade in its chosen market for the foreseeable future.

Directors and their interests

The directors at 31 December 2005 and their interests in the share capital of the company were as follows:

	<i>At 31 December 2005 Ordinary shares</i>	<i>At 1 January 2005 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.

Directors' liabilities

F E Mottram (Non-Ferrous) Limited has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

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

25th OCT 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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 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.

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 2005 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 19. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and *International Standards on Auditing (UK and Ireland)*.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with *International Standards on Auditing (UK and Ireland)* issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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

Date

30/10/06

Profit and loss account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	1,185,583	957,377
Cost of sales		678,887	555,478
Gross profit		506,696	401,899
Distribution costs		89,032	100,938
Administrative expenses		294,219	250,830
Other operating income		(20,000)	—
Operating profit	3	143,445	50,131
Interest payable and similar charges	6	3,987	2,389
Profit on ordinary activities before taxation		139,458	47,742
Tax on profit on ordinary activities	7	17,896	9,400
Profit for the financial year transferred to reserves		121,562	38,342

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £121,562 attributable to the shareholders for the year ended 31 December 2005 (2004 - profit of £38,342).

Balance sheet

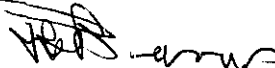
at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	8	117,227	120,922
Current assets			
Stocks	9	19,078	17,689
Debtors	10	247,281	174,636
Cash at bank		257	1,465
		266,616	193,790
Creditors: amounts falling due within one year	11	234,483	273,999
Net current assets/(liabilities)		32,133	(80,209)
Total assets less current liabilities		149,360	40,713
Creditors: amounts falling due after more than one year	12	–	12,915
		149,360	27,798
Capital and reserves			
Called up share capital	16	100	100
Capital Contribution	17	250,000	250,000
Profit and loss account	17	(100,740)	(222,302)
Equity shareholders' funds	17	149,360	27,798

The financial statements were approved and authorised for distribution by the board and signed on its behalf by:



P C Nix
Chairman



J G Burns
Secretary

25th OCT 2006

Notes to the financial statements

at 31 December 2005

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;

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Deferred taxation (continued)

- 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 retailing of metals.

An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	969,888	804,142
Rest of Europe	207,604	130,935
USA	8,091	22,300
	<u>1,185,583</u>	<u>957,377</u>

Notes to the financial statements

at 31 December 2005

3. Operating profit

This is stated after charging:

	2005 £	2004 £
Auditors' remuneration - audit services	3,000	3,000
- non-audit services	3,000	-
Depreciation of owned fixed assets	51,505	38,939
Operating lease rentals - land and buildings	61,000	61,000
- plant and machinery	26,223	17,562

4. Staff costs

	2005 £	2004 £
Wages and salaries	584,770	520,166
Social security costs	47,321	39,425
Staff pension contributions	9,087	9,472
	641,178	569,063

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

	2005 No.	2004 No.
Average Number of staff	17	16

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 2005 and 31 December 2004.

6. Interest payable and similar charges

	2005 £	2004 £
Bank interest payable	3,987	2,389

Notes to the financial statements

at 31 December 2005

7. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	18,012	13,382
Total current tax (note 7(b))	<u>18,012</u>	<u>13,382</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 7(c))	(116)	(3,982)
Tax on profit on ordinary activities	<u>17,896</u>	<u>9,400</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2004 - 30%).

The differences are reconciled below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>139,458</u>	<u>47,742</u>
Profit on ordinary activities multiplied by standard rate of corporation tax of 19% (2004 - 30%)	26,497	14,323
Disallowed expenses and non-taxable income	7,590	5,060
Capital allowances in excess of depreciation	2,081	1,747
Group relief surrendered for nil payment	(16,972)	-
Effect of marginal rate	-	(7,748)
Sundry tax adjusting items	(1,184)	-
Total current tax (note 7(a))	<u>18,012</u>	<u>13,382</u>

(c) Deferred tax

The deferred tax included in the Balance Sheet is as follows:

	2005 £	2004 £
Included in debtors (note 10)	<u>2,483</u>	<u>2,367</u>

Movement in the deferred tax relates to £116 reversal of timing differences.

	2005 £	2004 £
Depreciation in advance of capital allowances	2,483	2,367
Deferred tax asset	<u>2,483</u>	<u>2,367</u>

Notes to the financial statements

at 31 December 2005

8. Tangible fixed assets

	<i>Plant & Machinery</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost:				
At 1 January 2005	145,564	5,423	11,070	162,057
Additions	46,877	933	—	47,810
At 31 December 2005	<u>192,441</u>	<u>6,356</u>	<u>11,070</u>	<u>209,867</u>
Depreciation:				
At 1 January 2005	38,765	1,260	1,110	41,135
Provided during the year	48,018	1,267	2,220	51,505
At 31 December 2005	<u>86,783</u>	<u>2,527</u>	<u>3,330</u>	<u>92,640</u>
Net book value:				
At 31 December 2005	<u>105,658</u>	<u>3,829</u>	<u>7,740</u>	<u>117,227</u>
At 1 January 2005	<u>106,799</u>	<u>4,163</u>	<u>9,960</u>	<u>120,922</u>

9. Stocks

	<i>2005</i> £	<i>2004</i> £
Raw materials	<u>19,078</u>	<u>17,689</u>

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

10. Debtors

	<i>2005</i> £	<i>2004</i> £
Trade debtors	134,787	111,159
Amounts owed by group undertakings	103,577	40,155
Prepayments and accrued income	6,434	20,955
Deferred taxation (note 7)	2,483	2,367
	<u>247,281</u>	<u>174,636</u>

Notes to the financial statements

at 31 December 2005

11. Creditors: amounts falling due within one year

	2005 £	2004 £
Other short term advances	62,351	27,430
Trade creditors	81,027	78,996
Amounts owed to group undertakings	4,976	82,840
Corporation tax	19,787	13,382
Other taxation and social security	31,956	41,616
Other creditors	-	12,000
Accruals and deferred income	34,386	17,735
	<u>234,483</u>	<u>273,999</u>

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.

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

	2005 £	2004 £
Deferred consideration	-	12,915

13. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	<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	-	26,223	-	17,562
In over five years	61,000	-	61,000	-
	<u>61,000</u>	<u>26,223</u>	<u>61,000</u>	<u>17,562</u>

14. Contingent liability

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 2005 amounted to £127,976 (2004: £29,621) and in respect of other short term advances secured on debtors of £2,994,253 (2004: £3,749,626).

15. 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 (2004: £61,000) have been paid to the pension plan during the year. At the 31 December 2005 there was a prepayment of £17,918 within the balance sheet (2004: £Nil).

Notes to the financial statements

at 31 December 2005

16. Share capital

	<i>Authorised</i>	
	2005	2004
	£	£
Ordinary shares of £1 each	100	100

	<i>Allotted, called up and fully paid</i>	
	2005	2004
	No.	No.
	£	£
Ordinary shares of £1 each	100	100

17. 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 2004	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
Profit for the year	—	—	121,562	121,562
At 31 December 2005	100	250,000	(100,740)	149,360

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

18. 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 £9,087 (2004 £9,472). There were no outstanding contributions at the year-end date.

19. 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.

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 2005 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 19. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered auditor
Birmingham

Date

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Independent auditors' report

to the members of Dunstan and Wragg Limited *(continued)*

Opinion

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Independent auditors' report

to the members of Dunstan and Wragg Limited (continued)

Opinion

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The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered auditor
Birmingham

Date